EFFECT OF WORK DIVERSITY ON PERFORMANCE OF SELECTED STATE CORPORATIONS IN KENYA

NYAMAI MAUREEN MWENDE

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DECLARATION

This research project is my original work and has not been presented for a degree at any other University.

Signature…………………………… **Date ………………………**

NYAMAI MAUREEN MWENDE

MBA/32/00324/2/24

This research project has been submitted for examination with my approval as University Supervisor.

Signature…………………………… **Date ………………………**

Dr. Angeline Wambugu,

The Management University of Africa

DEDICATION

I dedicate this research project to my loving parent, Joyce Mwikali Nyamai, unwavering encouragement and backing have been the foundation of my strength.

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I sincerely thank God Almighty for the gift of life, strength, wisdom, and divine guidance throughout this academic journey.

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ABSTRACT

This research examines the significance of board diversity on the performance of selected state owned corporations in Kenya, highlighting a critical gap where over 30 percent of these organizations lack equality in gender, age, racial, and education, which is essential for fostering innovation, enhancing decision-making, and adhering to the Mwongozo Code of Governance. Prior research often focuses on specific commercial banks or aspects of diversity, neglecting a comprehensive examination of all inclusion policies and the impact of local cultural factors. The primary objective is to assess the influence of board-level diversity on organizational outcomes, encompassing diversity in gender, raciality, race, age, and. The primary target population comprises personnel across 14 SOCs, including board members and senior management, due to their unique insights into organizational operations. A sample of 210 representative respondents, comprising board members and senior managers, was selected using a census approach, ensuring gender balance. The primary instrument was a structured questionnaire utilizing a five-point Likert scale, followed by an assessment of equipment consistency and validation of content through a pilot study involving 10 percent (2 of 14 SOCs). The data was collected online over 14 days, with the assistance of research assistants, to enhance response rates. The study established that gender diversity, racial diversity, and age diversity significantly enhance organizational performance, while educational diversity showed a positive but non-significant effect. It concluded that inclusive and diverse boards foster innovation, accountability, and effective decision-making in state-owned corporations. Recommendations highlighted the need for targeted diversity policies, leadership training, succession planning, and continuous monitoring to optimize governance. Future studies should employ longitudinal designs, explore moderating factors like leadership style and organizational culture, and incorporate qualitative insights. Expanding research beyond SOCs to private firms and SMEs, while considering digital transformation and workforce mobility, would improve applicability.

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LIST OF ABBREVIATIONS AND ACRONYMS

RBV: Resource-Based View

SIT: Social Identity Theory

SOCs: State-Owned Corporations

SOEs: State-Owned Enterprises

SPSS: Statistical Package for the Social Sciences

VIF: Variance Inflation Factor

VRIN: Valuable, Rare, Inimitable, and Non-substitutable Resources

OPERATIONAL DEFINITION OF TERMS

Gender Diversity: The representation and integration of all genders inside an organization, facilitating equitable opportunities for each gender and assuring their involvement in organizational decision-making, innovation, and workplace culture (An & Lee, 2021).

Organizational Performance: An organization's capacity to achieve its goals and objectives is frequently evaluated in financial terms by measuring personnel productivity, innovation, customer satisfaction, and overall operational efficiency (Adam & Alfawaz, 2025).

State-Owned Corporations (SOCs): Government-owned entities either wholly or partially operated commercially, that deliver public services or play a crucial role in national economic development and public welfare (Baporikar, 2021).

Age Diversity: The inclusion of individuals of diverse ages in the workforce facilitates a blend of experience, ideas, and methods that foster innovation and flexibility (Kembu & Nang'oni, 2022).

Educational Diversity: is defined as the differences in employees’ academic qualifications, training, and areas of specialization within an organization (Marx et al.,2021).

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter begins with a scenario description that outlines the context and explains how workplace diversity has evolved and its potential impact on state-owned companies. The problem statement indicates a persistent ambiguity regarding the association between gender, age diversity, and the effectiveness of public institutions. The study proceeds with the research questions and objectives. The significance of the study delineates the importance of the study for policymakers and practitioners. The research focused on the identifiable aspects of diversity among Kenyan state corporations.

1.1 Background

The concept of board diversity in corporations encompasses the inclusion of individuals on the board who represent diverse genders, racial, ages, and professional backgrounds. It is becoming an increasingly crucial factor in enhancing corporate governance, innovation, and strategic decision-making (Okatta et al., 2024). Diverse boards encouraged a broader range of ideas and experiences in discussions, leading to improved efficiency. The primary objective of public institutions is to deliver value to citizens, resulting in increased scrutiny of educational diversity, leadership, and governance (Nzulwa & Omondi, 2024). To enhance and update services while remaining competitive, companies must comprehend the factors that contribute to optimal performance (Latupeirissa et al., 2024). This study investigates the impact of board diversity on the success of selected state owned corporations in Kenya.

The promotion of corporate accountability, the encouragement of innovation, and the inclusion of diverse perspectives in boardrooms are identified as primary motivations for the increasing need for greater diversity in board membership within U.S. firms. Governance via boards composed of individuals with diverse genders, ages, and professional backgrounds is likely to enhance governance by offering varied perspectives and diminishing the likelihood of groupthink (Hakovirta et al., 2020). Federal and state governments have been advocating for diversity via policy, executive orders, and social influence. Nonetheless, it remains ambiguous whether minorities and women are adequately represented overall (Behlau et al., 2023). Evidence suggests that organizations with boards with diverse leadership have superior performance, enhanced openness, and increased attention to public concerns (Wagdi & Fathi, 2024). A board that reflects the demographics of the population guarantees that state-owned enterprises function equitably and efficiently.

In China, the majority of economic operations are conducted by state-owned enterprises, and the composition of the company's board influences corporate governance and performance. Chinese state enterprises typically exhibit a deficiency in board diversity, with political and bureaucratic factors frequently influencing appointments (Jin et al., 2022). Recent developments have focused on enhancing governance by augmenting board independence and diversity (Chang et al., 2024). While gender and professional diversity indicate advancement, racial and age diversity remain largely unaddressed. Research indicates that, despite incremental changes, board diversity enhances risk management, stimulates innovation, and encourages accountability (Staab et al., 2024). The income-generating potential of China in modernizing state-owned corporations highlights the need to broaden its leadership to enhance its global presence and compliance.

State-owned enterprises play a vital role in delivering essential services to citizens and contributing to Nigeria's economic growth. Historically, board members in these corporations have predominantly included a limited group with political connections or local affiliations, hence diminishing diversity (Lucky-Deekor, 2024). Individuals are advancing toward diversification in governance, particularly in terms of gender, raciality, occupation, and region, facilitated by ongoing reforms and initiatives for inclusivity. Nevertheless, the quantity of women and minority candidates for senior leadership positions remains inadequate. Evidence suggests that more diversity in board composition will lead to more equitable and objectively calibrated decision-making processes, improved accountability, and organizational effectiveness (Mophethe, 2023). Inclusive leaders in Nigeria's state-owned enterprises must facilitate effective corporate governance, foster new ideas, and adhere to a democratic and developmental agenda.

The significance of diverse board leadership for state-owned corporations in South Africa is crucial, given the nation's commitment to achieving transformation and inclusive governance. To mitigate the imbalance in board membership, several regulations were implemented following the end of apartheid to rectify historical inequities (Musabayana & Mutambara, 2022). Numerous SOCs have effectively facilitated increased opportunities for women and marginalized groups to attain top leadership positions. Diversity on a board enhances decision-making efficacy, organizational transparency, and overall success (Marimbe, 2023). Nonetheless, locating an individual who amalgamates diversity with experience and professional competencies for effective governance is challenging (Munkuli, 2024). Enhanced initiatives for board diversity are vital as they foster inclusivity and augment the capacity of SOCs to fulfill the requirements of this transformative economy.

State-owned enterprises in Uganda play a vital role in driving economic development and delivering public services. The composition of the board has a significant influence on the governance and performance of the organization (Turyakira et al., 2022). Currently, political influences predominantly affect board appointments, resulting in a deficiency of women, a lack of diverse career backgrounds, and a general lack of inclusivity. A new practice has been used to enhance board diversity, hence improving decision-making quality and accountability (Isabirye et al., 2025). The board overseeing the Petroleum Authority of Uganda from 2024 to 2028 comprises individuals with diverse expertise, including environmental management, law, renewable energy, and finance. Nonetheless, ensuring equitable participation of all groups in state-owned enterprises remains challenging despite existing initiatives (Eton et al., 2021). To enhance the governance and efficacy of publicly owned enterprises in Uganda, it is essential to address these concerns.

In Ethiopia, government intervention is prevalent in sectors such as banking, telecommunications, and transportation, with state-owned corporations performing significant functions. Historically, numerous board memberships have been awarded based on political connections, raising concerns about the effectiveness and accountability of these boards (Demamu, 2024). By 2024, the Public Enterprise Law will mandate that one-third of the board members of state-owned corporations be senior experts with over five years of professional experience. The primary objective of these modifications is to enhance the visibility, accountability, and efficacy of state-owned corporations. Nonetheless, specific concerns persist, notably the inadequate diversity of sample participants, particularly in terms of gender and geographic location (Olugbade et al., 2021). Addressing these challenges is essential to ensure that state-owned enterprises in Ethiopia adhere to international corporate governance standards and foster national development.

State-owned enterprises are significantly reliant on the growth of the Kenyan economy and the delivery of services to the populace. Historically, political dynamics have led to the establishment of non-diverse boards in terms of gender, raciality, and professional composition (Nzulwa & Omondi, 2024). Recognizing the significance of multiple perspectives in leadership, the government implemented the Mwongozo Code of Governance for state corporations in 2015 (Kimani et al., 2022). Women and minority groups continue to be underrepresented in leadership positions within corporations despite ongoing efforts. Researchers assert that an increased presence of diverse board members will enhance governance, decision-making, and accountability in SOCs (Wirba, 2024). The diversity gaps are crucial for the best performance of state-owned enterprises in Kenya

1.1.1 Board Diversity

Board diversity encompasses the representation of persons with varying genders, races, ages, and professional experiences on company boards. Board diversity is defined as the inclusion of persons of varied backgrounds, such as gender, race, age, and professional experience, within a company's board of directors. It encompasses the range of demographic and cognitive differences among board members, which influences effective management and corporate governance. Diversity among the board enhances its capacity to address stakeholder interests, foster innovation, and respond effectively to business complexity.

A diverse array of perspectives on a board stimulates strategic thinking and fosters innovative solutions (Minenko & Mujtaba, 2024). A 2020 investigation by McKinsey indicated that profitability averages were elevated for organizations with diverse leadership (Kimani, 2025). The state-owned enterprises in the country have attained improved governance in the public sector through adherence to the Broad-Based Black Economic Empowerment, which mandates board diversity. Diversity has enabled organizations to monitor their operations more closely and embrace all individuals, resulting in enhanced performance and equity.

Board diversity improves board and organization functioning owing to variances in ideas and skills. Gender diversity on boards improves control and decision-making, according to various studies. Racial or racial variety ensures cultural diversity and stakeholder involvement. Intergenerational knowledge transfer and innovation are boosted by age variety. Problem-solving and strategic agility emerge from cognitive or functional variety, which includes education, experience, and tenure. Empirical research in international contexts has shown that such boards make more balanced, creative, and socially responsible decisions. These board diversity characteristics are the key to resilient leadership and improved organizational success.

Organizations are failing to achieve genuine board diversity. Almost all positions in state-owned enterprises in Kenya are occupied by men, with women comprising fewer than 15%, despite the Mwongozo Code advocating for inclusive participation (Mwangi et al., 2022). A 2021 assessment in Nigeria indicated that racial minorities were inadequately represented on such boards, hence compromising confidence and accountability (Mwangi & Nyaribo, 2022). As of 2023, the proportion of women on the boards of Fortune 500 businesses in the USA approached 30% (Minenko & Mujtaba, 2024). Individuals seek to concentrate on essential tactics and cultural transformations to enable effective and varied leadership attainment.

1.1.2 Gender Diversity

The utilization of different genders in every organizational division should be inclusive, equitable, and performance-oriented. Ferrari and Deo (2022) say organizations with 40-60% female representation have a competitive advantage in job functions. Engairo (2023) links gender diversity to creativity and productivity at GSK Kenya, while An and Lee (2021) add representation and power distribution. Ferrari and Déo (2022), Engairo (2023), and Adam and Alfawaz (2025) confirm that gender diversity improves operations, teamwork, and psychological engagement. Gender variety is shown by gender balance, equality, and inclusive leadership. This study examined how gender diversity affects performance across levels using numerical representation, perceived equality, and structural inclusion.

1.1.3. Racial Diversity

Racial diversity increases creativity and diversity in an organization by representing and incorporating different racialities and cultures. It moderates performance-enhancing activity based on leadership and diversity views, according to Turi et al. (2022). Olowookere (2021) believes raciality affects public institution efficacy and innovation. According to Diller and Grund (2022), racial diversity affects responsiveness and morale in diverse marketplaces. Turi et al. (2022), Olowookere (2021), and Diller and Grund (2022) found that racial diversity improves organizational performance. The climate of inclusiveness and perceived racial diversity are measures. Numerical racial representation, racial perceived inclusion, and inclusive leadership are examined to discover how racial diversity affects organizational outcomes.

1.1.4 Age Diversity

Age diversity is defined as the inclusion and acknowledgment of various age groups within an organization to promote knowledge sharing, innovation, and adaptability. Li et al. (2021) characterize it as a contributor to human and social capital that enhances organizational performance. Roy (2022) perceives it as a demographic factor that enhances efficiency and production, particularly in developing economies. Li et al. (2021) corroborate this notion, asserting that age-inclusive management serves as a crucial avenue for optimizing such benefits. Research by Li et al. (2021) and Roy (2022) indicates that age diversity fosters innovation and collaboration through inclusive practices. The symptoms are perceived age diversity and age inclusion. This research examines the effects of three dimensions: numerical age diversity, perceived age inclusiveness, and age-inclusive management on performance across several organizational contexts.

1.1.5 Educational Diversity

Educational diversity is defined as the inclusion of individuals with varying levels of educational qualifications, vocational training, and academic disciplines, which enhances innovation and performance within businesses. According to Rafaqat et al. (2022), it is a multifaceted resource that produces favorable outcomes when managed more efficiently. Khassawneh and Mohammad (2025) consider it a strategic asset grounded in HR practices, while Mehari et al. (2024) assert that returns are likely to falter in organizations with deficient ethical standards. The impact of educational diversity on performance is not invariably beneficial, as demonstrated in studies by

Rafaqat et al. (2022), Khassawneh and Mohammad (2025), and Mehari et al. (2024). These criteria encompass the general view of educational diversity and the effectiveness of diversity management. This study examined the educational diversity by looking at professional certifications and fields of study.

1.1.6. Organizational Performance

Organizational performance is defined as the effectiveness of organizations in productivity, innovation, employee engagement evaluation, and consumer satisfaction regarding their initiatives. Inthavong et al. (2023) characterize it as the ability to attain objectives through profitability, innovation, and excellent service. Brown et al. (2025) correlate employee engagement with enhanced financial performance in organizations exhibiting engaged teams. Volden and Welde (2022) assert that the principles of transparency and accountability are essential for enhancing performance in public institutions. The most significant indicators are employee-perceived performance, team productivity, and creativity. Studies by Brown et al. (2025), Vereb et al. (2024), and Aldoghan et al. (2023) demonstrate the beneficial impact of leadership, accountability, and strategic behaviors on performance. This study focuses on employee perception, team innovation, and productivity as essential performance areas, irrespective of the company's style.

