

DIVERSITY MANAGEMENT PRACTICES AND ORGANIZATIONAL COMPETITIVENESS OF CHOMOGONDAY GROUP AT JAMES FINLAY KENYA LIMITED

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ABSTRACT

Organizations in the tea sector, whose interests are in tea growing, processing and sales have to deal with increased globalization, technological and economic change, quality and productivity issues, evolving demographics and workplace diversity among other challenges that affect their competitiveness. There is little literature on the effects of diversity management on organizational competitiveness in the private sector, especially in Kenya. The main objective of the study was to determine the effect of diversity management practices on competitiveness of Chomogonday Group at James Finlay Kenya Limited. The specific objectives were: to determine the role of empowerment and examine the influence of affirmative action on organizational competitiveness. The study reviewed the Porter's Diamond Theory, The intergroup Contact Theory and the Strategic Choice Theory. The study adopted descriptive research design to achieve its objectives. The target population was 1560 management and lower level employees of Chomogonday Group. Simple random sampling technique was employed to select 156 respondents. The researcher

administered questionnaires to collect primary data for the study. Data was analysed using descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS). Data analysed was presented in narrative form, tables and graphs. The study found a positive and significant relationship between organizational competitiveness and empowerment and a negative and significant relationship between organizational competitiveness and affirmative action. The study recommends that the organization needs to review its diversity policies and that feedback on the policy effectiveness should be sought from employees and worked on to improve the working environment. The organization needs to employ more females and also to improve on communication of affirmative action initiatives. The study is important to Chomogonday Group management in determining better and relevant diversity management policies and putting in place appropriate systems that increase competitiveness.

Key Words: *empowerment, affirmative action, competitiveness, Chomogonday Group*

INTRODUCTION

Presently, diversity management has been of growing interest in the human resource management community (Petersen & Dietz, 2005). This is because of the significantly increasing trend in diversity of labour force in organizations due to globalization in business, changing societal norms, new legal regulations and changing demographic trends in the population (Bhawuk, Podsiadlowski, Graf, & Triandis, 2002). Diversity management is necessary to help cope with the consequences of a diverse workforce including an increased risk of conflict. Abbass (1994) acknowledges that diversity management aims at creating an organization in

which all members can contribute and achieve their full potential. Being part of the global village, it is by no surprise that Chomogonday Group has put in place different diversity management practices to help deal with its diverse labour force. This subsection provides background information on the study. It begins with a succinct description of the diversity management practices followed by organizational competitiveness then introduces the study area of the research, Chomogonday Group.

STATEMENT OF THE PROBLEM

There have been challenges in Chomogonday Group that touch on its competitiveness, among which is the quality of its human resource. Increasing dynamism in the tea industry has meant that there has been a shift in the qualifications, age, skills and knowledge requirements of the workforce. This means that apart from the qualifications required before one is recruited in to the group, there has been a need to reconsider the training, employee representation and human resource policies in the organization. Beardwell et al., (2004) says that technological developments have led some employers to the realization that productivity relies on skills and abilities of employees, thus the need for continuous investment in such kind of training and development. Many employees are seeking a stronger sense of inclusion, recognition, control and acceptance at work besides yearning for flexibility that enables them a certain level of work-life balance. The other challenge experienced at Chomogonday has been the need to improve productivity in the face of increasing costs of production, increased use of technology and a more skilled workforce. The cost of production is continuously rising at high rate and it is imperative that everyone at the workplace increases their worth by being more productive (Armstrong, 2006; Lustosa, 2006; Kinyanjui, 2013). Chomogonday Group has introduced a comprehensive apprenticeship program that targets women and those living with disabilities. The apprentices include those employed in lower cadres and with potential and the interest to take up careers in different trades. The main challenge of this program is having the apprentices get job placements at the end of their training and their impact to Chomogonday Group competitiveness. The emergence of voluntary social certification audits and the increased pressure for compliance has also put Chomogonday Group in the spotlight amid demands for conformity to certain standards, failure to which the market penetration would be severely affected mostly (James Finlay (K) Ltd., 2014; James Finlay (K) Ltd., 2010). Research studies have previously been carried out on diversity in the workplace globally. For example, Biggerstaff (2001) studied the relationship between diversity and employee retention in organizations. Dike (2013) studied the impact of workplace diversity on organizations. (Mary, 2002) studied how to manage diversity in the public service. In the face of scarce literature, it appears that the effect of management of diversity on organizational competitiveness in the private sector in Kenya is not well documented. Therefore, this study sought to fill this gap with the focus on the effect of diversity management on the competitiveness of the Chomogonday group.

