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Abstract

Publicly quoted companies in Kenya face persistent underperformance despite Capital Markets Authority requirements for qualified senior management to be in place to ensure sustainable performance. Hence, this study examined the effect of workplace internal, external and organizational diversity practices on organizational performance. The study was guided by social identity theory, intersectionality theory and the balanced scorecard model within a pragmatic philosophy. A quantitative cross-sectional survey design was employed. The target population comprised 150 senior management respondents representing 56 operational publicly quoted companies on the Nairobi Securities Exchange. A census approach selected three senior management respondents from human resource, strategy, and finance functions in each company. Data collection involved structured questionnaires on a five-point Likert scale, with ethical clearance obtained. Pretesting confirmed validity (factor loadings >0.4) and reliability (Cronbach's alpha >0.7). Quantitative analysis used SPSS version 30 with descriptive statistics, correlation, and regression analysis. The study findings revealed that internal diversity practices had a positive significant effect on organizational performance, external diversity practices similarly had a positive significant effect, and organizational diversity practices recorded the strongest positive effect. The combined model explained a substantial proportion of variance in organizational performance. The study concludes that workplace diversity practices significantly enhance organizational performance and recommends that publicly quoted companies implement comprehensive diversity strategies integrating gender, ethnic, educational, experiential, role, and hierarchical dimensions for sustained competitive advantage.

Keywords: *Workplace diversity practices, internal diversity, external diversity, organizational diversity, organizational performance, publicly quoted companies, Nairobi Securities Exchange, Kenya*

1.0 Introduction

Kenya's publicly quoted companies face persistent underperformance, with profit warnings fluctuating between 9% and 43% from 2020 to 2023, largely driven by liquidity, foreign exchange, and financial risks despite regulatory requirements and diversity investments. This study examines the effect of workplace diversity practices on organizational performance, aiming to provide actionable strategies for senior management and regulators to unlock diversity-driven competitiveness. The relationship between workplace diversity practices and organizational performance has emerged as a critical area of scholarly and practical interest, particularly in emerging markets where publicly quoted companies face unique institutional and market challenges.

In this study, workplace diversity practices are conceptualized along three distinct dimensions: internal diversity practices, which encompass gender and ethnic diversity in hiring, team composition, and leadership appointments; external diversity practices, which refer to the valuing of diverse educational, professional, and experiential backgrounds in organizational decision-making; and organizational diversity practices, which address role and hierarchical diversity across functional levels within the organization. While extensive research has examined direct relationships between diversity and performance, limited empirical evidence exists on how each of these three dimensions independently affects organizational performance, especially within the African context. This study addresses this gap by investigating publicly quoted companies on the Nairobi Securities Exchange, which represents a unique empirical setting characterized by regulatory requirements for qualified senior management, sectoral diversity across eleven distinct industries, and persistent performance challenges evidenced by recurring profit warnings.

Understanding how internal, external, and organizational diversity practices influence organizational performance holds significant implications for senior management, policymakers, and organizational development practitioners seeking evidence-based strategies to enhance competitive advantage and organizational effectiveness in dynamic market environments. The study is informed by Social Identity Theory (Tajfel & Turner, 1979) and Intersectionality Theory (Crenshaw, 1989), which explain how diverse group membership and overlapping identities (gender, ethnicity, education, role, hierarchy) shape workplace behaviors and outcomes. Organizational performance is assessed using the Balanced Scorecard Model (Kaplan & Norton, 1992), which captures financial and non-financial metrics including revenue growth, market share, operational cost reduction efficiency, and innovation & R&D investment growth.

1.1 Workplace Diversity Practices

Workplace diversity practices refer to specific organizational policies and actions intended to support a workforce made up of varied individual differences. These practices demonstrate the need for people with different backgrounds at the workplace in achieving organizational performance outcomes. Hundschell *et al.* (2022) established that diverse teams challenge conventional methods and explore alternative approaches, leading to improvements in production efficiency, customer service systems, and knowledge management. Härtel *et al.* (2022) found that inclusive organizational cultures enable the establishment of novel processes due to the presence of divergent thinking and constructive conflict. Diverse teams reduce groupthink and encourage experimentation, which are critical components of continuous innovation in competitive industries.