1.1.7 Kenya State-Owned Corporations

Kenyan state corporations are government-owned entities that provide public services, promote the economy, and manage vital national assets. They are established by the State Corporations Act (Cap 446) or special parliamentary acts. Kenya electricity, Kenya railways, finance, agriculture, education, and health are examples of these enterprises. According to 2024 data, Kenya has 230 state corporations. They include commercial state enterprises, non-commercial state agencies, regulatory authorities, and research institutions (MTI, 2021). They serve people, build infrastructure, enforce rules, and provide social welfare. Organizations are crucial to national development, but their performance depends on governance structure, notably leadership. Effective, accountable boards increase transparency, innovation, and responsiveness to people's needs, and board composition is a strategic leverage point in performance.

National policy and governance best practices advocate board diversity in Kenyan state-owned businesses. The Mwongozo Code of Governance of State Corporations requires talent, gender, and professional diversity for sound decision-making and corporate accountability. For instance, the Code requires one-third of board members to be of either gender and welcomes people of diverse knowledge and geographical backgrounds. For boards under attack, diversity reduces risks by improving financial stability (Kimani et al., 2022). Its implementation is scattered. State corporations have about 20% women on their boards (Akims & Alex, 2023). The Kenya Revenue Authority is improving governance due to better management, but KBC is struggling due to political appointments and diversity issues. To strengthen governance and performance, the government is still promoting governance changes such as mandatory board governance training and merit-based board recruitment.

1.2. Statement of the Problem

The performance of state –owned corporations shows different diversity levels. For instance, over 30% of state-owned firms in Kenya lack board and gender diversity, racial diversity, age diversity, and educational diversity (Kerich, 2024). This undermines decision-making, innovation, and governance frameworks, weakening service delivery and organizational success (Okatta et al., 2024). Homogeneous leadership restricts diverse opinions, producing policies that may not meet the needs of Kenya's population (SCAC, 2025). The lack of diversity also contradicts the Mwongozo Code of Governance, which recommends balanced and professional boards (SCAC, 2025). Limited succession planning and inadequate training worsen stagnation and competitiveness. Further, most diversity research has concentrated on Nairobi and large corporations, leaving small enterprises and local contexts underexplored (Nzulwa & Omondi, 2024).

Studies show diversity improves governance and innovation. Ongayi and Odari (2023) found gender and diversity enhanced decision-making in banks, but they excluded age and staff-level diversity. Nzulwa and Omondi (2024) analyzed board diversity in state businesses without assessing inclusion policies or organizational culture. Marx, Pons, and Suri (2021) linked racial diversity to team performance but ignored gender, age, and leadership. Kembu and Nang (2022) focused on one organization with limited generalizability, while Baporikar (2021) offered little empirical evidence on succession and age diversity.

Theoretical contributions also remain partial. Rafaqat et al. (2022) and Kariainto and Mboya (2024) discuss workforce diversity but overlook educational, raciality, gender, age diversity and inclusive governance. Much research prioritizes commercial banks (Ongayi & Odari, 2023), neglecting state enterprises. Methodologically, most employ cross-sectional surveys with small samples, limiting causal inference and analysis of mediators (Rafaqat et al., 2022; Kariainto & Mboya, 2024). Addressing these gaps, this study applies mixed methods across sectors, focusing on gender diversity, racial diversity, age diversity, and educational diversity using higher-order statistical modeling to generate substantive insights on diversity management in Kenyan institutions.

1.3. Objectives

1.3.1. General Objective

The general objective of this study is to examine the effect of board diversity on organizational performance of selected state owned corporations in Kenya.

Specific Objectives

i. To examine the effect of gender diversity on organizational performance of selected state owned corporations in Kenya.

ii. To assess the effect of racial diversity on the organizational performance of selected state owned corporations in Kenya.

iii. To analyze the effect of age diversity on organizational performance of selected state owned corporations in Kenya.

iv. To examine the effect of educational diversity on organizational performance of selected state owned corporations in Kenya.

`1.4.Research Questions

i. What is the effect of gender diversity on organizational performance of selected state owned corporations in Kenya?

ii. How does racial diversity affect the organization's performance of selected state owned corporations in Kenya?

iii. What is the effect of age diversity on organizational performance of selected state owned corporations in Kenya?

iv. How does educational diversity affect organization performance of selected state owned corporations in Kenya?

1.5. Significance of the Study

This research enhances the theoretical understanding of board diversity by contributing to social identity and resource-based theories. These ideas suggest that diversity enhances organizational competence by incorporating varied perspectives and experiences. The research fills a conceptual void by examining state-owned enterprises in Kenya, as most previous models have been utilized in private or Western contexts. It provides empirical validity for ideas asserting that inclusive leadership promotes creativity and effectiveness. The research provides a multifaceted examination of gender, age, raciality, and religion, which is typically not integrated into a single model. It contributes to academic discourse on the impact of diversity on performance across different cultural and organizational contexts.

The research addresses the alignment of state-owned enterprises in Kenya with national development objectives via board composition. Many of these institutions exhibit inefficiencies stemming from uniformity in leadership structures. The study is beneficial for both managers and directors as it elucidates the impact of diverse boards on decision-making, service delivery, and innovation. It also emphasizes the practical actions that can be enacted, such as diversity training, inclusive recruitment, and succession planning. Such insights can enhance leadership, foster accountability, and thereby effectuate change within the organization. The outcomes ultimately allow organizations to optimize their human resources and operational performance within the increasingly complex landscape of public service.

The study provides a significant array of data to guide evidence-based governance improvements in Kenya. The results can assist legislators and regulatory authorities in strengthening the enforcement of the Mwongozo Code of Governance, which mandates diversity within boards. The research also highlights deficiencies in policy execution, including inadequate representation and the lack of incorporation strategies. It assists policymakers in establishing equitable and transparent leadership frameworks by offering pragmatic alternatives. The report promotes the institutionalization of diversity as a governance value in all public enterprises. It ensures that the policies are substantive, effectively enhancing performance and service delivery within the country.

1.6 Scope of the Study

This study sought to investigate the influence of board diversity, specifically gender, racial, age, and educational diversity, on the organizational performance of state-owned firms in Kenya. The suggested sample includes managing directors and human resource managers from Kenya's state-owned corporations, specifically focusing on those located in Nairobi County. The study used quantitative methodology, utilizing quantitative surveys to yield a diverse array of data. Both the Human resources and operations departments presented the necessary information, primarily engaged in diversity management and performance assessment. The research is founded on social identity theory, resource-based view (RBV), upper echelons theory, and agency theory. The study period was conducted between July and October 2025.

1.7 Chapter Summary

This chapter presents a study examining the impact of board diversity on the performance of selected state owned corporations in Kenya. The conversation commenced with a declaration regarding the increasing significance of diversity in governance and decision-making processes. The problem statement revealed a deficient comprehension of how diversity in gender, race, and age influences performance. The research objectives and questions were established to direct the research implementation. The discussion focused on how the study promoted inclusive leadership and improve performance in the public sector. The scope delineated the specific dimensions of time, place, topic, procedures, and theories that the inquiry would encompass. It delineated the population to be affected and the relevant departments. In conclusion, the chapter offers substantial insights into the benefits of multicultural leadership on boards to enhance performance. This chapter examines the current research on fundamental concepts and frameworks.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides theoretical framework, empirical review, conceptual framework, research gaps, operationalization of the variables and chapter summary.

2.1 Theoretical Literature Review

This section reviews four principal theories pertinent to board diversity and organizational performance: social identity theory, resource-based view, similarity-attraction theory, and information/decision-making theory. All these frameworks delineate the influence of individual and collective identities, resources, interpersonal attraction, and cognitive diversity on workplace dynamics and outcomes. SIT emphasizes the significance of individual roles in group membership, while the RBV highlights the necessity of using unique resources within the organization. The theory of Similarity-Attraction emphasizes the connections between persons that arise from shared characteristics, while Information/Decision-Making Theory highlights the benefits of diverse perspectives in decision-making processes. The theories collectively provide a multifaceted perspective on the impact of diversity on organizational effectiveness and performance. The anchor theory for this study is the Resource-Based View (RBV).

2.1.2 Resource-Based View (RBV)

The Resource-Based View (RBV) integrates subsequent theories concerning business resources and competitive advantage initially articulated by Birger Wernerfelt in 1984, who formalized RBV as a paradigm. However, this idea acquired traction through Jay Barney's 1991 publications, which delineated the Resource-Based View (RBV) as a framework explaining how firms achieve persistent competitive advantage by utilizing resources that are valuable, rare, inimitable, and non-substitutable (VRIN). The primary assertion is that a firm's success is influenced not just by the external market environment but also by its internal capabilities and unique resources. The Resource-Based View (RBV) is a framework that prioritizes internal assets over industry structure, highlighting the potential to leverage unique resources for the attainment of sustained competitive advantage.

Over the years, Resource-Based View (RBV) has evolved to incorporate dynamic capabilities and knowledge-based perspectives of the firm, all designed to rectify the limitations inherent in static resource-based views. Initially, the Resource-Based View (RBV) focused on the identification and ownership of resources; however, scholars like David Teece (1997) introduced the notion of dynamic capacities, highlighting a firm's ability to reorganize and adapt its resources in response to evolving conditions. This evolutionary process acknowledges that mere possession of resources lacks value without continual renewal and purposeful management. Furthermore, the Resource-Based View (RBV) has been integrated with organizational learning theories and knowledge management, evolving to encompass intangible assets such as intellectual capital, culture, and human capabilities. The Resource-Based View (RBV), with its broad definition, becomes more applicable across many contexts, particularly in innovation-driven and service-oriented sectors.

The Resource-Based View (RBV) encourages firms to use their distinctive capabilities that are hard to imitate to retain competitive advantage by focusing on firm-specific resources. Eisenhardt and Martin (2000) say that companies' performance differentials are explained by successful internal emphasis. RBV has been criticized for its tautological reasoning, which defines valuable resources as those that give a competitive advantage, and its lack of direction on how firms might produce or acquire them. Critics say it understates the firm's exposure to external environmental and competitive variables. In its original form, the idea is static, making it challenging to apply to fast-moving markets. Corporate failures, despite having vast resources, demonstrate the necessity to include dynamic capacities to explain performance fully.

RBV has been featured in the literature discussing educational diversity as a strategic resource that increases organizational performance. Khassawneh and Mohammad (2025) applied RBV to the hospitality business and showed that a variety of human capital combined with effective HR practices can boost performance. According to Ahmed (2024), gender and cultural diversity at Unilever Pakistan symbolize the intangible assets that foster creativity and invention, which are unique and inimitable. The presence of internal organizational resources like diversity dimensions (gender, raciality, age diversity) makes RBV most applicable in investigating how the resource itself is relevant to organizational sustained competitive advantage, so the current study investigates human capital and organizational capabilities.

2.2.2 Social Identity Theory

Social Identity Theory (SIT) was initially proposed by Henri Tajfel and John Turner in the late 1970s, with significant publications emerging in 1979 and the early 1980s. The idea posits that individuals derive a significant portion of their identity and self-esteem from the social groups to which they belong, such as those defined by gender, race, or age. The categorization process leads individuals to perceive themselves and others as belonging to an in-group or out-group, hence fostering group interests and bias. Tajfel and Turner posited that group membership incites individuals to seek a reasonable valuation for their group, influencing intergroup dynamics. The fundamental framework of Social Identity Theory (SIT) examines the impact of social categorizations on attitudes and behaviors, notably within the workplace among heterogeneous groups, affecting cooperation and conflict through group dynamics.

Since its inception, Social Identity Theory has been enhanced to incorporate more nuanced understandings of group behavior and intergroup relations. The idea originated as an examination of bias and discrimination and subsequently expanded to encompass social categorization in motivation, identity formation, and social impact. Other scholars, including Turner (1987), refined Social Identity Theory by developing self-categorization theory, which emphasized the varying emphasis individuals place on distinct social identities in reaction to different contexts. SIT has, over the years, been integrated with other psychological and organizational theories to elucidate diversity management, inclusion, and team dynamics. This has developed into flexibility in articulating complex group interactions rather than simply early intergroup conflict, highlighting the importance of identity salience, social norms, and organizational culture in moderating diversity outcomes.

Social Identity Theory effectively elucidates the influence of group affiliation on individual conduct and intergroup interactions, offering profound insights into the complexities of diversity challenges inside the workplace. It has been utilized in organizational studies to elucidate team cohesion, employee engagement, and conflict resolution (e.g., Haslam et al., 2011). SIT has been criticized for its approach to categorizing groups, which often overlooks individual distinctions and simplifies complicated social identities. SIT inadequately accounts for the fluidity of identities or the promising possibility of non-conflictual intergroup relationships within some multicultural organizational environments (Jetten et al., 2017). The emphasis on in-group/out-group distinction may overlook the establishment of shared identities, such as superordinate identity or organizational identity, which can reduce bias and promote integration.

Social Identity Theory has been extensively utilized in educational diversity research to assess the impact of demographic factors, including gender, raciality, and age, on employee attitudes and organizational performance. Researchers such as Chepkemoi et al. (2022) and Engairo (2023) employ Social Identity Theory (SIT) to examine the impact of gender diversity on team performance and morale, grounded in social categorization processes. The approach is particularly relevant for addressing variables related to group cohesion, conflict, and inclusion in multicultural workplaces. SIT also supports diversity management by elucidating the psychological processes underlying employee relationships, which can foster positive social identity and mitigate intergroup bias. Consequently, it facilitates the mediation of workplace ethics and inclusiveness, channeling diversity toward enhanced organizational performance.

2.2.3 Similarity-Attraction Theory

Byrne first introduced the Similarity-Attraction Theory in 1961. The hypothesis posits that individuals are inclined to be drawn to those who share similar attitudes, values, interests, and backgrounds. This degree of attraction fosters interpersonal preferences and the formation of social connections. Byrne's seminal work was based on experimental research demonstrating that similarity among individuals fosters beneficial interpersonal outcomes such as friendship and collaboration. The hypothesis subsequently emerged as a cornerstone in social psychology, positing that similarity serves as a social link that reduces uncertainty and facilitates smoother interaction. The primary idea is that similarity enhances attraction, hence facilitating communication, trust, and collaboration in both personal and business contexts. This principle underpins a substantial portion of the research on group dynamics and team cohesion.

Over time, the similarity-attraction theory expanded beyond attitudes and values. Social researchers included demographic criteria, including age, gender, education, and professional domains like organizational behavior studies, in the definition. The hypothesis was revised to account for the reality that while similarity usually attracts, diversity and uniqueness can inspire fresh ideas and innovation. The creator of the study explored how similarity impacts team coordination and discovered that excessive team resemblance may lead to groupthink. Recent inferences from this theory of attraction integrate social identity theory and diversity theory of attraction to suggest that attraction based on similarity may not be enough without diversity appreciation based on situational and contextual differences. Thus, the theory examined both positive and negative effects of similarity on group performance.

The similarity-attraction theory is valuable for studying team building and connections in the workplace since it is straightforward to explain why people choose to create social and professional networks with similar people. This has been used to study organizational behavior, showing how similarity improves communication, trust, and teamwork. Critics argue that the idea simplifies society's knowledge by focusing solely on similarities and ignoring diversity and uniqueness. In innovative organizations, too much similarity can destroy invention (Nemeth, 1995). Additionally, the theory cannot explain attraction among heterogeneous groups where diversity is valued or even important, such as in multicultural workplaces. The idea was strong, but it needed to be integrated with other frameworks to overcome constraints.