THEORETICAL REVIEW

The Porter's Diamond Theory

This theory, suggested by Michael Porter in 1998 postulates that there are intrinsic reasons why some nations are more competitive than others. The model is important as it can be used to measure competitiveness of organizations, sectors and countries. Porter uses a framework to describe these reasons and to help understand the competitive position of an organization in competition, a model that offers a set of key environmental influences, which are particularly relevant to global competition. According to Porter, the national home of an organization plays a large part in shaping the degree to which the organization can achieve global competitive advantage. In a study on the competitiveness of industry based on the diamond theory, findings indicate that the factor conditions of the firms are easily imitable by observing and emulating rival firms (Bakan & Doğan, 2012). Out of the above factors, it is understood that an organization can develop practices as part of its strategy to manage a diverse workforce. The current study focused on diversity management practices like empowerment, affirmative action, apprenticeship and certification as strategies to manage competitiveness.

Intergroup Contact Theory

The theory was first proposed by Gordon Allport in 1954 and suggested that positive outcomes of intergroup contact can be seen in situations where the following conditions exist: equal status, intergroup cooperation, common goals and support by social and institutional authorities. One study argues that beyond what was suggested by Allport, intergroup contact enhances trust, forgiveness and goes beyond the immediate group of an employee (Pettigrew, Tropp, Wagner, & Christ, 2011). In a different study, (Tausch & Hewstone, 2010) expose evidence that positive contact within groups helps to minimise prejudice and improve intergroup relations. The Chomogonday Group currently incorporates diverse groups in carrying out its operations and the relations between the various groups whether these are based on employment status, ethnicity, length of service, physical status or any other form of diversity must be exploited to find areas of convergence. This can be done by empowering employees through trainings, representation or availing policies that encourage cohesion. Furthermore, affirmative action through employment practices or other initiatives that provide opportunities to underrepresented categories of people like apprenticeship promotes intergroup contact. The Chomogonday Group has cascaded the "One Finlays" concept where all business units worldwide operate towards similar targets, with one mission and vision. The current study therefore, was aimed at determining whether such efforts, geared towards creating more intergroup contact, contribute to enhancing the company's organizational competitiveness.

Strategic Choice Theory

This theory is attributed to John Child's work of 1972 where he argues that strategic choice should correct the view that operational contingencies, and not organizational leaders, determine

corporate performance. This theory suggests that top management decisions influence corporate outcomes and performance. In a study on innovativeness and performance, (Talke, Salomo, & Rost, 2010) found that diversity of top management in organizations has an effect on performance through strategic choice. In a different study carried out on the effects of entrepreneurial drive of top management on firm performance and strategic choice, (Wood & Michalisin, 2010), there is evidence that the relationship between enhanced organizational performance and entrepreneurial drive of its top management is moderated by its strategic choices, a confirmation of the important role of strategic choices of an organization on its competitiveness. It is evident that top management decisions of the Chomogonday Group in availing policies and opportunities for training, empowerment, affirmative action, apprenticeship programs and the voluntary certifications as strategy for managing diversity have a positive effect on the competitiveness of the organization.

Among the strategic choices that the Chomogonday Group has made are: “One Finlays” concept where the business follows its sister companies worldwide in operating towards a common goal and the “Always Safe” concept under the health and safety strategy ensures that there is zero harm to employees while within the property and that the companies activities causes zero harm to the environment. Additionally, the gender equality and diversity policy and strategic framework lays a foundation for transforming the organizational processes, procedures, practices and systems with the aim of creating a gender responsive institution. This fits in with the current study because these strategic choices the company has made in dealing with diversity are likely to have an influence on the corporate outcomes and performance.