Workplace diversity practices have evolved from compliance-driven initiatives to strategic imperatives that drive competitive advantage. Abdelhay (2024) demonstrated that diversity management significantly impacts organizational innovation through knowledge sharing and inclusive leadership, suggesting that the mere presence of diversity is insufficient without supportive organizational practices. Ntiamoah *et al.* (2024) found that workplace diversity positively influences employee innovation through psychological safety in the banking sector, indicating that diverse perspectives flourish when employees feel secure enough to express divergent viewpoints. Adeniji *et al.* (2024) compared gender equality practices between USA and African organizations, revealing that while developed markets have institutionalized diversity frameworks, emerging markets still grapple with implementing comprehensive diversity strategies.

In Kenya specifically, workplace diversity practices have emerged as key drivers of organizational competitiveness among Nairobi Securities Exchange-listed companies. Munyiva and Kosgei (2022) noted that the inclusive hiring and promotion policies of companies quoted on the NSE have led to improved innovation and structural flexibility, enabling quicker adaptation to regulatory and technological changes. Mwangi and Nzulwa (2022) further established that gender, ethnic, and generational diversity within Kenyan organizations fosters the exchange of different perspectives, encouraging creative problem-solving and new idea generation. Kimani and Wanjiku (2023) found that companies with diversity-conscious leadership foster adaptive organizational cultures where minority voices influence decisions, thereby enhancing organizational responsiveness to shifting customer needs and market dynamics. .

1.2 Organizational Performance

Organizational performance represents the extent to which an organization achieves its strategic objectives, operational efficiency, and financial targets. According to Ngugi and Mutiso (2025), organizational performance is multidimensional, influenced by factors including operational effectiveness, financial outcomes, employee performance, and adaptability. Viterouli *et al.* (2024) assert that workplace diversity practices enhance organizational performance through increased revenue growth, market share, operating cost reduction efficiency, and profitability. Härtel *et al.* (2022) found that diverse teams working within inclusive systems produce adaptive innovations and streamline internal processes, which translates into stronger financial performance, increased shareholder value, and long-term sustainability.

The measurement and evaluation of organizational performance has evolved to encompass both financial and non-financial metrics that capture organizational effectiveness holistically. Chijoke-Mgbame *et al.* (2020) demonstrated that board gender diversity positively correlates with financial performance in Nigerian contexts, suggesting that diverse governance structures contribute to superior decision-making and resource allocation. Zhu *et al.* (2022) established that innovation plays a critical role in the relationship between organizational practices and performance outcomes among Chinese enterprises, indicating that performance improvements often materialize through innovation-enabled processes. Furthermore, contemporary organizational performance frameworks increasingly recognize the importance of adaptive capacity, stakeholder satisfaction, and sustainability metrics alongside traditional profitability measures.

In the African context, organizational performance has been linked to effective diversity management and innovation practices, though performance outcomes vary significantly across markets and sectors. Olanipekun *et al.* (2023) in their study of distillery firms in Southwest Nigeria

found that employees of different ages collaborating presented creativity and innovative mechanisms, which improved organizational performance. Izadi *et al.* (2020) found that in Malawi, innovation management capability had a positive relation to firm performance. However, Mousa *et al.* (2020) noted that diversity management practices remain underdeveloped in the majority of African countries, which has consequently limited innovation capacity and led to employee underperformance and eventual organizational underperformance.

1.3 Nairobi Securities Exchange (NSE), Kenya

The Nairobi Securities Exchange, established in 1954, serves as the principal securities exchange in Kenya and the broader East African region. The NSE operates as a platform for trading equities, bonds, and other financial instruments, playing a crucial role in capital formation and economic development in Kenya. According to NSE (2024), publicly quoted companies on the exchange had a market capitalization of approximately 15 percent of Kenya's gross domestic product, underscoring their significant contribution to the national economy. The exchange is organized into eleven distinct sectors including agricultural, automobiles and accessories, banking, commercial and services, construction and allied, energy and petroleum, insurance, investment, investment services, manufacturing and allied, and telecommunication and technology sectors.