SAT has been widely used in organizational research, specifically on educational diversity and team dynamics. Researchers use it to describe how demographics and psychological similarities affect employee relationships, communication, and conflict management. Pandey and Risal (2023) apply the theory to examine how age diversity affects organizational performance in Nepal's banking sector, where age uniformity reduces conflict and promotes cohesion. The theory is instrumental in factors like gender, age, and racial variety since it may predict how similarity or divergence affects group performance. My research has used this theory to explain how perceived resemblance to other employees affects teamwork and the effects of diversity in different teams, particularly the managerial ability's mediation role in gathering diversity advantages.

2.2.4 Information/Decision-Making Theory

Information/Decision-Making Theory, proposed by Eugene F. Fama in the early 1970s, divides the world into current and expected future states of nature so that an investor will optimally

achieve a specific end-of-period utility, a summation of maximized expected returns weighted by an investor-specified utility function. Diversity in a company increases information, views, and cognitive resources, which boosts decision-making (Fama, 1970). Multi-racial teams can share information, experiences, and heuristics to solve problems and innovate. The notion states that varied groups inhibit groupthink, preconceptions, and alternative answers to improve organizational decision-making and performance. This idea describes how cognitive and demographic diversity in the education improves organizations' information-processing ability.
Since its beginnings, Information/Decision-Making Theory has evolved to encompass the influence of cognitive diversity and group dynamics on decision-making processes. Scholars such as Mannix and Neale (2005) have developed evidence within the theory by integrating the social identity and conflict paradigms, highlighting that diversity can lead to communication hurdles and interpersonal conflict if not managed well. Recent studies have concentrated on assessing how inclusion and leadership mediate the beneficial impacts of diversity on decision quality (Jehn, Northcraft, & Neale, 1999). This theory has been applied across various sectors and cultural contexts, demonstrating that organizational support structures positively impact diversity within organizations, including inclusive communication and conflict resolution mechanisms that enhance the effectiveness of diversity in decision-making outcomes.

The primary advantage of the Information/Decision-Making Theory is its explicit elucidation of how diverse worldviews can augment problem-solving and innovation, supported by empirical research (Page, 2007). However, its primary critique is that it undervalues the social and emotional challenges that diversity may introduce, such as interpersonal conflict and communication difficulty (Jehn, 1995). For instance, while the theory posits that variety yields positive outcomes, evidence from highly stressed or dysfunctional teams typically reveals low performance (Mannix & Neale, 2005). The potential benefits of diversity cannot be realized without effective leadership and inclusive cultures, indicating that the theory cannot exist in isolation; it must be integrated with other theories, such as leadership and inclusion theory, to provide a comprehensive understanding of diverse team performance.

The Information/Decision-Making Theory has been extensively employed in diversity studies, particularly with the effects of racial, gender, and cognitive diversity on organizational performance regarding decision-quality enhancement (Pandey & Risal, 2023; Turi et al., 2022). It is effectively applicable to research investigating the impact of educational diversity on innovation, creativity, and strategic problem-solving. This approach explicitly addresses the characteristics associated with racial diversity, gender diversity, and age diversity, emphasizing their cognitive contributions to organizational decision-making. It is especially relevant in sectors that require complex, adaptable decision-making processes. My research investigates how diversity, driven by staff capabilities and collaborative leadership, enhances performance execution by improving group information processing and decision quality.

2.2 Empirical Literature Review

Empirical studies on board diversity and organizational performance present mixed and sometimes contradictory findings. Prior research has examined gender, racial, and age diversity, yet most remain limited to specific industries or regions, reducing generalizability. This review synthesizes evidence across gender, racial, and age diversity to identify gaps and inform the current study.

2.2.1 Gender Diversity and Organizational Performance

There has been conflicting empirical evidence of the favorable influence of gender diversity on firm performance, perhaps due to the prioritization of representation at the board level. The focus now moves to the most crucial layers for day-to-day operations and strategy implementation, intermediate management, and employee classes, according to Ferrary and Deo (2022). According to the research, which looked at 159 successful French companies, gender diversity boosts economic performance. Firms with 40-60% female presence tend to do better, which is an intriguing finding. This nuanced view runs counter to the simplistic and linear notion that more is better and that a proportional workforce is optimal. There are gaps in the literature about these strata, and this study addresses those gaps. The argument expands beyond simple representation to highlight gender diversity's strategic value as an inimitable asset for gaining an edge in the marketplace.

Engairo (2023) uses Glaxosmithkline (GSK) Kenya as a case study to support the link between gender diversity and organizational performance. Under the social identity theory approach, gender diversity and performance have a positive link (r = 0.752), which can be explained by varied teams being innovative and productive. Engairo's results are similar to Ferrari and Deo's (2022), but it focuses on one company and provides less information about organizational layers. However, the evidence confirms gender inclusion's organizational value, especially in developing countries. The study's primary data is strength, but a small sample may limit generalizability. The results force corporations to include gender diversity in their strategies for performance reasons, not altruism. Additional multi-industry, multi-level studies are needed.

Chepkemoi, Rop, and Chepkwony (2022) found a substantial association (r = 0.689) between gender diversity and employee performance in Bomet County, Kenya. According to social identity theory, a diversified workforce accounts for 72.3% of performance variance. It supports Engairo's (2023) and Ferrary and Deo's (2022) findings, suggesting a similar trend in private and public settings. Chepkemoi et al. focus on microperformance, unlike Ferrari and Deo, who study organizational profitability. Although the research verifies diversity, it is confined to performance results and ignores team chemistry and preferred diversification levels. This allows pluralized analysis. Diversity should be balanced and context-based because too much or too little might have detrimental effects and declining gains, which future studies should examine.

An and Lee (2021) distinguish variety (numerical representation of gender) from disparity (power distribution) to enhance diversity and performance discourse. Based on Korean local government-owned enterprise data, they find that the two characteristics improve organizational performance. This double method goes beyond Ferrary and Dego (2022), proposing that equality in numbers is ineffective without equitable power relations. Chepkemoi et al. (2022) and Engairo (2023) emphasize diversity, while An and Lee emphasize structural integration into managerial ranks to show performance rewards. They say diversity programs should restructure institutions, not merely hire. I agree that we are far behind on gender parity in leadership beyond "equity of numbers," which rising economies need to study. This stratified technique reveals a significant gap in global diversity studies.

Adam and Alfawaz (2025) link employee engagement and dedication to gender diversity and corporate performance. In a broad sample of 19 Saudi firms, they found that gender diversity helps psychological investment in working, the primary performance contributor, more than structural factors. In contrast to An and Lee (2021), which focus on hierarchy and power distribution, this study examines human motivation, following Ferrary and Deo (2022). Their context is culturally specific, but the conclusion is general: diversity in performance benefits from people feeling included and valued. The researcher agrees that firms should manage gender diversity as a dynamic solution rather than a constant value to maximize employee potential and unlock long-term performance gains.

2.2.2 Racial Diversity and Organizational Performance

Roh and Sung (2024) explored the correlation between racial diversity of the workforce and organizational performance in big law firms in the U.S. and the moderating effect of human resource management (HRM) practices. The study based on longitudinal data of 192 firms between 2001 and 2008 established that the project-based HRM practices such as nonstandard employment, lateral hiring and wide pay dispersion had negative impacts on the diversityperformance relationship, and training and communication did not apparently affect the relationship. This study increases knowledge by noting that the outcomes of diversity do not solely rely on representation but rather on the inclusion-smoking HRM structures. The authors claim that the HRM systems can disrupt the potential advantage of diversity due to their poor alignment. The present study concurs with this statement of Roh and Sung that diversity management should be co-strategically combined with supportive HRM strategies to ensure equitable performance results in any organizational settings.

Richard, Triana, and Li (2021) discussed the relationship between the racial diversity congruence between upper and lower management and the productivity of a firm. Based on the data of high-tech and Fortune 500 companies, the study established that high congruence in terms of racial diversity was associated with the high productivity of the organizations in terms of high-high congruence than with low-low congruence. Additionally, companies with upper management with higher racial diversity than lower management than the reverse, supported asymmetrical effects. The author's state that based on the knowledge-based perspective, the presence of racial diversity at all of the hierarchical levels facilitates the information sharing, cooperation, and innovativeness, thus, improving the productivity. This study emphasizes the strategic significance of the balanced diversity structures at the management levels. The present researcher agrees that matching diversity on the various organizational levels enhances cohesion and performance, and its relevance will help to embrace the inclusion of inclusive management leadership across the entire level of management.

Carrillo Arciniega (2020) critically discussed the way diversity professionals, including consultants and HR professionals, sell the business case of diversity, basing it on the economic reasoning rather than the moral or social justice ones. According to two years of ethnographic research, the study demonstrated that in many instances diversity is being sold to white male leaders using a performance of economic rationality as a racialized and gendered performance. The author claimed that this practice supports neoliberal principles which portray capitalism as being amoral, thus hiding the racial and gender structures within the organizational frameworks. The study unveils the role of white economics in perpetual inequality by the managerial discourses in the name of neutrality. The present scholar concurs that the principles of issuing diversity to gain economic legitimacy can lead to a compromise of the equity objectives, in which case a sincere inclusion will presuppose confronting the racialized economic discourses enshrined in the organizational culture.

Nguemeni Tiako, Ray, and South (2022) used the racialized organizations theory to investigate the role of race-neutral organization in medical schools in creating racial inequality. The research found a great deal of literature about disparities in medical education where institutional policies, like excessive use of standardized assessment, biased assessment, and hostile learning environments, worked against underrepresented minorities in medicine (URiM). These organizational obstacles lead to unfair specialty assignments, burnout, and abandonment of trainees of color and reduce inclusiveness of medical institutions, in general. The authors claimed that seemingly objective measurements conceal institutional biases that replicate racial disparities in academic medicine. The authors of the materials emphasize that effective diversity and inclusion work cannot take place without addressing the issue of the racialized system of an organization and paying attention to individual prejudice only. The present researcher agrees that the key to ending the deep-rooted inequities in the professional education and workforce diversity is structural reform rather than the use of rhetoric of race-neutral policy.

Diversity management significantly affects Nigerian financial businesses' performance, according to Omotayo et al. (2020). According to their findings, age, gender, education, and job experience positively affect employee dedication, service quality, and sales growth. This study examines the effects of managing diversity on key performance measures as well as diversity itself. The study shows a link but does not examine the leadership basis or belief systems that affect these effects. This matches the gap identified by Turi et al. (2022), where leadership mediates diversity to maximize its impact. My study fills this gap by showing that diversity alone will not work unless it is backed by strong leadership methods and organizational attitudes to turn diversity into quantitative performance enhancements.

2.2.3 Age Diversity and Organizational Performance

Scholars have studied the expanding demographic composition of workplaces, but most of their work has focused on statistical links with organizational performance rather than the underlying causes. Li et al. (2021) use intellectual capital to show how age variety drives human and social capital development as performance factors. Their findings challenge the idea that age diversity is a demographic variable that affects value creation. They also find functional diversity and age-inclusive management to be crucial moderators and focus on the organizational context that unlocks such benefits. Their work provides important knowledge, but it clearly states the possibility of questioning long-term effects in the context of longitudinal impacts and industry-specifics, so it is worth investigating why age-diverse teams change over time and in different organizational settings.

Li et al. (2021) and Roy (2022) studied organizational performance and worker diversity in different circumstances. Age diversity improves performance through intellectual capital, which is human and social capital, according to Li et al. They emphasize internal operations and inclusive management to optimize gains. Instead, Roy (2022) shows a strong positive link between diversity (age in particular) and performance based on Bangladeshi banking data. Li et al. discuss mediating and moderating variables, whereas Roy describes contextual variables in a developing economy. These explorations show the global importance of age diversity and highlight a gap: we need to understand why diversity works across cultures and organizations and how to use it better strategically.

Li et al. (2021) present a crucial transition to age diversity management by changing to deeper correlations and understanding the core mechanisms that link age diversity to organizational performance. With the intellectual capital prism, they show that age diversity in teams increases merit by adding human and social capital to ideas and collaboration. Their identification of functional diversity and age-inclusive management as amplifiers is a good addition to practical knowledge, as age diversity is not adequate because suitable structures are needed. Roy (2022) empirically indicates that age diversity improves performance in Bangladesh's banking sector, but it does not examine mediators. These studies agree on the value of age diversity but highlight the need for more profound, contextual models that show how and when age diversity might improve results across industries and cultures. This interface underpins my study.

Age diversity and organizational identification are examined in Waligora 2024, a valuable addition to the discussion. The study uses social identity theory to show that age diversity without inclusive HR practice might increase prejudice and diminish staff cohesiveness. However, diversity-oriented HR initiatives increase identification and happiness with age diversity. This agrees with Li et al. (2021) and Roy (2022), who empirically advise on age diversity's performance benefits. Unlike Roy, Waligora says the psychological atmosphere, especially fairness, is important. These findings suggest seeing diversity as relational and perceptual rather than structural. Future research should examine how age diversity affects corporate value through employee experience across cultures.

Bashir et al. (2021) add job crafting as a mediator to the age diversity-performance relationship. They found that younger workers' job crafting endeavors positively affect financial and non-financial performance, while older workers' efforts do not. This agrees with Li et al. (2021) that age variety is valuable as human and social capital. However, it complicates the tale by proposing age-based distinctions in how the advantages are achieved. Roy (2022), Waligora (2024), and Bashir et al. emphasize behavioral causes over diversity's psychological effects. The gap is significant: age-inclusive efforts can be age-specific to maximize their potential. My research focused on these specific generational drivers and context-sensitive HR practices as the primary enablers.

2.3.4 Educational Diversity and Organizational Performance

Rafaqat et al. (2022) review 20 years of workforce diversity research and remind us that organizations that manage diversity well perform better with age, gender, racial, and cultural diversity. Their review emphasizes that diversity is valuable only when balanced and beneficial practices are adopted. Li et al. (2021) and Waligora (2024) agree that mediators like intellectual capital and HR inclusion are important. However, Rafaqat et al. discovered similar results, as some research revealed no significant effect, suggesting diversity may not always work. This heterogeneity suggests that contextual and sectoral study is needed. My research fulfills this desire by addressing the sensitive, ignored consequences of leadership styles and generational perceptions that generate quantitative organizational returns through age diversity.

Khassawneh and Mohammad (2025) include the resource-based view (RBV) in the UAE hospitality industry to show that educational diversity improves organizational performance, especially when moderated by HR practices like training and performance appraisal. According to Li et al. (2021) and Waligora (2024), inclusive behaviors enable age diversity capitalization. Although Khassawneh and Mohammad have industry-specific interests, they believe that customer-oriented organizations can profit more precisely and differently by being varied, improving service quality, and pleasing customers. They provide depth by including stakeholder, employee, and customer viewpoints, but this raises generalisability concerns. While the study confirms diversity's potential, it suggests a cross-sector investigation to determine the equal strength of HR interventions in less participatory, less inventive environments. My research examines these processes in diverse organizational settings to counter them.

Based on the study, Mehari et al. (2024) provide a compelling case that workplace ethics mediates the relationship between organizational diversity and performance. This contradicts Roy (2022) and Khassawneh & Mohammad (2025) and shows a direct link to a beneficial outcome. Mehari et al. concur with Waligóra (2024) that internal ethical values of justice, respect, and consideration are crucial to reaping the benefits of diversity. SEM can provide empirical support, but Ethiopia's food and beverage sector may limit generalizability. However, they must grasp how diversity affects organizational values. My research suggests that ethical culture and leadership style should be used as a mediating mechanism and a strategically exploitable asset to unlock the benefits of age diversity in various organizational environments.