EMPIRICAL REVIEW

Empowerment

Human resource is a very important sector in any organization and plays a major role in ensuring the success of the concerned organization especially when diversity in the empowerment programs is upheld. Employee empowerment is an arrangement that recognizes individual worth by increasing job satisfaction and self-actualization and acquisition of necessary skills and attitudes. Moreover, empowerment rather than supervision encourages discretionary learning at the workplace and encourages employees to commit to positive behavior (Reynolds, 2002). A study by Chandan (2011) describes empowerment as a philosophy which believes in enriching people’s jobs and giving them power to exercise control over and take responsibility for outcomes of efforts. The author explains that employee empowerment starts with the concept of strategic fit between people, tasks, technology, information processes, rewards and organization structure for which all must be in alignment before the organization can work efficiently. They further argue that employees with such strong organizational commitment are emotionally attached to the organization and have strong desire to contribute significantly towards organizational success which leads to increased competitiveness, accountability, risk taking, high innovativeness, low wastage, and the desire to improve overall job performance.

Affirmative Action

In a bid to repudiate the historical barriers for women's advancement in the workplace, the Constitution of Kenya, 2010 sought to give opportunities to women to be able to manoeuvre their way to whatever levels they can. Article 27 (8) of the constitution provides for affirmative action with the State under obligation to take measures to ensure that no more than two-thirds of the members of appointive or elective bodies are of either gender. Opponents argue that creating preferences leads to reverse discrimination; stigmatizes those it is designed to help; creates conflict between the under-represented groups; encourages polarization. According to Messerli (2014), affirmative action practices refer to the practices where a firm positively rectifies existing and historical exclusion focusing on employment and education. Groeneveld, (2009) argues that to be able to build a stable and diverse workforce and also to minimize its turnover, organizational management need to adopt policies and practices that are adapted to the needs and values of the different categories of the employees.

RESEARCH METHODOLOGY

Current research adopted a descriptive research design as this is the best design to demonstrate the association between the variables in the study. The population of the study consisted of all 1560 employees of the Chomogonday group of James Finlay Kenya Limited in Kenya. The study used a stratified sampling to categorize respondents into senior management and unionisable employees to select from each stratum. The sample size for the study was determined using the formula by Mugenda and Mugenda, (2003) who suggest anything in the range of 10% - 30% of the target population. The study used 10% of the total target population to get the sample size except in the case of management where a census was used. In the study, a total of 156 respondents were given questionnaires to fill. The study used the questionnaire tool and relied on records kept by the organization, such as policies and productivity records. The questionnaire in the study was designed to test the impact of certain diversity management tools on the competitiveness of the Chomogonday Group of James Finlay Kenya Limited. The questionnaires were administered to different cadres of employees with various demographic characteristics. The questionnaires used likert questions and likert based questions and were administered by the researcher. The questionnaires were administered through a drop and pick method, in cases of the senior management the researcher made phone calls to book appointments with the respondents. The respondents were informed of the rights to participate in the research and they were made aware that their participation is voluntary. Data was processed and analysed using descriptive and inferential statistics with the assistance Statistical Package for the Social Sciences (SPSS). Frequency tables and graphs were used to present data. This study had four dependent variables: quality of human resource and productivity. Multiple linear regressions were used to determine the relationship between dependent and independent variables.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon_1$$

Where: Y = is organizational competitiveness; $\beta_0, \beta_1, \beta_2$, are the coefficients; X_1 is empowerment; X_2 is affirmative action; ε_1 is the error term

RESEARCH RESULTS

Role of Empowerment practices on competitiveness of Chomogonday Group

The study objective was to determine the role of empowerment on competitiveness of the Chomogonday Group. Data analysed related to empowerment, affirmative action, apprenticeship and certification. The responses were rated Strongly Agree=5, Agree=4, Neutral=3, Disagree=2, Strongly Disagree=1. Descriptive research findings show various efforts put by the Chomogonday Group to ensure the employees are empowered while diversity is encouraged. Majority of respondents agreed that there are empowerment initiatives that are readily available to them as shown by the mean of 3.77. This is very key to the success of any organization since when employees are more empowered they tend to deliver more than the less or not at all empowered employees, Bradley and Benson (1990). Therefore, Chomogonday Group makes available trainings and other measures to ensure that their employees are empowered at their workstations. These trainings are a recipe for improved competitiveness in the Chomogonday Group. These findings are in line with those in the existing literature. Mudanya (2014) found that majority of respondents in her study mentioned that training and education opportunities were being carried out at every opportunity and were readily available for the employees of the Technical University of Mombasa.