Despite Capital Markets Authority requirements for qualified and experienced senior management, publicly quoted companies on the NSE have persistently underperformed. NSE data reveals trends in profit warnings issued by listed companies, with 29 percent in 2020, 43 percent in 2021, 9 percent in 2022, and 34 percent in 2023. These recurring profit warnings serve as definitive signals of deteriorating organizational performance despite governmental initiatives aimed at fostering conducive business environments and compliance regulations. Theuri (2021) reports that manufacturing firms quoted on the NSE have been particularly affected, with 46 percent issuing profit warnings in specific periods. This persistent underperformance despite regulatory frameworks and management qualifications requirements creates an urgent imperative for exploring how workplace diversity practices can enhance organizational performance outcomes among NSE-listed companies.

2.0 Workplace Diversity Practices and Organizational Performance

Zouaghi *et al.* (2020) examined how various diversity dimensions drive innovations in research and development teams using data collected from approximately 12,000 firms in Spain. The study employed quantitative methods, analyzing how gender, skills, and education diversity influenced innovation outcomes. The study concluded that gender, skills, and education diversity were positively linked with product innovation and process innovation. However, the study also supported the hypothesis that surface-level diversity may negatively affect research and development team performance when interacting with deep-level diversity. This finding highlights the complexity of diversity effects and suggests that organizations must carefully manage different diversity dimensions to optimize performance outcomes.

Ntiamoah *et al.* (2024) conducted research on the banking sector in Ghana, exploring the impact of workplace diversity on employee innovation, highlighting psychological safety as a mediating factor. An explanatory research design grounded in a positivist paradigm was used and quantitative data was gathered from 180 banking sector employees through structured questionnaires. The study concluded that diversity initiatives enhance innovation by fostering an environment of psychological safety, which in turn improves organizational performance. The findings

demonstrated that when employees from diverse backgrounds feel psychologically safe, they are more willing to contribute innovative ideas that improve organizational processes.

Abdelhay (2024) investigated how diversity management influences organizational innovation, highlighting the mediating function of knowledge sharing and the moderating influence of inclusive leadership. The study took a quantitative approach, collecting data through surveys from employees across multiple firms in various industries. The research employed structural equation modeling to test the relationships between diversity management, knowledge sharing, inclusive leadership, and organizational innovation. The study concluded that effective diversity management enhances innovation through improved knowledge-sharing practices, which in turn positively influences organizational performance outcomes.

The conceptual framework guiding this study posits that workplace diversity practices, operationalized through internal diversity practices, external diversity practices and organizational diversity practices can influence organizational performance. Internal diversity practices, encompassing gender and ethnicity diversity, constitute the first dimension and are theorized to enhance organizational performance through improved creativity, reduced groupthink, and broader customer insight. External diversity practices, comprising educational and professional qualification diversity alongside work and life experience diversity, form the second dimension and are expected to improve organizational performance through enhanced knowledge recombination, multidisciplinary problem-solving, and innovation capacity. Organizational diversity practices, covering role diversity and hierarchical diversity, constitute the third dimension and are anticipated to strengthen organizational performance through inclusive decision-making, upward communication, and cross-functional collaboration. Organizational performance is measured using the Balanced Scorecard Model across four metrics: revenue growth, market share, operational cost reduction efficiency, and innovation and research and development investment growth. Consistent with this framework, the null hypothesis of this study is that workplace diversity practices comprising internal, external, and organizational dimensions have no significant combined effect on the organizational performance of publicly quoted companies in Kenya.

3.0 Research Methodology

The study adopted a pragmatic philosophical orientation to address practical organizational challenges. A quantitative cross-sectional survey design was employed. The target population comprised 150 senior management respondents from 56 publicly listed companies on the Nairobi Securities Exchange. A census approach selected three senior management respondents from the human resource, strategy, and finance functions in each company for questionnaires. Data collection involved structured questionnaires on a five-point Likert scale, with ethical clearance obtained. Pretesting confirmed validity (factor loadings >0.4) and reliability (Cronbach's alpha >0.7). Quantitative analysis used SPSS version 30, employing descriptive and inferential statistics. To test the cause-and-effect relationship between workplace diversity practices and organizational performance, a multiple linear regression model was specified as follows:

$$OP = \beta_0 + \beta_1IDP + \beta_2EDP + \beta_3ODP + \varepsilon$$

Where OP denotes organizational performance as the dependent variable, β_0 is the regression constant representing the predicted value of organizational performance when all diversity practice dimensions are at zero. β_1 , β_2 , and β_3 are the unstandardized regression coefficients representing

the magnitude of the effect of each diversity dimension on organizational performance. IDP denotes internal diversity practices encompassing gender and ethnicity diversity, EDP denotes external diversity practices encompassing educational, professional, and experiential diversity. ODP denotes organizational diversity practices encompassing role and hierarchical diversity, and ε is the error term accounting for variance in organizational performance not explained by the three predictor variables. The model was estimated using ordinary least squares regression in SPSS version 30, with statistical significance assessed at the 0.05 level.