Ahmed (2024) examines Unilever Pakistan's gender and culture-shaped organizational performance. The research shows that gender diversity boosts innovation, morale, and decision-making, yet some employees are indifferent, preventing true acceptance. Ahmed focuses on visible results and company culture, unlike Li et al. (2021) and Mehari et al. (2024), who consider structural or ethical mediators. The research also calls for institutionalized support mechanisms, including inclusive hiring and development procedures, as Khassawneh and Mohammad (2025) found HR activities necessary. However, gender dominates over age and generational interactions, which are understudied. My study fills this literature gap by considering the potential effects of age diversity in the workplace, enabled by inclusive leadership and cross-generational collaboration that could deliver the same or better performance results.

Pandey and Risal (2023) examine the role of worker diversity in Nepalese banks and find that gender and racial diversity improve performance, but age diversity causes conflict. They believe management professionalism can help mediate age diversity, emphasizing the need for leadership in this area. In contrast, Li et al. (2021) and Roy (2022) find more consistent beneficial impacts of age diversity, indicating that context and managerial ability are key to results. These findings agree with Waligora (2024), who promotes inclusive HR policies to reduce discrimination and promote identification. This highlights a study gap: how organizational cultures and managerial practices handle age-related issues. This interaction inspired my research on how leadership styles might turn age-dissimilar teams' potential conflict into synergy.

2.3 Summary of the Research

This section summarizes prior studies on workforce diversity and organizational performance. Most findings reveal a positive relationship, especially when supported by inclusive leadership and ethical culture. However, contextual variations and limited exploration of mediating factors persist. Existing research emphasizes quantitative approaches, highlighting the need for broader, cross-sectoral, and context-sensitive analyses to strengthen generalizability.

Table 1: Summary of the Research

Author(s)	Study Title	Key	Methodolog	Knowledge Gap /	Focus of the

& Year		Findings	y	Research Need	Study
Ferrary & Déo (2022)	Gender Diversity at Middle Management and Firm Performance	Gender diversity at middle and staff levels positively affects economic performance, with a nonlinear “hat-shaped” relationship (40–60% women optimal).	Quantitative data from 159 French firms	Focus mostly on board-level diversity; lack of research on operational layers and nuanced thresholds.	The study examined board board-level diversity of French firms.
Engairo (2023)	Gender Diversity and Performance in GSK Kenya	Strong positive correlation between gender diversity and performance; supports innovation and productivity gains.	Case study: primary data from GSK Kenya	Limited to one firm; lacks a multi-level and multi-industry perspective.	The study examined Gender Diversity and Performance in GSK Kenya.
Chepkemoi et al. (2022)	Gender Diversity and Employee Performance in Kenya	Gender diversity explains 72.3 of % variance in employee performance, strong positive correlation with performance.	Quantitative survey in Bomet County, Kenya	Focus on individual performance only; lacks team dynamics and optimal diversity thresholds.	The study focused on a quantitative survey in Bomet County, Kenya.
An & Lee (2021)	Variety vs Disparity in Gender Diversity and Performance	Both numerical representation and power distribution of gender diversity	Quantitative; Korean local enterprises	Lack of focus on power dynamics in emerging economies; need for more structural inclusion research.	The study examined Variety Vs Disparity in Gender Diversity and

		positively influence performance.			Performance in Korean Local enterprises
Adam & Alfawaz (2025)	Gender Diversity, Engagement, and Performance in Saudi Arabia	Gender diversity fosters employee engagement and commitment, mediating performance improvements.	Large sample quantitative study; 19 Saudi organizations	Emphasizes human motivation, less on structural diversity; culturally specific, requiring broader validation.	The study examined Gender Diversity Engagement and Performance in Saudi Arabia.
Turi et al. (2022)	Leadership Expertise and Diversity Beliefs as Moderators	Leadership expertise mediates workforce diversity's impact on performance; diversity beliefs alone have no direct effect.	Quantitative, Pakistan-based study	Need for improved diversity management strategies focusing on leadership capability.	The study examined Leadership Expertise and Diversity Beliefs as Moderators in a Pakistan-based study.
Olowookere (2021)	Workforce Diversity in Nigerian Public Institutions	Positive link between gender, and educational diversity and organizational effectiveness and innovation.	Quantitative; Nigerian hospital case	Lacks examination of mediators/moderators like leadership or belief systems.	The study examined Workforce Diversity in Nigerian Public Institutions
Diller & Grund (2022)	Employee Diversity and Organizational Innovation in France	Diversity boosts innovation, morale, and efficiency; multiple diversity dimensions improve market	Case study; Sharp Manufacturing, France	Does not explore leadership or belief systems mediating diversity benefits.	The study examined Employee Diversity and Organizational Innovation in France

		responsiveness.			
Omotayo et al. (2020)	Diversity Management and Organizational Performance in Nigeria	Diversity positively affects employee commitment, service quality, and sales; emphasizes diversity management impact.	Quantitative; Nigerian banks	Lacks exploration of internal mediators like leadership and organizational beliefs.	The study examined Diversity Management and Organizational Performance in Nigeria
Li et al. (2021)	Age Diversity and Intellectual Capital in Chinese Firms	Age diversity enhances human and social capital, driving performance; moderated by age-inclusive management.	Quantitative; Chinese firms	Need for longitudinal and industry-specific studies on age diversity.	The study examined Age Diversity and Intellectual Capital in Chinese Firms
Roy (2022)	Workforce Diversity and Banking Sector Performance in Bangladesh	Strong positive relationship between age diversity and performance, emphasizing contextual factors.	Quantitative; Bangladesh banking	Does not identify mediators/moderators explaining diversity-performance link.	The study examined Workforce Diversity and Banking Sector
Waligóra (2024)	Age Diversity, Organizational Identification, and HR Practices	Age diversity improves employee cohesion only with inclusive HR practices; perceived fairness mediates outcomes.	Quantitative; Polish firms	Calls for exploration of psychological and relational mechanisms across cultures.	The study examined Age Diversity, Organizational Identification, and HR Practices
Bashir et al. (2021)	Job Crafting as Mediator of Age Diversity and	Job crafting mediates positive performance effects for	Quantitative; Pakistan-based study	Suggests age-group-specific strategies needed; limited exploration of tailored HR	The study examined Job Crafting as Mediator of Age

	Performance	younger employees but not older; behavioral mechanism varies.		practices.	Diversity and Performance
Rafaqat et al. (2022)	Two Decades of Workforce Diversity Research Review	Diversity generally enhances performance if managed well; inconsistent results call for contextual research.	Literature review	More sector-specific and context-sensitive studies needed, focusing on mechanisms.	The study examined Two Decades of Workforce Diversity Research Review
Khassawneh & Mohammad (2025)	Workforce Diversity in UAE Hospitality Sector	Diversity positively influences performance; moderated by training and performance appraisal; customer satisfaction gains.	Quantitative; UAE hospitality sector	Sector-specific findings limit generalizability; calls for cross-sectoral exploration of HR interventions.	The study examined Workforce Diversity in UAE Hospitality Sector
Mehari et al. (2024)	Workforce Diversity and Ethics in Ethiopian Food & Beverage	Workforce diversity impacts performance only through workplace ethics as mediator; diversity alone insufficient.	Quantitative; Ethiopian firms	Highlights ethics as mediator; broader testing of ethical culture's role needed.	The study examined Workforce Diversity and
Ahmed (2024)	Gender and Cultural Diversity at Unilever Pakistan	Gender diversity boosts morale, creativity, decision-making; gaps in inclusion remain; calls	Descriptive case study; Unilever Pakistan	Limited focus on age diversity and intergenerational dynamics; needs deeper inclusion strategies.	The study examined Gender and Cultural Diversity at Unilever Pakistan

		for structured support.			
Pandey & Risal (2023)	Workforce Diversity and Managerial Expertise in Nepal Banking	Gender and racial diversity positively affect performance; age diversity may cause conflict; managerial expertise mediates.	Quantitative; Nepal banking sector	Highlights managerial role; needs deeper exploration of conflict management and culture in age-diverse teams.	The study examined Workforce Diversity and Managerial Expertise in Nepal Banking

2.4 Conceptual Framework

A conceptual framework outlines key variables, their relationships, and theories guiding a study’s design, analysis, and interpretation. This conceptual framework illustrates the connection between board diversity and organizational performance, categorizing board diversity by education, gender, raciality, and age. Both perceptual and inclusion-based measures are contained in each dimension, including perceived equity in gender, raciality, and age disparity, as well as perceptions of how welcoming the work environment is to these groups. Diversity in the board composition is measured as a whole, gauging diversity perception and effectiveness. These diversity factors are the basis of the hypothesis regarding their effect on organizational performance, which is measured by employees' perceptions of performance, team productivity, and innovation. According to the framework, comprehensive and balanced diversity practices enhance final employee engagement, leading to overall improvements in organizational outcomes.

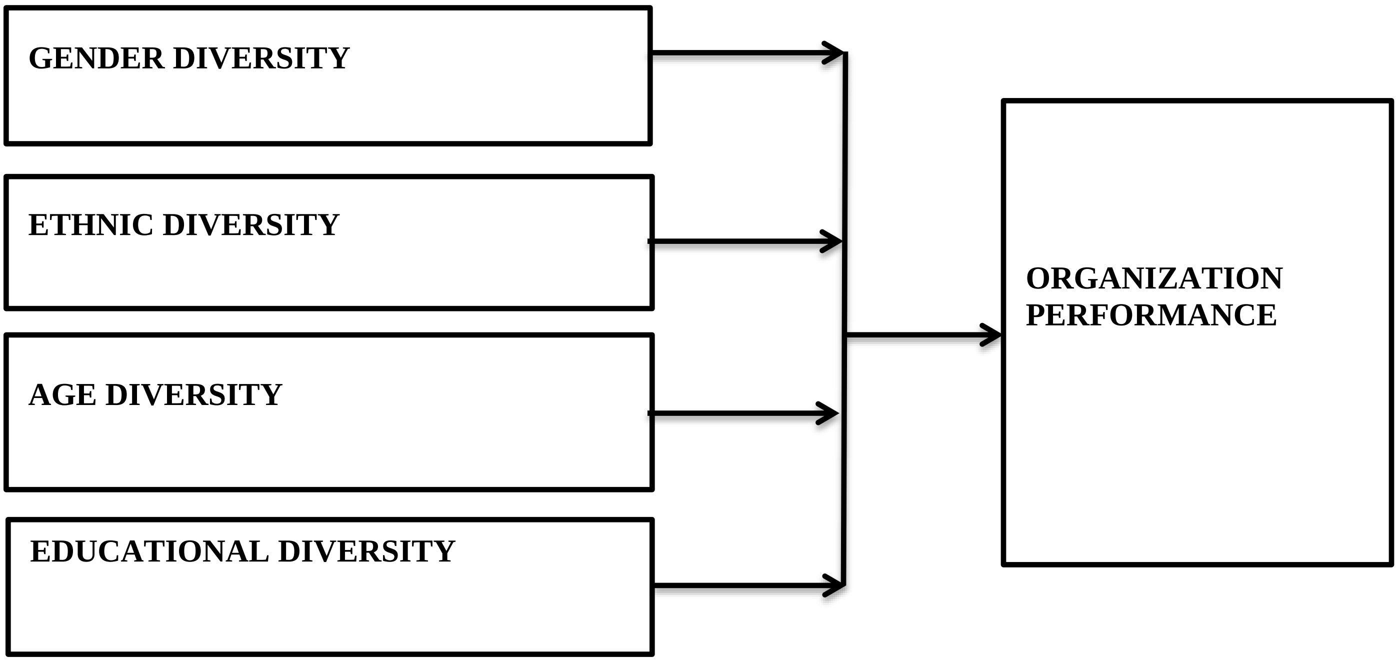

Figure 1: Conceptual Framework

2.5 Operationalization of Variables

This section explains measurement and analysis of variables, using questionnaires and survey design to assess how gender, age, ethnic, and educational diversity influence organizational performance through descriptive and correlational analysis.

Table 2: Operationalization of Variables

Variable	Indicators	Research Design
Gender Diversity	- Perceived Gender Balance- Perception of Gender Equality	Descriptive / Correlational survey design
Racial Diversity	- Perceived Racial Diversity- Inclusion Climate for Racial Groups	Descriptive / Correlational survey design
Age Diversity	- Perceived Age Variety- Age-Related Inclusion	Descriptive / Correlational survey design
Educational Diversity	- Professional Certifications - Fields of	Descriptive / Correlational

	Study	survey design
Organizational Performance	- Employee-Perceived Performance-Team Productivity and Innovation	Descriptive / Correlational survey design

2.6 Chapter Summary

This chapter reviewed organization-level board diversity and performance literature. It began with social identity theory, resource-based view, similarity-attraction theory, and information/decision-making theory, describing their growth, benefits, and uses. The empirical review of gender, raciality, age, and educational diversity research found inconsistent results and context-specific impacts. This study's hypotheses were built on a conceptual framework based on diversity dimensions and organizational results. Research gaps exist in the chapter, particularly in managerial expertise and inclusion mediation. Finally, the operationalization of the variables was presented to ensure proper measurement for further analysis. They give a good foundation for understanding variation in performance, design, and approach.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the technique used to study board diversity and organizational performance in Kenya's SOCs. The research concept, target population, sample methodology, data collection instruments, and processes are detailed. Data analysis and diagnostic tests are also included. The proposed study would utilize a descriptive-correlational survey design to examine how gender, racial, age, and educational diversity affect organizational performance. The chapter describes a pilot study to ensure data gathering instrument reliability and validity. To protect participants and study integrity, voluntary involvement, informed consent, confidentiality, and anonymity are stressed. The framework ensures valid, applicable, and generalizable outcomes.

3.1 Research Design

The study uses a descriptive-correlational survey design, a hybrid of descriptive and correlational research. Descriptive design meticulously captures population nature, while correlational design studies statistical relationships between variables. Cross-sectional approach. This hybrid approach is suitable for studying the association between board diversity (gender, raciality, age, and education) and organizational performance without variable manipulation. Real-world data in various organizational systems can test theoretical assumptions. Diversity affects workers and innovation, according to Chepkemoi et al. (2022) and Engairo (2023). The study licenses the design to measure diversity and performance and collect contextual data using structured questionnaires to ensure reliability and relate to organizational realities.

3.2 Target Population

A research's target population is the complete group to which its findings are applied. This study targets staff of Kenya's state-owned corporations according to government records. Board members, senior management, and executive employees were the most essential research participants. The survey included two parts in each of these areas per SOC, with six respondents per organization, and ensured gender balance organization-wide. All of these groups have a unique but critical perspective on diversity and organizational performance: Board members can provide policy and strategy expertise and senior managers handle organizational operations can provide firsthand work experience. This direction provides a complete view of how diversity affects organizational performance.