As shown by the mean of 3.71 in table 4.5, most respondents were in agreement with the statement that employees are aware of their rights as far as diversity is concerned. Documentation also exists to show the outcomes of these empowerment programmes (mean = 3.08). Empowerment within Chomogonday Group is manifested through various practices including freedom of association, equal opportunities being accorded to all, promotion and motivation of employees through various ways such as merit awards and awarding of scholarships. Gender awareness, apprenticeship, formation of various committees and freedom to elect representatives to unions are also empowerment practices being practiced within the group.

In regards to diversity, a significant number of those interviewed felt that there were policies in chomogonday Group that covered diversity management as shown by the mean of 4.07. Besides, most respondents agreed that diversity management policies have improved intergroup relation in Chomogonday Group (mean = 3.94). These findings concur with those available in the literature. Ozbiglin and Tatli (2008) mentioned that successful diversity management positively correlates with improved organizational performance (Ozbiglin and Tatli (2008) as mentioned in Harold and Kumar (2012) pp. 2. Additionally, Armstrong (2009) highlighted that diversity can affect productivity which in turn affects organizational performance (Armstrong (2009) as cited in Mudanya (2014) pp. 19. In a study of medium and large manufacturing enterprises in Rwanda,

we find that increased emphasis on motivation, capacity building, creativity and innovation increases competitiveness of the organization (Rusibana, 2018).

Majority of respondents agreed that empowerment of employees enables Chomogonday Group to source quality human resource as depicted by the mean of 3.88 in table 4.5. These findings are in line with those available in the existing literature. Asgarsane et al., (2013) found that empowerment is necessary because employees in today`s organizations need to create the scope for creativity and creative teams amid changing customer demands. Besides, Baumgartner (2014) found that empowerment of employees improved service quality and job satisfaction in the hospitality industry, in effect, enhancing competitiveness.

The role of Affirmative action practices on competitiveness of Chomogonday Group

The study objective was to determine the role of affirmative action on competitiveness of the Chomogonday Group. Data analysed was on affirmative action. The responses were rated as Strongly Agree=5, Agree=4, Neutral=3, Disagree=2, strongly Disagree=1. The Chomogonday group generally agrees that affirmative action undertaken is usually communicated to all employees (mean= 3.49) and with a low variation in responses (SD=0.31). Besides, as shown in table 4.6, there was a general consensus that affirmative action benefited the intended group of employees (mean = 3.49). Affirmative action practices in the group include gender equality, balance in terms of recruitment by gender, equality in the workplace and introduction of suitable machines to fit women employees. These results coincide with those in the literature reviewed. Namakula (2017) found that 52% and 18% of respondents agreed and strongly agreed respectively that the non-commercial governmental agencies in Kenya support recruitment of under-represented target groups.

Chomogonday Group has also put in place various personnel to ensure that affirmative action is implemented within the firm. These personnel include Welfare Assistants, Managing Director, Unit Managers, Supervisors, Human Resource Manager, Departmental Managers and The Gender Empowerment and Diversity Manager among others. Due to the above measures being implemented, respondents felt that affirmative action has had a huge impact on various areas affecting them. These outcomes include, improvement in their living standards, increased diversity, reduction in discrimination, literacy levels among employees improving, safety among workers being improved, and forced labour being abolished. Similarly, Cascio (2003) highlighted that when diversity is managed well, productivity and quality of work life improves (Cascio 2003 as cited in Mudanya, 2014).