4.0 Data Presentation, Analysis and Interpretation

Data presentation, analysis and interpretation are presented in sections.

4.1 Response Rate

The study targeted 150 quantitative (questionnaire) respondents after the exclusion of pretest respondents. The study achieved 132 completed questionnaires, representing a response rate of 88 percent. This response rate compares favorably with the benchmarks recommended by Mugenda and Mugenda (2019), who classify 70 percent and above as excellent, and Babbie (2016), who considers response rates above 70 percent acceptable for generalizing findings. The high response rate was primarily due to the use of Google Forms, which is generally favored by respondents over hard copy and emails. Additionally, targeted respondents were individually advised that if all the targeted respondents in each company did not respond, their company would be excluded from the research.

4.2 Descriptive Statistics

This section presents descriptive statistics for all the study variables measured using a five-point Likert scale range with 1 (Strongly Disagree), 2 (Disagree), Neutral (3), Agree (4) and 5 (Strongly Agree).

Table 1: Descriptive Statistics

Variable	Mean	Std. Deviation
Internal Diversity Practices	3.76	1.04
External Diversity Practices	3.75	1.06
Organizational Diversity Practices	3.75	0.12
Organizational Performance	3.81	1.06

The aggregate mean score for internal diversity practices was 3.76 (SD = 1.04), indicating that respondents generally agreed that their companies implemented internal diversity practices encompassing gender and ethnic diversity. Gender diversity items consistently recorded higher means than ethnic diversity items, reflecting stronger institutionalization of gender diversity relative to ethnic diversity across publicly quoted companies in Kenya. The relatively high standard deviation of 1.04 suggests considerable variability in internal diversity implementation across organizations, particularly in ethnic diversity practices where standard deviations ranged from 1.19 to 1.31, indicating that implementation is uneven and inconsistent. These findings are consistent with Shrestha and Parajuli (2021), who found a positive relationship between gender diversity and employee performance, and with Morfaki and Morfaki (2022), who noted that ethnic

diversity requires specific corporate diversity management strategies to be effectively implemented.

The aggregate mean score for external diversity practices was 3.75 (SD = 1.06), indicating that respondents generally agreed that their companies implemented external diversity practices relating to educational qualifications, professional backgrounds, and work and life experiences. Items related to experiential diversity in decision-making and structured recruitment processes recorded the highest means, while valuing diverse educational backgrounds in hiring decisions recorded the lowest mean, revealing a gap between recognizing the benefits of educational diversity and systematically incorporating it into recruitment practice. The high standard deviation of 1.06 reflects considerable variability in how organizations implement external diversity practices, with some organizations significantly more advanced than others in leveraging diverse educational and experiential backgrounds. These findings align with Telyani *et al.* (2022), who established that diversity in age and experience significantly influences organizational performance, and with Ayesiga *et al.* (2024), who found that educational diversity positively correlates with organizational performance despite low incorporation of individuals with varying educational backgrounds in decision-making processes.

The aggregate mean score for organizational diversity practices was 3.75 (SD = 0.12), indicating that respondents generally agreed that their companies implemented organizational diversity practices encompassing role and hierarchical diversity. The exceptionally low standard deviation of 0.12 is notably distinct from the other variables and indicates highly consistent and uniform perceptions across all respondents regarding organizational diversity implementation, suggesting that publicly quoted companies in Kenya share similar structural approaches to role and hierarchical diversity. Hierarchical diversity items recorded higher means than role diversity items, with upward communication across hierarchical levels achieving the highest mean and active promotion of role diversity in team formation recording the lowest mean, revealing that cross-level inclusiveness is more established than deliberate cross-functional role diversity. These findings are consistent with Hanif *et al.* (2022), who found that diversity-inclusive leadership positively moderates the relationship between diversity management and organizational performance, and with Anwar and Abdullah (2021), who concluded that decentralization exhibits a favorable correlation with organizational performance.