Table 3: Target Population Distribution

Category	**Population**	**Total SOCs**	**Total**
Board Members	5	14	70
Senior Management/Executives	10	14	140
Total			**210**

3.3 Sample and Sampling Technique

A research target population is the complete group to which its findings are applied. This study targets staff of Kenya's state-owned corporations according to government records. Board members, senior management, and executive employees were the most essential research participants. The survey included two parts in each of these areas per SOC and ensured gender balance organization-wide. All of these groups have a unique but critical perspective on diversity and organizational performance: Board members can provide policy and strategy expertise, senior managers handle organizational operations can provide firsthand work experience. This direction provides a complete view of how diversity affects organizational performance. Census was used due to the relatively small and accessible population size, which allows for the inclusion of all relevant individuals without the need for sampling. Census enhances the accuracy and generalizability of findings by minimizing sampling error and ensuring that the diversity characteristics of each board are fully presented.

3.4 Instruments

A structured questionnaire functioned as the primary data collection instrument in this research, enabling the researcher to get quantitative data from respondents. The questionnaire consisted of closed-ended items structured on a five-point Likert scale, akin to the following: 1 - Strongly Disagree, 2 - Disagree, 3 - Neutral, 4 - Agree, 5 - Strongly Agree. This format is suitable for assessing attitudes, perceptions, and experiences related to board diversity and organizational performance. A questionnaire should be utilized as it effectively surveys standardized data across a substantial population within various businesses. The Likert scale is ideally suited for the research as it provides an equitable and objective means of capturing respondents' opinions, facilitating statistical analysis, and enhancing reliability (Joshi et al., 2015).

3.5 Pilot Study

The sample size for the pilot study constituted 10 percent of the target population, amounting to 21 respondents from the 210 individuals employed across the 14 State-Owned Corporations (SOCs). The pilot was conducted in 2 SOCs, representing 10 percent of 14. Each SOC supplies respondents ensuring a representative range of distinctions within the organization. One purpose of the pilot study is to pre-test the questionnaire to assess the clarity, reliability, validity, and appropriateness of the questions. Pilot research was utilized to identify items that may diminish reliability, allowing for enhancements before the primary data collection. It aids in identifying potential deficiencies in the design or wording before pertinent data collection. The selected SOCs constitute an appropriate testing environment due to their multicultural workforce and ease of engagement in pre-survey discussions.

3.5.1 Validity

Validity is a notion that denotes the extent to which a research instrument accurately measures what it is intended to measure. The validity of the questionnaire employed in the study ensures that the items accurately measure the variables of board diversity and organizational success. The instrument undergone scrutiny by specialists in organizational behavior and diversity management to assess its content validity by examining if the questions comprehensively encompass all subsets of the constructs. Validity is crucial since it ensures that the data collected was meaningful and reliable in addressing the research questions and achieving the study objectives. The study employed content, face, and construct validity tests. Experts in organizational behavior and diversity management reviewed the questionnaire for content coverage, while pre-testing ensured clarity and construct alignment, confirming that all items accurately measured intended research variables.

3.5.2 Reliability Test

Reliability is defined as the capacity of a research instrument to yield consistent results comparable to prior findings when delivered under analogous conditions across time. This research employed Cronbach's Alpha coefficient to assess the reliability of the questionnaire, as it measures the consistency of items within each scale. An Alpha score of 0.7 or higher indicates that the analysis is satisfactory, showing that the instrument yields consistent and reliable responses. Reliability must be guaranteed to ensure that its use produces replicable outcomes, hence augmenting the credibility of the research findings.

3.6 Data Collection Procedure

This study employed a survey method utilizing Google Forms, allowing the researcher to efficiently distribute questionnaires to respondents at the 290 State-Owned Corporations (SOCs) in Kenya. The data-collecting agenda lasted 10 days, allowing respondents ample opportunity to complete the survey at their convenience. Research assistants were engaged to contact groups and encourage participation, particularly in instances with low response rates. The responses provided post-questionnaire elucidated the goal and value of the research, fostering trust and promoting candid and thoughtful replies from all participants. This strategy was employed to optimize input and provide valid data for analysis.

3.7 Data Analysis and Presentation

All data processing was conducted using SPSS version 27 to ensure accurate execution of the procedures. Demographic data and responses were summarized through descriptive statistics, encompassing means, frequencies, and percentages. Correlation analysis was performed to determine the strength and direction of relationships among the study variables. To ensure the robustness of regression results, diagnostic tests including normality, multicollinearity, linearity, and heteroscedasticity tests were conducted to validate the assumptions of multiple regressions. Multiple linear regressions were employed in the inferential analysis to examine the relationship between independent factors (e.g., gender diversity, racial diversity, age diversity, educational diversity) and the dependent variable (organizational performance).

The multiple linear regression equation is expressed as:

$$Y=\beta 0+\beta 1X1+\beta 2X2+\beta 3X3+\beta 4X4+\epsilon$$

Where:

Y = Organizational Performance (dependent variable)

X1= Gender Diversity; X2= Racial Diversity

X3= Age Diversity; X4= Educational Diversity

β0= Intercept

β4-β4= Regression coefficients representing the effect of each diversity dimension

ϵ = Error term

This approach is justified as it facilitates an assessment of the cumulative impact of diverse dimensions on organizational performance, thereby identifying which dimensions exert the most significant influence and which are influenced by others. The presentation utilized tables and graphs for enhanced interpretability.

3.8 Ethical Considerations

Ethical considerations are crucial for safeguarding the protection and dignity of participants in the study process. This study's ethical consequences obligated researchers to safeguard the rights, privacy, and welfare of participants. Informed consent, willingness to engage, confidentiality, privacy, and anonymity shall be rigorously upheld. Such approaches will foster confidence, promote candid and reliable responses, and mitigate potential harm and distress to respondents. The study shall adhere to institutional ethical review norms, including obtaining necessary approvals before data collection. The research demonstrates high ethical integrity and does not compromise the dignity of any persons involved.

3.8.1 Informed Consent

Informed consent requires participants to actively disclose their willingness to engage in the study, fully cognizant of its aim, procedures, and any hazards. Participants must have sufficient information regarding the nature of the research and its significance, enabling them to comprehend the research objectives, their roles, and the trajectory of the data. This was accomplished before the commencement of the data gathering process. They were permitted to pose inquiries and resolve uncertainties. The participants' assent was secured through voluntary electronic or written permission. This technique maintains participant independence and promotes transparency, fostering confidence between researchers and responders. Informed consent is an additional safeguard for participants' rights and ethical research requirements.

3.8.2 Voluntary Participation

Volunteerism requires the study to involve volunteers without compulsion, pressure, or improper influence. The researcher always emphasized that research participants' involvement is voluntary and that they can accept, decline, or withdraw at any time without penalty. Because this independence lets participants feel safe and comfortable with their participation choice. Since voluntary respondents are more likely to answer truthfully, it enhances data quality. Honoring voluntary involvement promotes ethical integrity and research ethics that protect participants.

3.8.3 Confidentiality

The participants' information would not be shared without their consent. This study maintained maximum confidentiality by storing data in secure locations that only authorized researchers can access. Participants' answers were tagged and any identifying characteristics removed to avoid linking answers to individuality. Only confidential information was used for research, and the results were disclosed in aggregate. By protecting personal data and maintaining secrecy, a researcher can earn participants' trust, increase the likelihood of receiving straight replies without fronting, and comply with ethical norms.

3.8.4 Privacy

Privacy entails safeguarding the participants' autonomy and managing their information throughout the research process. The researcher respected participant privacy, ensuring that data collection occurs in environments conducive to maintaining confidentiality. The survey replies was voluntary or conducted under conditions that ensure respondents do not perceive themselves as being surveyed or interrupted. They also are notified that personal questions were not being designated as such without incurring any penalties. The study advocates for privacy, mitigating any discomfort or distress, fostering honest responses, and honoring personal boundaries, which are essential for maintaining ethical research practices.

3.8.5 Anonymity

Anonymity ensures that participants' identities are never linked to their study responses. Since it coded answers rather than ask for identities, this research ensured anonymity. Personal identifiers were not being collected. Results were being displayed as a group or aggregate. Anonymity minimizes the fear of stigmatization or reprisals, maximizing openness and honesty. It is a crucial ethical technique that boosts study credibility.

3.9 Chapter Summary

This chapter describes the study's research strategy and methodology on board diversity and organizational performance in Kenyan state-owned corporations. A descriptive-correlational survey design was used to identify diversity-performance correlations. The survey includes 210 board members and executives from 14 state-owned corporations. The Yamane formula was used to pick 210 representative sample respondents using stratified and purposive sampling. Structured Likert-scale questionnaires were used to collect these data, which was tested by a 10% population pilot study. Validity and reliability are considered. Within 10 days, study assistants collected data using Google forms. Multiple linear regressions in SPSS determined the effect of diversity variables. Ethics, such as informed consent and confidentiality, guided the study to protect participants.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

This chapter presents findings on board diversity and organizational performance, analyzing demographics, statistics, correlations, and regression results, interpreting them through relevant theories and prior research to identify key insights and patterns.

4.1 Presentation of Research Findings

This section presents, response rate, empirical findings on how gender, racial, age, and educational diversity affect organizational performance, using statistical analyses and theoretical comparisons to assess each dimension's impact and significance comprehensively.

4.1.1 Response Rate

Out of the 210 questionnaires distributed to respondents across the selected State-Owned Corporations (SOCs), 172 were fully completed and returned, while 38 remained unfilled. This represents a response rate of 81.9%, which is considered excellent for survey research according to Mugenda and Mugenda (2019), who recommend a minimum threshold of 70% for reliable data analysis. The high response rate indicates effective engagement of participants and enhances the representativeness and credibility of the study findings.

Table 4: Response Rate by Organization

Organization	Frequency	Percent
Agricultural Finance Corporation (AFC)	13	7.6
Kenya Airports Authority (KAA)	18	10.5
Kenya Broadcasting Corporation (KBC)	9	5.2
Kenya Electricity Generating Company (KenGen)	11	6.4
Kenya Forest Service (KFS)	17	9.9
Kenya Industrial Research and Development Institute (KIRDI)	10	5.8
Kenya National Highways Authority (KeNHA)	10	5.8
Kenya Pipeline Company (KPC)	15	8.7

Organization	Frequency	Percent
Kenya Power and Lighting Company (KPLC)	12	7.0
Kenya Railways Corporation (KRC)	11	6.4
Kenya Revenue Authority (KRA)	17	9.9
Kenya Tourism Board (KTB)	10	5.8
National Hospital Insurance Fund (NHIF)	8	4.7
National Oil Corporation of Kenya (NOCK)	11	6.4
Total	**172**	**100.0**

The response rate by organization is in table 4 indicating that all 14 chosen state-owned corporations responded with 172 respondents. The largest figure was in Kenya Airports Authority (KAA, 10.5) and Kenya Forest Service (KFS, 9.9) whereas the lowest was in the National Hospital Insurance Fund (NHIF, 4.7) and Kenya Broadcasting Corporation (KBC, 5.2). Others, such as Kenya Power and Lighting Company (KPLC, 7.0% and Agricultural Finance Corporation (AFC, 7.6%), had a moderate contribution. The comparatively equal representation of the respondents among corporations implies wide representation of the board members and senior management, which increases external validity of results. It means that the research represents a variety of organizational settings and attitudes to board composition. Therefore, board diversity analysis based on gender, racial, age, and educational diversity would capture trends that affect organizational performance at the state-owned enterprises in Kenya.

4.1.2 Background Information

Table 5: Gender Distribution of Respondents

Gender	Frequency	Percent
Female	52	30.2
Male	57	33.1
Prefer not to say	63	36.6
Total	**172**	**100.0**

Table 5 indicates the gender distribution of the 172 respondents. The gender balance was relatively even, with the male respondents numbering 33.1 percent (n = 57), whereas the female respondents accounted 30.2 percent (n = 52). Markedly, a large percentage of respondents, 36.6% (n = 63), did not want to specify their gender. This implies some sensitivity or confidentiality issues pertaining to gender information amongst board members and senior management. Both male and female participants will be present, which will guarantee the study will capture gendered perspectives, which is essential when exploring the impact of gender diversity on organizational performance. The relatively small percentage of non-responses, though, raises the question of possible constraints in understanding the entire effects of gender representation. On the whole, the distribution is characterized by a combination of gender views, and it can be effectively analyzed how gender diversity is relevant to decision-making and performance in state-owned corporations in Kenya.

Table 6: Age Distribution of Respondents

Age Group	**Frequency**	**Percent**
Under 25	34	19.8
25–34	36	20.9
35–44	34	19.8
45–54	36	20.9
55+	32	18.6
Total	**172**	**100.0**

Table 6 illustrates the age structure of the respondents that were 172 in numbers. The sample is fairly well distributed in terms of age, as 2534 years and 4554 years accounted 20.9% (n = 36) of all respondents, respectively. The age group below 25 and between 35 and 44 years had a contribution of 19.8% (n = 34) respectively and respondents aged 55 years and above formed 18.6% (n = 32) respectively. This distribution depicts equal representation of younger and older board members and senior management, making sure that there is diversity in the generation perspective in making decisions in the organization. This is an essential diversity that is required to study the effects of aging on organizational performance because it embodies different experiences, risk, and approaches to leadership. The comparatively balanced distribution increases the validity of results, indicating that the lessons about the ability of age diversity to affect performance to be generalized to several generational groups within the state-owned corporations in Kenya.

Table 7: Current Position in the Organization

Position	Frequency	Percent
Board Member	87	50.6
Senior Management	85	49.4
Total	**172**	**100.0**

Table 7 shows the present status of the respondents in the organizations. Out of the 172 respondents, 50.6% (n = 87) respondents are on boards of directors, and 49.4% (n = 85) are in senior management positions, meaning that both viewpoints of governance and management were represented almost equally. This equilibrium is important as it will provide an insight about both the decision-making authority and the organizational strategy implementers. By involving board members and senior management, a holistic evaluation of the role of diversity in gender, raciality, age, and education on the performance of organization is achievable. This is because the near-equal distribution helps to make the findings more credible, as the strategic oversight and operational perspectives are reflected. Consequently, the research is able to study how board constructions, management practices, and performance are related in Kenya state-owned corporations.

Table 8: Years Worked in the Organization

Years Worked	Frequency	Percent
<1	42	24.4

Years Worked	Frequency	Percent
1–3	41	23.8
4–6	49	28.5
>6	40	23.3
Total	**172**	**100.0**

Table 8 shows the distribution of respondents according to their tenure of being in the organization. Those who had less than one year of service constituted 24.4% of the respondents (n = 42), and those with 1-3 years were 23.8 (n = 41). The majority (28.5% n = 49) of the respondents had 4-6 years' experience with 23.3% having over six years' experience (n = 40). This type of distribution provides a wide experience in the organization represented by the board and top management including new members and long term staff. This variability is of significance in explaining how the influence of institutional knowledge, organizational memory and exposure to strategic processes when considering perceptions of board diversity and its impact on organizational performance. The combination of the level of experience will guarantee that the information will capture the current practices and the institutional wisdom of Kenya state-owned corporations.

Table 9: Highest Level of Education of Respondents

Education Level	Frequency	Percent
Certificate/Diploma	38	22.1
Bachelor's Degree	41	23.8
Master's Degree or Higher	44	25.6
Other	49	28.5
Total	**172**	**100.0**

Table 9 gives the maximum education attained by the respondents. Out of 172 respondents, 22.1% (n = 38) have a certificate or a diploma, 23.8% (n = 41) a bachelor degree and 25.6% (n = 44) a master's degree or a higher degree. The most significant number, 28.5 percent (n = 49), is other, and it might comprise professional certifications, special training, or other kinds of abilities. This distribution shows that the respondents are diverse in terms of education qualification to the organizations, both academic and the real life experience. This kind of education diversity is essential in studying the role of knowledge, skills and professional training in organizational decision making and performance. The broad spectrum of educational levels facilitates effective research on the effect of educational diversity on the performance of state-owned corporations in Kenya, which makes the study findings more valid.