In addition, lots of jobs have been created with more female candidates being promoted, support to the disabled being accorded and sexual harassment cases being reduced. The findings coincide with those available in the literature. Mudanya (2014) found that the Technical University of Mombasa had assisted the disabled people within the institution to secure their rights. The findings of this study is that there are affirmative action practices in the organization and that

they are well communicated to all the employees and that at the end of the day the employees involved or rather those targeted benefit from such initiatives. Further findings indicate that the affirmative action initiatives improve productivity and hence competitiveness in the organization.

It is believed that the absence of adequate safeguards in the workplace elicits low productivity and hence affects competitiveness. (Shaban, Al-Zubi, Ali, & Alqotaish, 2017) Found out that competitiveness and productivity are negatively affected by low motivation and low morale and recommend the need by management to re-engineer processes and systems and provide training and incentives as a way of ensuring competitiveness through increased productivity.

INFERENCE STATISTICS

Research results indicated that there exists a highly significant relationship between empowerment and organizational competitiveness everything else held constant ($F_{4, 142} = 210.369$, P-Value= 0.000<0.05). Further, Table 1 showed that holding everything else constant, there exists a highly significant relationship between empowerment and organizational competitiveness ($F_{4, 142} = 104.819$, P-Value= 0.000<0.05).

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.956 ^a	.914	.912	.270

a. Predictors: (Constant), empowerment, apprenticeship, affirmative action and certification audits

Table 1 indicates that 91.2 % of the variation in the dependent variable is explained by the independent variables. Results further indicated that empowerment is highly significant (P-Value = 0.000) and positively related with organizational competitiveness. All else held constant, empowerment of employees' increases organizational competitiveness by 0.804. These results concur with those available in the existing literature. Bradley and Benson (1990) found that empowered employees are more productive and proactive than less empowered employees, and have higher levels of customer service, job satisfaction and employee commitment leading to increased organizational competitiveness.

Affirmative action is negatively and significantly related with organizational competitiveness (p-value =0.070). Holding all else constant, affirmative action decreases organizational competitiveness by 0.021. The results are in line with those available in the literature reviewed. Sowell (2005) found that affirmative action leads to employment of less qualified minorities which may create loss of competitiveness. Additionally, Jewson and Mason (1994) highlighted that reduced organizational competitiveness could be attributed to increased disparities within diverse groups of people.

CONCLUSIONS

Empowerment initiatives are encouraged by Chomogonday Group and are readily available to the employees. This is important especially for employee motivation and as a tool for increasing organizational competitiveness. Diversity policies have also been put in place to sensitize employees about their rights and to increase intergroup relations. However the employees generally felt that the diversity policies in place were either inadequate or very inadequate. This means that employees are not fully empowered and there are gaps where they are not protected by policies that leave them vulnerable. There is therefore a need to revise the existing policies and develop more stringent ones that will protect everyone.

Affirmative actions are also communicated by the Chomogonday Group to its employees. The employees felt that productivity of the group increased as a result of these actions. One of the reasons that productivity may have increased is because affirmative action's benefit the target groups. The results show that empowerment of employees and affirmative action play an important role in diversity management and impact positively on the competitiveness of Chomogonday group.

RECOMMENDATIONS

The present study has helped us appreciate the key role that management of diversity plays in the Chomogonday Group. It is clear that the existing affirmative action initiatives and empowerment practice have impact on organizational competitiveness. According to the Human Resource Council of Canada, (2013), the effective management of diversity reduces, significantly, any barriers or challenges to individual and organizational productivity. The study adds that such management of diversity increases employee engagement, itself an indicator of competitiveness and very often helps to achieve optimal worker performance and reduces employee turnover.

However, a few recommendations can be drawn from the study. One of the recommendations is that on affirmative action, there is some room for more action by the Chomogonday Group. When asked about the outcomes, positive or negative of affirmative action in Chomogonday Group, a significant number of the respondents felt that there was favouritism in empowerment and allocation of work. Another recommendation is the Chomogonday should review their diversity policies. Although diversity policies are important, the employees felt that diversity policies were either inadequate or very inadequate. Therefore, feedback on the specific policies should be sought from its employees to improve the working environment.

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