The aggregate mean score for organizational performance was 3.81 (SD = 1.06), the highest among all study variables, indicating that respondents generally agreed that workplace diversity practices had a positive impact on organizational performance across revenue growth, market share, operational cost reduction efficiency, and innovation and research and development investment growth. Market share and revenue growth items recorded consistently higher means than operational cost reduction items, suggesting that the effects of diversity practices are more visible and immediate on top-line financial performance than on operational efficiency outcomes. The standard deviation of 1.06 reflects variability across organizations in the extent to which diversity practices translate into measurable performance improvements, particularly in operational cost reduction where implementation benefits remain uneven. These findings are consistent with Kurniawan *et al.* (2021), who found that companies implementing balanced diversity strategies perform well across growth, customer retention, and employee satisfaction metrics, and with Mehari (2023), who established that deep-level external diversity dimensions exhibit higher statistical significance than surface-level internal diversity dimensions in affecting organizational performance.

4.3 Correlation Analysis

Pearson product-moment correlation analysis was employed to test the strength and direction of linear relationships between the study variables and organizational performance. Table 2 presents the correlation coefficients among all study variables.

Table 2: Correlation Matrix

		Organizational Performance	Internal Diversity Practices	External Diversity Practices	Organizational Diversity Practices
Organizational Performance	Pearson Correlation (r)				
	Sig. (2-tailed) (p)	1.000			
Internal Diversity Practices	Pearson Correlation (r)	.425			
	Sig. (2-tailed) (p)	.000	1.000		
External Diversity Practices	Pearson Correlation (r)	.389	.025		
	Sig. (2-tailed) (p)	.000	.777	1.000	
Organizational Diversity Practices	Pearson Correlation (r)	.473	-.039	.052	
	Sig. (2-tailed) (p)	.000	.658	.557	1.000

The results showed that internal diversity practices had a moderate positive and statistically significant relationship with organizational performance, with a correlation coefficient of 0.425 and a p-value of 0.000. External diversity practices also exhibited a moderate positive and statistically significant relationship with organizational performance, with a correlation coefficient of 0.389 and a p-value of 0.000. This finding supports Telyani *et al.* (2022), who found that diversity in age and experience significantly influences organizational performance. Organizational diversity practices were found to have a moderate positive and statistically significant relationship with organizational performance, with a correlation coefficient of 0.473 and a p-value of 0.000, which was the highest correlation among the three diversity practice variables. The correlation between external diversity practices and internal diversity practices was very weak at 0.025 with a p-value of 0.777, indicating no significant association. Similarly, organizational diversity practices showed very weak negative correlations with internal diversity practices at -0.039 (p=0.658) and with external diversity practices at -0.052 (p=0.557), both statistically non-significant. These findings confirm that the three diversity dimensions represent distinct constructs that independently contribute to organizational performance rather than measuring a single underlying diversity factor. The absence of significant inter-correlations among the independent variables also satisfied the assumption of no multicollinearity, allowing all three dimensions to be included simultaneously in subsequent regression analysis without distortion of coefficient estimates.

4.4 Multiple Regression Analysis

Multiple regression analysis was conducted to assess the combined effect of internal, external, and organizational diversity practices on organizational performance of publicly quoted companies in Kenya. Table 3 presents the regression results.

Table 3: Multiple Regression Results for Workplace Diversity Practices and Organizational Performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.764a	0.584	0.575	0.11445		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.357	3	0.786	59.968	.000
	Residual	1.677	128	0.013		
	Total	4.033	131			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		β	Std. Error	Beta		
1	(Constant)	-4.013	0.591		-6.789	0.000
	Internal Diversity Practices	0.641	0.084	0.435	7.621	0.000
	External Diversity Practices	0.620	0.087	0.405	7.094	0.000
	Organizational Diversity Practices	0.764	0.085	0.511	8.949	0.000