4.1.3 Reliability Analysis

Table 10: Reliability Analysis of Study Variables

Variable	Cronbach's Alpha	Criteria
Organizational Performance	.874	Acceptable
Gender Diversity	.874	Acceptable
Racial Diversity	.874	Acceptable
Age Diversity	.874	Acceptable
Educational Diversity	.874	Acceptable

Table 10 shows the reliability of the variables used in the study by use of Cronbach Alpha. The Cronbach's Alpha of all the variables Organizational Performance, Gender Diversity, Racial Diversity, age Diversity, and Educational Diversity was 0.874, which is acceptable. This means that the degree of internal consistency is high and the items in each construct consistently measure the concept that needs to be measured. As an illustration, the gender diversity items are always indicative of how well people view gender representation and equity and the organizational performance items are logically representative of how the employees view productivity, innovativeness, and goal achievement. The high consistency of all variables increases the validity of the following statistical data, namely correlation and regression. All in all, the findings show that the measurement tools applied in the research are reliable and fit to test the association between the dimensions of board diversity and organizational performance in the Kenyan state-owned companies.

4.1.4 Descriptive Statistics

4.1.4.1 Gender Diversity

This section presents findings on gender diversity within the boards of selected State-Owned Corporations (SOCs) in Kenya. It examines respondents' perceptions of gender balance, equality, and inclusion across leadership levels. The analysis highlights how gender representation and equitable participation influence organizational performance and decision-making effectiveness.

Table 11: Descriptive Statistics for Gender Diversity Items

Item	N	Minimum	Maximum	Mean	Std. Deviation
1. Equal representation of men and women in leadership roles	172	1	5	3.05	1.361
2. Equal career advancement opportunities for all genders	172	1	5	3.09	1.418
3. Organization promotes gender balance in hiring practices	172	1	5	2.83	1.480
4. Gender diversity is valued in decision-making committees	172	1	5	2.88	1.401
5. Equal support for professional development across genders	172	1	5	2.97	1.401
6. Workplace culture respects all genders	172	1	5	3.17	1.311
7. Gender does not influence performance evaluations	172	1	5	3.02	1.414
8. Gender equality policies (e.g., maternity/paternity leave) are implemented effectively	172	1	5	2.99	1.353
9. Initiatives encourage women to pursue leadership roles	172	1	5	3.05	1.492
10. All genders feel safe and comfortable at work	172	1	5	3.03	1.438

Note. Valid N (listwise) = 172. Overall Average = 3.01

Table 11 is a table of descriptive statistics of gender diversity items. Among 172 respondents, the mean scores vary between 2.83 and 3.17 on a 5-point scale, which means that there are moderate perceptions on gender diversity in the organizations. The mean was largest (3.17) under the workplace culture respects all genders, which implies that the respondents find the workplace to be a generally respectful place. On the other hand, the mean of Organization promotes gender balance in hiring practices was the lowest (2.83), which means that there is an opportunity to increase recruitment policies. Other topics, including equal representation in leadership (3.05) and promotions of women in leadership roles (3.05) demonstrate moderate but steady gender equity support. The standard deviations (1.311 -1.492) indicate that there was some variation of responses. Ultimately, the results suggest that despite the recognition and partial practice of gender diversity, some specific interventions can be required to improve the equality of opportunities, representation, and policy practice within Kenya state-owned corporations.

4.1.4.2 Racial Diversity

This section presents the findings on racial diversity within the boards of selected State-Owned Corporations (SOCs) in Kenya. It explores respondents’ perceptions of ethnic and racial representation, inclusiveness, and equity in leadership. The analysis assesses how racial diversity influences collaboration, innovation, and overall organizational performance.

Table 12: Descriptive Statistics for Racial Diversity Items

Item	N	Minimum	Maximum	Mean	Std. Deviation
1. The organization has a diverse representation of racial groups	172	1	5	2.94	1.448
2. Racial minorities are fairly represented in leadership roles	172	1	5	2.97	1.380
3. There is an inclusive culture that respects	172	1	5	3.12	1.419

Item	N	Minimum	Maximum	Mean	Std. Deviation
all racial groups					
4. Recruitment processes promote racial diversity	172	1	5	2.98	1.346
5. Racial diversity is valued in team decision-making	172	1	5	3.22	1.416
6. The organization actively addresses racial discrimination	172	1	5	2.97	1.420
7. Employees from all racial groups have equal career advancement chances	172	1	5	2.85	1.447
8. Cultural differences among racial groups are respected and celebrated	172	1	5	2.83	1.465
9. There are training programs promoting racial inclusion	172	1	5	2.90	1.429
10. Employees feel safe expressing their racial identity at work	172	1	5	2.94	1.468

Note. Valid N (listwise) = 172. Overall Average = 2.97

Table 12 shows descriptive statistics of racial diversity items based on 172 respondents. The mean scores are between 2.83-3.22 on a 5-point scale with a moderate perception of racial diversity within the organizations. Racial diversity is valued in team decision-making had the highest mean (3.22), which suggests that the respondents feel that they are included in decision-making at the team level. In contrast, cultural differences among racial groups are respected and celebrated had the lowest mean (2.83), which implied that cultural diversity in practice was not well realized. Other items such as inclusive leadership representation of minorities (2.97) and organizational attempts to deal with discrimination (2.97) report that there is moderate adherence to inclusive practices. Standard deviations (1.346 -1.468) demonstrate variability of responses. The results suggest that, although racial diversity is in a way recognized, there is still room to improve representation, cultural inclusion, and equity in the state-owned corporations of Kenya.

4.1.4.3 Age Diversity

This section analyzes the findings on age diversity among board members and senior management within selected State-Owned Corporations (SOCs) in Kenya. It examines respondents' perceptions of age distribution, intergenerational collaboration, and inclusiveness, highlighting how diverse age groups contribute to knowledge sharing, innovation, and improved organizational performance.

Table 13: Descriptive Statistics for Age Diversity Items

Item	N	Minimum	Maximum	Mean	Std. Deviation
1. The organization employs staff from a wide range of age groups	172	1	5	2.91	1.397
2. Employees of all ages are treated with respect	172	1	5	2.81	1.382
3. There are opportunities for career growth regardless of age	172	1	5	3.10	1.367
4. The organization values contributions of younger and older employees	172	1	5	3.06	1.415
5. Age-related stereotypes do not affect employee treatment	172	1	5	3.06	1.332
6. Training programs accommodate learning needs of all age groups	172	1	5	3.10	1.482
7. Older employees receive adequate support and inclusion	172	1	5	2.97	1.416
8. Younger employees have equal voice in organizational decisions	172	1	5	3.08	1.412
9. The organization actively promotes age diversity in recruitment	172	1	5	3.10	1.311
10. Employees feel comfortable discussing age-related issues at work	172	1	5	3.07	1.417

Note. Valid N (listwise) = 172. Overall Average = 3.03

Table 13 shows the descriptive statistics of age diversity items of 172 respondents. The mean scores are between 2.81 and 3.10 on a 5 point scale and suggest moderately positive perceptions of age inclusivity in the organizations. Opportunities to grow in career, training programs that accommodate all ages and promoting age diversity during recruitment were most frequently preferred (3.10) indicating some understanding of equal practices between the different age groups. The least mean (2.81) was on the fact that all the ages Employees are treated with respect and they may sometimes fall short in their consistent equity based on age. Other questions, including valuing the contributions of younger and older employees (3.06) and giving them equal voice in decision-making (3.08) also show moderate recognition of the age diversity. The variability of perceptions can be seen in standard deviations (1.311 1.482). Ultimately, the results suggest that age diversity is practiced moderately, and additional measures may enhance inclusion between all age categories.

4.1.4.3 Education Diversity

This section presents the findings on educational diversity among board members and senior managers within selected State-Owned Corporations (SOCs) in Kenya. It evaluates respondents' views on the variety of academic qualifications, professional backgrounds, and fields of specialization, emphasizing how educational diversity enhances decision-making, innovation, and overall organizational effectiveness.

Table 14: Descriptive Statistics for Educational Diversity Items

Item	N	Minimum	Maximum	Mean	Std. Deviation
1. Organization employs staff with varied academic fields of study	172	1	5	3.11	1.399
2. Diversity in professional certifications is valued as a source of organizational strength	172	1	5	3.02	1.447
3. Employees' different fields of study enhance innovation and problem-solving	172	1	5	3.02	1.429
4. Organization encourages staff to pursue professional certifications	172	1	5	3.12	1.411

Item	N	Minimum	Maximum	Mean	Std. Deviation
5. Employees with diverse academic backgrounds are equally considered for opportunities	172	1	5	2.95	1.456
6. Leadership supports integration of employees from varied educational disciplines	172	1	5	3.03	1.393
7. Cross-functional teams benefit from employees' different fields of study	172	1	5	2.85	1.435
8. Professional certifications are recognized and rewarded in the organization	172	1	5	3.22	1.363
9. Educational diversity improves collaboration across departments	172	1	5	2.97	1.363
10. Organization monitors and evaluates the impact of educational diversity on performance	172	1	5	2.99	1.387

Note. Valid N (listwise) = 172. Overall Average = 3.03

Table 14 shows descriptive data of the educational diversity items of 172 respondents. The mean scores are distributed between 2.85 and 3.22 of the 5 point scale with moderately positive perceptions of educational diversity on the organizations. The mean of 3.22 was the highest with professional certifications are recognized and rewarded in the organization, and this indicates the recognition of formal qualification in performance and advancement. The mean of the lowest (2.85) was on the situation of Cross-functional teams benefit of employees having varying fields of study, which indicated that educational diversity has not been used very much in collaborative practices. Other products such as hiring staff of diverse academic experience (3.11) and promoting professional certifications (3.12) report moderate support of the diversity of knowledge. Standard deviations (1.3631.456) are used to indicate variation of responses. On the whole, the results indicate that although the concept of educational diversity is exercised partially, focused efforts may be applied to increase the use of diverse academic and professional skills in advancing the performance within Kenya state-owned corporations.

4.1.4.5 Organizational Performance

This section presents the findings on organizational performance as influenced by board diversity within selected State-Owned Corporations (SOCs) in Kenya. It examines respondents' perceptions of employee productivity, innovation, teamwork, and overall effectiveness, assessing how diverse board composition contributes to improved governance, accountability, and performance outcomes.

Table 15: Descriptive Statistics for Organizational Performance Items

Item	N	Minimum	Maximum	Mean	Std. Deviation
1. Employees perceive that the organization meets its performance goals	172	1	5	2.81	1.399
2. Teams consistently achieve high productivity	172	1	5	3.07	1.465
3. Innovation and creativity are encouraged in the workplace	172	1	5	3.09	1.452
4. Organization adapts quickly to changes in the industry	172	1	5	3.05	1.394
5. Employee performance contributes directly to organizational success	172	1	5	2.94	1.468
6. Communication within teams supports efficient task completion	172	1	5	2.84	1.367
7. Organization rewards high performance and innovation	172	1	5	3.02	1.414
8. Teamwork among employees is effective in achieving organizational goals	172	1	5	3.03	1.457
9. Organization provides adequate resources for employees to perform well	172	1	5	3.10	1.431
10. Employee feedback is used to improve organizational processes	172	1	5	2.99	1.418

Note. Valid N (listwise) = 172. Overall Average = 2.99

Table 15 gives the descriptive statistics of organizational performance items in a sample of 172 respondents. The mean scores are between 2.81 and 3.10 in a 5-point scale, which shows moderate perceptions of organizational performance in the state-owned corporations. The mean (3.10) was the highest on the statement that Organization provides sufficient resources so that employees can work well and this indicates that there was some support on the operational efficiency. On the other hand, the lowest mean (2.81) was found in Employees perceive that the organization meets its performance goals, which meant that the performance goals are not achieved completely. Other measures, such as the encouragement of innovation (3.09) and the effectiveness of teamwork (3.03) are indicators of moderate organizational support to productivity and collaborative effort. Responses vary to an extent with standard deviations (1.3671.468). All in all, the results indicate that, even though state-owned corporations show moderate performance, it is still possible to improve goal achievement, innovation, and efficient use of human and organizational resources.

4.1.5 Correlation Analysis

This section presents correlation results showing relationships between board diversity dimensions and organizational performance among selected State-Owned Corporations in Kenya.

Table 16: Correlation Matrix of Diversity Variables and Organizational Performance

Variable	**1**	**2**	**3**	**4**	**5**
1. Gender Diversity	1				
2. Racial Diversity	.599**	1			
3. Age Diversity	.523**	.574**	1		
4. Educational Diversity	.577**	.603**	.581**	1	
5. Organizational Performance	.583**	.608**	.614**	.558**	1

Note. N = 172. **p** < .01 (2-tailed).

Table 16 shows the Pearson correlation coefficients of diversity variables and organizational performance. Correlations between all the dimensions of diversity and the organizational performance are positive and statistically significant at the level of 0.01. Gender diversity has a moderate correlation with performance (r =.583) which shows that fair gender representation is linked with successful organizational performance. The correlation with racial diversity is a little bit stronger (r = .608) which implies that inclusive representation of other racial groups has a positive effect on performance. The correlation of age diversity is the highest (r = .614), which indicates the role of a multigenerational workforce in making organizations effective. A significant relationship is also shown by educational diversity (r =.558), which implies that performance is improved by diverse academic and career histories. Ultimately, the findings suggest that diversity in the boards and workforce have a collective positive influence on organizational performance, and that inclusive practices are important in Kenya state-owned business firms.

4.1.6 Diagnostic Tests

This section details the diagnostic tests that were administered to guarantee the strength and reliability of the regression analysis. Normality tests were conducted, the Kolmogorov-Smirnoff and Shapiro-Wilk tests were tested, and there was examination of multicollinearity through the Variance Inflation Factor (VIF) and tolerance values, and heteroskedasticity was examined by conducting a residual analysis. Such procedures ensured that the data adhered to major assumptions in regression analysis thus reducing bias and strengthening the validity of findings. Diagnostic testing will give a level of confidence that the estimated relationships between the dimensions of board diversity and the performance of the organization are statistically viable and interpretable.

Table 17: Kolmogorov–Smirnov and Shapiro–Wilk Tests

Variable	Kolmogorov–Smirnov Statistic	df	Sig.	Shapiro–Wilk Statistic	df	Sig.
Gender Diversity	.304	172	.000	.799	172	.000
Racial Diversity	.320	172	.000	.806	172	.000
Age Diversity	.302	172	.000	.789	172	.000

Variable	Kolmogorov–Smirnov Statistic	df	Sig.	Shapiro–Wilk Statistic	df	Sig.
Educational Diversity	.326	172	.000	.798	172	.000
Organizational Performance	.313	172	.000	.795	172	.000

Note. Lilliefors Significance Correction applied.

Table 17 illustrates the normality tests with Kolmogorov-Smirnov and Shapiro W Wilk statistics of the variables of the study. The value of the significance of all the variables, such as gender diversity, racial diversity, age diversity, educational diversity and the organizational performance are 0.000, which is lower than the 0.05 level. This means that the data of all variables do not follow a normal distribution and thus non-normality. Non-normality can be caused by variability in the responses, skewed perceptions, or ordinal measures scales especially with Likert-scale survey items. Despite the fact that the normality assumptions are not met, the sample size (N = 172) is large enough to perform the parametric analysis (correlation and regression) which is robust given the central limit theorem. Therefore, care must be observed in the interpretation of the results and the findings must take into account possible effects of non-normal distribution to the statistical inference.

Table 18: Multicollinearity Statistics

Predictor	Tolerance	VIF
Gender Diversity	.551	1.815
Racial Diversity	.504	1.985
Age Diversity	.566	1.766
Educational Diversity	.514	1.944

Table 18 shows the multicollinearity diagnostics of the regression predictor variables. The range of tolerance values is 0.504 to 0.566, and range of variance inflation factor (VIF) values is 1.766 to 1.985. The two metrics are also representative that the multicollinearity levels are acceptable since a VIF of less than 5 and a tolerance of more than 0.1 is regarded to be safe when it comes to regression analysis. The implications of these findings are that gender, racial, age, and educational diversity are distinct enough to be independent of each other such that the respective contributions to organizational performance can be effectively estimated. Small multicollinearity increases the stability and interpretability of the regression coefficients, and decreases the chances of inflated standard errors. Generally, the results indicate that inclusion of the diversity dimensions in the regression analysis can be conducted simultaneously without invalidating the analysis to assess the impact of these dimensions on the performance of the state owned corporations in Kenya.

Table 19: Residuals Statistics (Heteroskedasticity Test)

Statistic	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.64	4.27	3.16	.472	172
Residual	-1.337	1.253	.000	.455	172
Std. Predicted Val	-3.225	2.341	.000	1.000	172
Std. Residual	-2.905	2.722	.000	.988	172

Note. Dependent Variable = Organizational Performance.

Table 19 provides the results of the test of residual statistics to test heteroskedasticity in the regression equation of organizational performance. The range of values is 1.64 to 4.27 with the mean of 3.16, and the range of the residues is -1.337 to 1.253 with the mean of the values being close to zero (0.000) and standard deviation of 0.455. The standardized predicted values and residuals show that the data is roughly normally distributed around the zero value with the standardized residual value ranging between -2.905 and 2.722 with a mean value of 0.000. These findings indicate that there are no extreme deviations or trends to show heteroskedasticity i.e the variance of residuals are relatively constant at the predicted values. Consequently, the homoscedasticity assumption is reasonably satisfied, and no problems arise with the further regression analyses. This guarantees sound measurements of the impact of board diversity on organizational performance among the state-owned corporations in Kenya.

4.1.7 Inferential Statistics

Inferential statistics tested relationships between board diversity dimensions and organizational performance using correlation and regression analyses to determine significance and predictive contributions.

Table 20: Model Summary

This section presents the model summary results derived from the multiple linear regression analysis, illustrating how well the independent variables gender diversity, racial diversity, age diversity, and educational diversity explain variations in organizational performance. The coefficient of determination (R^2) indicates the overall predictive strength of the model.

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	.720a	.519	.507	.460

Note. a. Predictors: Gender Diversity, Racial Diversity, Age Diversity, Educational Diversity.

Table 20 shows regression results indicating board diversity dimensions explain about 51.9% of organizational performance variation, confirming a strong, significant positive influence of gender, racial, age, and educational diversity. In sum, these findings show that the dimensions of board diversity have significant and important influence on the organizational performance in the state-owned corporations in Kenya.

Table 21: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	38.088	4	9.522	44.980	.000b
Residual	35.353	167	.212		
Total	73.442	171			

Note. a. Dependent Variable: Organizational Performance. b. Predictors: Gender Diversity, Racial Diversity, Age Diversity, Educational Diversity.

Table 21 shows the ANOVA outcomes of the regression model that evaluated the impact of the board diversity on the organizational performance. The sum of squares of regression = 38.088 and the sum of squares of the residues = 35.353, amounts to 73.442. The regression mean square (9.522) is significantly larger than the mean square of the residuals (0.212) and the F-statistic is 44.980, which is statistically significant (p = 0.000). This shows that the gender, racial, age and educational diversity of the combined predictor strongly predicts differences in organizational performance. The findings support the assumption that the regression is a good fit to the data, which supports the addition of the dimensions of board diversity as effective factors that determine the performance outcomes. All in all, the results imply that leadership diversity is positively related to the achievement of greater organizational effectiveness among state-owned corporations of Kenya.

Table 22: Regression Coefficients

Predictor	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	.433	.208		2.078	.039
Gender Diversity	.219	.073	.218	3.016	.003
Racial Diversity	.237	.076	.237	3.136	.002
Age Diversity	.295	.071	.296	4.144	.000
Educational Diversity	.119	.076	.118	1.570	.118

Note. Dependent Variable = Organizational Performance.

Table 22 shows the regression coefficient of the board diversity dimensions in predicting the performance of the organization. The baseline performance is the constant (B = 0.433, p = 0.039) which is the performance at all the predictors being zero. There is a positive relationship between gender and performance (B = 0.219, 2 = 0.218, p = 0.003), which shows that equal gender representation leads to better results. There is also a positive significant effect by racial diversity (B = 0.237, 2 = 0.237, p = 0.002), which indicates that inclusive representation of various racial groups positively impacts performance. Age diversity ranks first (B = 0.295, 0.296, p = 0.001), which is where the multigenerational participation leads. The effect of educational diversity appears to be positive but insignificant (B = 0.119, 2 =.118, p = 0.118) which shows a small impact on the performance in the sample. Altogether, the results indicate that the gender, , and age diversity are the key drivers of organizational performance, and inclusive boards are essential in the state-owned corporations in Kenya.

4.1.8 Discussions

To examine the effect of gender diversity on organizational performance of selected state owned corporations in Kenya.

The results of the study have shown that gender diversity has a positive impact on the performance of an organization (β= 0.218, = 0.003), meaning that a balanced representation of men and women can lead to better outcomes. This is in line with the Social Identity Theory which argues that different teams are more creative, innovative and problem solving because they combine different points of view (Tajfel and Turner, 1979). The results are in line with the study of Engairo (2023), who conducted a study at GSK Kenya, showing that gender diversity and performance have a strong positive value (r = 0.752) and that inclusion leads to the creation of productive, innovative teams. Likewise, Ferrari and Deo (2022) discovered that French companies that represent 40-60 percent of women are economically better-off, and moderate representation is more beneficial in strategy than only sheer numbers. Chepkemoi et al. (2022) also reinforce the same in Kenya, revealing that the gender-diverse workforce explains 72.3% of employee performance variance, which highlights that inclusion, improves micro- and macro-level organizational performances.

Although the findings can be compared with the previous literature, there are also certain contradictions related to the strata of influence and measurement. An and Lee (2021) also draw the line between the numerical diversity and power distribution demonstrating that it is not enough to be represented without being a part of the decision-making process in an equal manner. On the same note, Adam and Alfawaz (2025) indicate that the psychological dimension of engagement is crucial because gender diversity enhances performance when employees perceive themselves as important and integral. These views are not limited to the scope of the current study on the intermediate and operational levels but are indicative that the structural integration and motivational variables can be key to performance outcomes. The difference could be contextual specificities of the developed and developing economies and differences in organizational culture. However, the theoretical and statistical significance of gender diversity is apparent, which proves that strategic inclusion and not token representation is pivotal towards maximizing performance in state-owned corporations in Kenya.

To assess the effect of racial diversity on the organizational performance of selected state owned corporations in Kenya.

The research indicates that racial diversity has a positive impact on organizational performance (β= 0.237, 0.002), which implies that a viable inclusion of various racial groups promotes better performance in government-owned companies. This corresponds with the Social Identity Theory which argues that the acknowledgment of different social entities boosts group unity, internal drive, as well as team work in resolving problems (Tajfel and Turner, 1979). The results echo Diller and Grund (2022) who discovered that diversity among personnel leads to creativity, innovation, and efficiency, and Olowookere (2021) who found that heterogeneous teams contribute to the effectiveness of an organization. Likewise, Anam and Opiah (2021) discovered that the highly diverse teams in Nigerian banks performed better because of the enhanced synergy and innovation. Theoretically, these findings highlight the view that diversity is a strategic advantage, which enables diverse thinking, which enhances decision-making, and practically they imply that racialally inclusive organizations are in a better position to attain the performance goals.

Although the findings affirm the advantages of racial diversity, there are literature sources that have contradictory or subtle findings. According to Shore et al. (2011), and Turi et al. (2022), diversity on its own cannot lead to better performance unless it is facilitated by inclusive leadership and diversity-positive beliefs, meaning that leadership competence and organizational culture are moderators of the latter. The same idea is reflected by Omotayo et al. (2020), who state that employee engagement and organizational results are due to good diversity management, not to diversity. This difference could be attributed to contextual variations which could include culture, leadership or the willingness of the organization to incorporate inclusion. The level of statistical significance in the given study indicates the quantifiable effect of racial diversity, whereas the theoretical significance of the latter manifests that the potential of this factor reaches its full potential only when it is supported by leadership, inclusive policies, and culture that appreciates diverse viewpoints in decision-making and strategic decision-making.

To analyze the effect of age diversity on organizational performance of selected state owned corporations in Kenya.

The research shows that age diversity has the most positive impact on organization performance ($\beta= 0.296$, $p = 0.001$), which supports the advantages of participating in multigenerational organizations in state-owned corporations. The observation concurs with the Social Identity Theory, which states that social identity recognition of separate age groups promotes social unity and employee participation (Tajfel and Turner, 1979). It is also similar to the Resource-Based

View, which points out that the heterogeneity of human capital, in form of various generational knowledge, skills and experiences, is valuable, rare and inimitable organizational resource (Barney, 1991). This interpretation is supported by empirical research: Li et al. (2021) report that teams with age diversity can contribute to intellectual and social capital, enhancing their resolution of problems and innovativeness, whereas Roy (2022) reports a strong positive association between age diversity and organizational performance in the banking industry in Bangladesh. Such findings indicate that multigenerational talent can be strategically used across organizations to promote performance, knowledge sharing and collaboration as well, which highlights the theoretical and practical importance of age diversity in workforce management.

Although there is an affirmative correlation, certain literature focuses on contingencies in the context and managerial environment. Waligora (2024) concludes that increasing age diversity without inclusive HR practices can contribute to intergenerational bias and a lack of cohesion whereas diversity-focused efforts can lead to increased identification and satisfaction. According to Bashir et al. (2021), job crafting by younger employees will have more influence on performance than the efforts of older employees, which points to the behavioral specifics in implementing the age-diversity advantages. These discoveries have indicated that age diversity in itself cannot work; it needs to be accompanied by age-inclusive policies, enabling leadership, and established knowledge-sharing systems. The statistical significance of this research strengthens the idea that the heterogeneity between ages has a positive and measurable effect on performance, whereas the theoretical significance indicates that only when the organizational culture and management practices enable the collaboration of the generation to create benefits, the benefits become real. This is a case in point as to why strategic interventions are needed to utilize to the fullest the age-diverse talent in Kenyan state-owned corporations.

To examine the effect of educational diversity on organizational performance of selected state owned corporations in Kenya.

The research indicates that educational diversity positively yet insignificantly influences the performance of organizations ($\beta=0.118$, $p = 0.118$), which could mean little direct impact in the sampled state-owned companies. According to a Resource-Based View (RBV), educational diversity is a potentially valuable human capital resource that is not only rare and inimitable, but it might be also unexploited without a strategy in order to realize the benefits (Barney, 1991). This is also in line with Rafaqat et al. (2022) who contend that diversity in itself is not a surety of performance which is why effective provision, inclusive human resources, training as well as performance appraisal mediates the effect of the resource. Khassawneh and Mohammad (2025) confirm that educational diversity has a positive impact on the hospitality industry, which is dominated by HR interventions and highlights the effects that depend on the context. The study under consideration validates the data that educational diversity has the potential to bring forth the prospect of innovation and addressing problems but its direct impact on organizational performance is limited and that the structural, managerial, and cultural facilitators are essential in order to exploit the educational heterogeneity.

Although non-significant, educational diversity still carries a theoretical significance of improving organizational flexibility and creativity, especially in cases where it is supplemented by ethical culture and leadership behaviour. According to Mehari et al. (2024), the diversity-performance relationship is mediated by workplace ethics; therefore, justice, respect, and inclusion are noted to capitalize on the different educational backgrounds. Equally, Ahmed (2024) observes that gender and educational differences can only enhance decision-making and innovation when incorporated with inclusive policies. Pandey and Risal (2023) point out that managerial competence could be used to address conflict that comes about due to diversity and this supports the use of context-based leadership. Thus, the research indicates that the potential effect of educational diversity depends on the condition of supportive organizational arrangements, an inclusive leadership, and ethical workplace procedures. The results fill the gaps in the previous studies by indicating that the quantitative impact of diversity might be small, unless supported by the strategic HR and leadership processes that are essential in facilitating the realization of performance in Kenyan state-owned companies.

4.2 Limitations of the Study

This study had a number of limitations which could limit the generalizability of the study. The research was methodologically based on survey data, mostly cross-sectional, of the selected state-owned corporations, so it is not possible to draw causal relationships between board diversity and organizational performance. There are also the possibilities of biases (social desirability, differences in interpretation of the self-reported measures) with the use of self-report measures. Another limitation was resource constraint which limited the sample size to 172 respondents whose sample might not be representative of the dynamics of diversity in all the state owned corporations in Kenya. Moreover, the research laid emphasis on particular aspects of diversity (gender, racial, age, and educational) which may have ignored other important dimensions of diversity, including functional, experiential, or cultural diversity. Unexpected issues were the problems with access to sensitive organizational data and the different rates of engagement of participants which might have affected the completeness and reliability of the answers.

4.3 Chapter Summary

This chapter showed the findings and discussion of the research done on the issue of board diversity and organizational performance in chosen state-owned companies in Kenya. It started by defining the demographic profile of the respondents in terms of position, tenure and education background, which will be used to analyze the results subsequently. The reliability and descriptive statistics of gender, racial, age, and educational diversity, and organizational performance were analyzed to define the uniformity and distribution of the data. To establish the relationship between diversity dimensions and performance outcomes, inferential test, such as correlation, regression, multicollinearity, normality, and heteroskedasticity tests, was performed. The results showed that gender, racial, and age diversity had a great impact on the performance of organizations, whereas educational diversity had a positive but not significant impact. The findings were analyzed and compared with topical theories and previous researches, pointing at similarities and differences. The chapter ends with the focus on the implications of diversity on strategic management and performance optimization.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

The chapter provides a synthesis of the study in detail to point out the main findings, implications and recommendations of how the findings can be applied. It starts with an overview of the findings, based on the analysis of the dimensions of diversity in board, gender, racial, age, and educational diversity, and their impact on the organizational performance in the chosen state-owned companies in Kenya. The chapter subsequently offers specific research, policy, practice, and education recommendations that specify the various activities, which should do what, when and how they should be monitored and evaluated. Lastly, the chapter is also concluded with the synthesis of the study purposes, theoretical background and the practical results that provide a comprehensive view on how diversity could be fully utilized to improve organizational performance. This section acts as a transition between evidence-based results and real-life applications to enhance performance under the diversity management.

5.1 Summary of Findings

5.1.1 Gender Diversity and Organizational Performance

The researchers established that gender diversity is positively and significantly related to organizational performance ($\beta = 0.218$, $p = 0.003$). Fair presence of both men and women at all levels in the organization including the management and the operation was linked with better results. This observation is consistent with the Social Identity Theory, which highlights the influence of group membership on attitude and behavior, which leads to teamwork and creativity. The findings are in line with another study carried out by Engairo (2023) and Chepkemoi et al. (2022), which emphasized that the presence of gender diversity can boost the morale, productivity, and decision-making of employees. The literature however indicates that the extent of the effect could be different based on organizational setting and different levels of the organization, meaning that gender diversity is not enough without conducive leadership and inclusion policies. On balance, gender diversity can be discussed as a strategic asset that can be used to develop human capital as well as enhance organizational competitiveness.