The estimated regression model is expressed as follows:

$$OP = -4.013 + 0.641IDP + 0.620EDP + 0.764ODP$$

Constant $\beta = -4.013$ is the predicted organizational performance when all diversity practices are zero, implying that performance could be negative, which may indicate that some companies could be experiencing losses if diversity practices are absent. The multiple regression analysis revealed that the combined effect of internal, external, and organizational diversity practices explains a substantial proportion of the variance in organizational performance among publicly quoted companies in Kenya. The R Square value of 0.584 indicates that the three diversity dimensions together account for 58.4 percent of the observed variation in organizational performance. This is a strong explanatory power in social science research, demonstrating that workplace diversity practices are a major determinant of how well publicly quoted companies perform on metrics such

as revenue growth, market share, operational cost reduction efficiency, and innovation investment. The remaining 41.6 percent of variance is attributable to other factors not included in this model, such as macroeconomic conditions, industry competition, or firm-specific strategic choices.

The statistical significance of the overall regression model is confirmed by the ANOVA results, which produced an F-statistic of 59.968 with a p-value of 0.000. This p-value is well below the conventional significance threshold of 0.05, providing extremely strong evidence that the relationship between the combined diversity practices and organizational performance is not due to random chance. The model's high F-value relative to the degrees of freedom (3 and 128) indicates that the three predictor variables collectively have a meaningful and reliable influence on the dependent variable. The adjusted R Square of 0.575, which accounts for the number of predictors in the model, confirms that the explanatory power is not artificially inflated by over fitting and remains substantial even after penalty for model complexity.

Examining the individual contributions of each diversity dimension, the regression coefficient for internal diversity practices was 0.641 with a p-value of 0.000. This positive coefficient means that for every one-unit increase in the implementation of gender and ethnic diversity practices, organizational performance increases by 0.641 units, holding all other variables constant. The p-value of 0.000 confirms that this effect is statistically significant at the highest level, rejecting the null hypothesis that internal diversity practices have no effect. The standardized beta coefficient of 0.435 indicates that internal diversity practices are a meaningful relative predictor within the model, though not the strongest.

The regression coefficient for external diversity practices was 0.620 with a p-value of 0.000. This demonstrates that for every one-unit increase in practices related to educational qualifications, professional backgrounds, and work and life experiences, organizational performance increases by 0.620 units when the other diversity dimensions are held constant. The p-value of 0.000 again provides strong evidence against the null hypothesis, confirming that external diversity practices independently contribute to organizational performance. The standardized beta of 0.405 shows that external diversity has the smallest relative influence among the three dimensions, though still a substantial and significant predictor. The regression coefficient for organizational diversity practices was the largest among the three dimensions at 0.764, with a p-value of 0.000. This indicates that for every one-unit increase in role diversity and hierarchical diversity practices, organizational performance increases by 0.764 units, holding internal and external diversity constant. The p-value of 0.000 confirms statistical significance for this dimension as well. The standardized beta coefficient of 0.511 is the highest among all three predictors, demonstrating that organizational diversity practices have the strongest relative influence on organizational performance when all three dimensions are considered simultaneously. This finding underscores the particular importance of structural diversity mechanisms such as cross-functional teams, upward communication channels, and inclusive decision-making processes.

5.0 Discussion of Findings

The study conducted a combined analysis of workplace internal, external, and organizational diversity practices to determine their collective effect on organizational performance of publicly quoted companies in Kenya. The multiple regression results revealed that the three diversity dimensions jointly explained 58.4 percent of the variance in organizational performance, with an adjusted R square of 0.575 and a statistically significant F-statistic of 59.968 ($p=0.000$). This substantial explanatory power demonstrates that implementing all three diversity dimensions

simultaneously produces synergistic effects that far exceed the contribution of any single dimension alone. The findings confirm that holistic diversity management, integrating gender and ethnic diversity, educational and experiential diversity, and role and hierarchical diversity, is a critical driver of organizational performance among NSE-listed companies. Organizations that adopt comprehensive diversity strategies across all three dimensions achieve superior outcomes in revenue growth, market share expansion, operational cost reduction, and innovation investment compared to those focusing on isolated diversity initiatives.