5.1.2 Racial Diversity and Organizational Performance

There was a significant positive correlation between racial diversity and organizational performance (β= 0.237, p = 0.002). Companies that included different racialities in the decision-making, leadership, and working groups were more creative, demonstrated greater problem-solving and increased innovation. Information/Decision-Making Theory supports these results in its assertion that decision-making processes are enriched by cognitive diversity caused by diverse backgrounds. Similar findings are reported by previous research, including Diller and Grund (2022), and Anam and Opiah (2021) who state that racial diversity enhances the team synergy and productivity. However, literature also suggests that these advantages are context-specific and good leadership, inclusiveness, and diversity management policies are needed to shape the representations into specific performance improvements. The study sheds light on the fact that racial diversity is not just a demographic variable but an asset resourceful tool when properly exploited within the organizational systems.

5.1.3 Age Diversity and Organizational Performance

The present study found age diversity to be the most significant predictor of organizational performance (β= 0.296, p = 0.001). Multigenerational involvement leads to the transfer of knowledge, mentoring and innovation which improves organizational results. These findings can be explained by using social Identity Theory and RBV, where diversity by age adds value to human and social capital and adds to competitive advantage. These findings are consistent with empirical research carried out by Li et al. (2021) and Roy (2022) who both found that functional diversity and inclusive management practices increase the advantages of age-diverse teams. Nevertheless, age diversity might be a problem too because it may lead to possible conflicts and misalignment without appropriate HR policies and leadership approaches. The research highlights that age diversity can have the greatest positive effects when organizations are organized in such ways that allow cross-generational cohort collaboration through organizational training and inclusions.

5.1.4 Educational Diversity and Organizational Performance

There was a positive and significant impact of educational diversity on organizational performance ($\beta = 0.118$, $p = 0.118$). Although having employees with diverse academic experiences can bring about innovation, problem-solving, and effective cross-functional cooperation, these benefits were not shown statistically significant in this sample. Resource-Based View (RBV) theory indicates that various educational qualifications may serve as the source of exceptional organizational resources, although the success of organizational resources relies on the combination of competitive HR practices, knowledge-sharing processes, and involvement in leadership. Khassawneh and Mohammad (2025) and Mehari et al. (2024) also observed that educational diversity in isolation, in the absence of mediating processes, is not a sure sign of performance improvement. This result implies that organizations must strategically address the differences in education to achieve the potential contribution to performance.

5.2 Conclusion

This study explored the effects of diversity in the board on the performance of organizations in a sample of state-owned corporations in Kenya. Informed by the goals, the study evaluated how gender, racial, age, and educational diversity affected the organizational outcomes. Empirical evidence revealed that gender, racial and age-diversity have significant positive impact on the performance of the organization, whereas educational diversity had a positive but insignificant impact. The study utilized the social identity theory, resource based view, the similarity-attraction theory and the information/decision-making theory to explain the processes by which diversity is likely to affect performance, the significance of inclusive leadership, effective Hr practices and cross-generational work. The study helped fill the gaps in the available literature by looking at the statistical significance and contextual, managerial, and behavioral factors that mediate the outcomes of diversity. Finally, the results highlight the potential of diversity that is planned and facilitated by the leadership and inclusion patterns to be a key driver of innovation, efficiency, and sustainable performance in the organization.

5.3 Recommendations

The future studies need to look at the moderating and mediating variables that affect the relationship between board diversity with organizational performance. This involves the investigation of leadership styles, inclusion policy and generational issues. Activities will comprise longitudinal research in several state-owned companies, surveys conducted among employees concerning their attitude towards diversity, and case studies to be able to reflect a contextual difference. These studies should be undertaken by researchers, especially university scholars and institutional research departments. The monitoring may be implemented by use of periodic peer review and regular data collection checkpoints. Specifically, assessment must be done to determine the quality of data, applicability of diversity measures, and correspondence with organizational performance measures.

Diversity and inclusiveness policies ought to be institutionalized in state-owned corporations. These activities involve writing detailed diversity policies, setting recruitment quotas, and promoting fairly across gender, racial and age lines. These policies should be implemented by the human resource managers, corporate boards and government oversight bodies. The monitoring may include quarterly audits of the recruitment, promotion and training data, and the evaluation should be based on the achievements on the diversity targets, workforce representation, and employee satisfaction survey. Adherence to corporate governance can be achieved through policy reinforcement workshops.

Practical programs can be aimed at the establishment of inclusive organizational cultures and improvement of employee engagement. Diversity and inclusion training, underrepresented group mentorship programs, cross-generational collaboration workshops, and leadership coaching are all activities. Implementation is by the HR departments, team managers and training units in 6-9 months. Monitoring will be conducted by checking the participation levels, feedback of the training sessions, and also observe any difference in team cohesion and collaboration. The assessment tools must be able to measure the gains in areas of innovation, productivity and conflict management in multi-racial teams so that the effectiveness of training can be converted into the performance increase that can be measured in organizations.

Education should work towards equipping future workers and managers to work in diverse workplaces. Some of the activities entail incorporation of diversity management modules at university level, conducting workshops on cross-cultural communication and internship in state-owned corporations as platforms to learn the inclusive practices. Implementation should be managed by academic institutions, corporate training units and professional bodies. Monitoring also involves the tracking of enrolment, engagement and student and intern feedback. This should be assessed in terms of knowledge retention, practicality of the diversity concepts, and the willingness of graduates to become effective contributors to diverse organizational settings, and eventually the sustainability of a culture of inclusion and performance.

5.4 Suggestion for the Future Studies

The future research in the area of board diversity and organizational performance must be more broad and diverse in terms of methodology. Longitudinal research studies are suggested to be used to investigate the long term effects of gender, racial, age, and educational diversity effects on performance outcomes in various sectors. It can also be considered that the strength of relationship can be mediated and moderated by other factors that can be included in future research, including leadership style, workplace culture, inclusiveness, and ethics. A cross-country and cross-industry comparison would also help understand the contextual factors that would be more effective since the effects of diversity are not homogeneous in different environments. Besides, qualitative methods, including in-depth interviews and case studies, might help give more comprehensive answers to the question of how diversity and inclusion are experienced by employees. Generalizability would also be enhanced by expanding the research to the private sector organizations and SMEs, besides state-owned corporations. Lastly, the interaction between digital transformation and global workforce mobility with diversity and their influence on organizational performance should be considered by future researchers**.**

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

BOARD DIVERSITY AND ORGANIZATIONAL PERFORMANCE IN KENYAN STATE-OWNED CORPORATIONS

To Whom It May Concern,

I am Nyamai Maureen Mwende, a postgraduate student at the Management University of Africa, pursuing a Master of Business Administration (MBA) with a specialization in Strategic Management Option (SMO), Admission Number: MBA/32/00324/2/24.

As part of the requirements for the successful completion of my degree program, I am conducting a research study titled "Board Diversity and Organizational Performance in Kenyan State-Owned Corporations."

The purpose of this letter is to kindly request your participation in this study. Your input as a respondent will be invaluable to this research and will be treated with utmost confidentiality. The data collected is purely for academic purposes.

Thank you in advance for your support and participation.

Sincerely,

Nyamai Maureen Mwende

Postgraduate Student – MUA

APPENDIX II: RESEARCH STUDY QUESTIONNAIRE

SECTION A: BACKGROUND INFORMATION

Please answer the following questions by ticking the appropriate option or filling in the blank where applicable.

1. What is your gender?

☐ Male; ☐ Female; ☐ Prefer not to say

2. What is your age group?

[*Tick in Complete Years*]

☐ Under 25 years; ☐ 25 – 34 years; ☐ 35 – 44 years; ☐ 45 – 54 years

☐ 55 years and above

3. What is your current position in the organization?

☐ Board Member; ☐ Senior Management/Executive

4. How many years have you worked in this organization?

☐ Less than 1 year; ☐ 1 – 3 years; ☐ 4 – 6 years; ☐ Over 6 years

5. What is your highest level of education?

☐ Certificate/Diploma; ☐ Bachelor's Degree; ☐ Master's Degree or Higher

☐ Other (please specify): ___________

SECTION B: INDEPENDENT VARIABLES

The questionnaire will consist of closed-ended questions structured on a five-point Likert scale: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree, and 5 – Strongly Agree.

6. GENDER DIVERSITY

Gender Diversity Indicators	1 - Strongly Disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly Agree
1. Equal representation of men and women in leadership roles					
2. Equal career advancement opportunities for all genders					
3. Organization promotes gender balance in hiring practices					
4. Gender diversity is valued in decision-making committees					
5. Equal support for professional development across genders					
6. Workplace culture respects all genders					
7. Gender does not influence performance evaluations					
8. Gender equality policies (e.g., maternity/paternity leave) are implemented effectively					
9. Initiatives encourage women to pursue leadership roles					
10. All genders feel safe and comfortable at work					

7. RACIAL DIVERSITY

Racial Diversity Indicators	1 - Strongly Disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly Agree
1. The organization has a diverse representation of racial groups					
2. Racial minorities are fairly represented in leadership roles					
3. There is an inclusive culture that respects all racial groups					
4. Recruitment processes promote racial diversity					
5. Racial diversity is valued in team decision-making					
6. The organization actively addresses racial discrimination					
7. Employees from all racial groups have equal career advancement chances					

8. Cultural differences among racial groups are respected and celebrated					
9. There are training programs promoting racial inclusion					
10. Employees feel safe expressing their racial identity at work					

8. AGE DIVERSITY

Age Diversity Indicators	**1 - Strongly Disagree**	**2 - Disagree**	**3 - Neutral**	**4 - Agree**	**5 - Strongly Agree**
1. The organization employs staff from a wide range of age groups					
2. Employees of all ages are treated with respect					
3. There are opportunities for career growth regardless of age					
4. The organization values the contributions of both younger and older employees					
5. Age-related stereotypes do not affect employee treatment					
6. Training programs accommodate the learning needs of all age groups					
7. Older employees receive adequate support and inclusion					
8. Younger employees have equal voice in organizational decisions					
9. The organization actively promotes age diversity in recruitment					
10. Employees feel comfortable discussing age-related issues at work					

9. EDUCATIONAL DIVERSITY

Educational Diversity Indicators	**1 - Strongly Disagree**	**2 - Disagree**	**3 - Neutral**	**4 - Agree**	**5 - Strongly Agree**
1. The organization employs staff					

with varied academic fields of study.					
2. Diversity in professional certifications is valued as a source of organizational strength.					
3. Employees' different fields of study enhance innovation and problem-solving.					
4. The organization encourages staff to pursue professional certifications.					
5. Employees with diverse academic backgrounds are equally considered for opportunities.					
6. Leadership supports integration of employees from varied educational disciplines.					
7. Cross-functional teams benefit from employees' different fields of study.					
8. Professional certifications are recognized and rewarded in the organization.					
9. Educational diversity improves collaboration across departments.					
10. The organization monitors and evaluates the impact of educational diversity on performance.					

SECTION C: DEPENDENT VARIABLES

10. ORGANIZATIONAL PERFORMANCE INDICATORS

Organizational Performance Indicators	1 - Strongly Disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly Agree
1. Employees perceive that the organization meets its performance goals					
2. Teams in the organization consistently achieve high productivity					
3. Innovation and creativity are encouraged in the workplace					
4. The organization adapts quickly to changes in the industry					

5. Employee performance contributes directly to organizational success					
6. Communication within teams supports efficient task completion					
7. The organization rewards high performance and innovation					
8. Teamwork among employees is effective in achieving organizational goals					
9. The organization provides adequate resources for employees to perform well					
10. Employee feedback is used to improve organizational processes					

APPENDIX III: INFORMED CONSENT FORM

Study Title: Board Diversity and Organizational Performance in Kenya State-Owned Corporations

Researcher:
Nyamai Maureen Mwende
Master of Business Administration (MBA) – Strategic Management Option
Management University of Africa

Purpose of the Study

You are invited to participate in a research study that aims to examine how board diversity affects organizational performance in Kenya's state-owned corporations. The study will help understand how different diversity dimensions influence workplace outcomes.

Participation
Your participation involves completing a questionnaire that will take approximately 15-20 minutes. Your responses will help provide valuable insights but will remain confidential.

Voluntary Participation

Your participation is entirely voluntary. You may choose not to participate or withdraw at any time without penalty or loss of benefits.

Confidentiality
All information you provide will be kept strictly confidential and used only for academic purposes. Your identity will not be disclosed in any reports or publications.

Contact Information
If you have any questions about the study, you may contact:
Nyamai Maureen Mwende
Email: mauresb36@gmail.com
Phone: 0712-307-08

Consent
By signing below, you acknowledge that you understand the purpose of the study, your role as a participant, and that you voluntarily agree to participate.

Participant Name: ______________________________

Signature: ___________________________________

Date: __________________________

APPENDIX IV: INTRODUCTION LETTER FOR DATA COLLECTION

The Management University of Africa | MUA

Sponsored by The Kenya Institute of Management

Date: 5th September 2025

TO WHOM IT MAY CONCERN

NYAMAI MAUREEN MWENDE MBA/32/00324/2/24

This letter serves to introduce the above named who is a (**Master of Business Administration)** student and is interested in carrying out research on **Board Diversity and Organization Performance in Kenya: Fourteen State-Owned Corporations**

Any assistance accorded to her in pursuit of this study will be greatly appreciated.

Yours Sincerely,

Dr. Juster Nyaga

Dean, School of Management and Leadership

The Management University of Africa | Popo Road, Off Mombasa Road, Bellevue, South C. | P.O. Box 29677-00100, Nairobi, Kenya | Tel: (020) 2361160, 2361161, 3569117 | Cell: 0722224193, 0706035244, 0706035299 | Email: vc@mua.ac.ke | www.mua.ac.ke

APPENDIX V: RESEARCH PERMIT NACOSTIC

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **507655**

Date of Issue: **16/September/2025**

RESEARCH LICENSE

This is to Certify that Ms.. NYAMAI Maureen MAUREEN of The Management University of Africa, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: TITLE: BOARD DIVERSITY AND ORGANIZATION PERFORMANCE IN KENYA FOURTEEN STATE-OWNED CORPORATIONS for the period ending : 16/September/2026.

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APPENDIX VI: LIST OF STATE CORPORATIONS FOR THE STUDY

CORPORATION NAME	SECTOR
1. Kenya Electricity Generating Company (KenGen)	Energy
2. Kenya Power and Lighting Company (KPLC)	Energy
3. Kenya Railways Corporation (KRC)	Transport
4. Kenya Airports Authority (KAA)	Aviation
5. Kenya Revenue Authority (KRA)	Finance/Revenue
6. Kenya National Highways Authority (KeNHA)	Infrastructure
7. National Hospital Insurance Fund (NHIF)	Health
8. Kenya Industrial Research and Development Institute (KIRDI)	Industry/Research
9. Agricultural Finance Corporation (AFC)	Agriculture/Finance
10. Kenya Tourism Board (KTB)	Tourism
11. Kenya Broadcasting Corporation (KBC)	Media/Communication
12. National Oil Corporation of Kenya (NOCK)	Energy
13. Kenya Pipeline Company (KPC)	Energy
14. Kenya Forest Service (KFS)	Environment/Natural Resources

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