The study found that internal diversity practices, encompassing gender and ethnic diversity, had a positive and statistically significant effect on organizational performance, explaining 18.1 percent of the variance when analysed individually ($\beta=0.626$, $p=0.000$). Correlation analysis confirmed a moderate positive relationship ($r=0.425$, $p=0.000$), with gender diversity items recording the highest mean score for contribution to innovation and creative problem solving at 4.22. These findings align with Social Identity Theory, which explains that diverse group composition enhances creativity and reduces groupthink, leading to improved decision-making quality. The results are consistent with Shrestha and Parajuli (2021) and Hilal *et al.* (2024), who found positive effects of gender and ethnic diversity on performance. However, ethnic diversity items showed consistently lower means, with the lowest at 3.36 for promoting ethnic diversity in leadership appointments, and higher standard deviations indicating greater implementation inconsistency. This suggests that while gender diversity is relatively institutionalized across publicly quoted companies in Kenya, ethnic diversity remains a challenging area requiring more deliberate structural interventions.

The study further established that external diversity practices, referring to educational qualifications, professional backgrounds, and work and life experiences, had a positive and statistically significant effect on organizational performance, explaining 15.2 percent of the variance ($\beta=0.596$, $p=0.000$). Correlation analysis revealed a moderate positive relationship ($r=0.389$, $p=0.000$), with the highest mean score of 4.18 for decision-making processes benefiting from diverse experiential backgrounds. Items related to structured recruitment processes also performed well, with a mean of 4.16 for using standardized evaluation criteria to avoid bias. These findings support Intersectionality Theory, which emphasizes that overlapping educational and experiential identities create unique perspectives that enhance problem-solving and innovation. The results are consistent with Telyani *et al.* (2022) and Wagdi and Fathi (2024), who found that diversity in age, experience, education, and nationality positively influences organizational performance. Nevertheless, the lowest mean of 3.28 for valuing diverse educational backgrounds in hiring reveals an implementation gap, as organizations recognize the benefits of external diversity but struggle to systematically incorporate it into recruitment decisions, favoring formal credentials over diverse educational pathways.

Among the three dimensions, organizational diversity practices, encompassing role diversity and hierarchical diversity, recorded the strongest positive and statistically significant effect on organizational performance, explaining 22.4 percent of the variance individually ($\beta=0.707$, $p=0.000$) and remaining the strongest predictor in the combined model with a standardized beta of 0.511. Correlation analysis confirmed the highest correlation with organizational performance ($r=0.473$, $p=0.000$). The exceptionally low aggregate standard deviation of 0.12 indicates highly consistent perceptions across respondents regarding the implementation of role and hierarchical diversity practices. Hierarchical diversity items such as promoting upward communication across levels achieved the highest mean of 4.02, while role diversity items like actively promoting role

diversity when forming teams recorded the lowest mean of 3.08. This pattern suggests that cross-level inclusiveness is more established than cross-functional role diversity. These findings support Dynamic Capabilities Theory, demonstrating that structural and relational diversity facilitates organizational learning, knowledge sharing, and adaptive reconfiguration. The results align with Hanif *et al.* (2022) and Anwar and Abdullah (2021), who found that inclusive leadership and decentralization positively influence performance. For publicly quoted companies in Kenya, prioritizing organizational diversity practices, particularly through mandated cross-functional team requirements and structured upward communication channels, offers the most direct and powerful pathway to enhanced organizational performance.

6.0 Conclusions

The study concludes that workplace internal diversity practices have a positive and statistically significant effect on organizational performance of publicly quoted companies in Kenya, leading to the rejection of the first null hypothesis. Gender and ethnic diversity practices significantly enhance organizational performance through improved customer insights, creative problem-solving, and innovation. Workplace external diversity practices have a positive and statistically significant effect on organizational performance, leading to the rejection of the second null hypothesis. Educational qualifications, professional backgrounds, and work and life experiences contribute to organizational performance through knowledge recombination and multidisciplinary problem-solving. Additionally, the study concludes that workplace organizational diversity practices have the strongest positive and statistically significant effect on organizational performance among the three dimensions, leading to the rejection of the third null hypothesis. Role diversity and hierarchical diversity enhance performance through knowledge sharing, bottom-up innovation, and inclusive decision-making structures. When all three dimensions are combined, they collectively produce superior performance outcomes, demonstrating that holistic diversity management integrating internal, external, and organizational practices simultaneously is a critical driver of organizational performance for publicly quoted companies in Kenya.

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