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The Role Of Cultural Diversity On The Performance Of Telecommunication Firms In Kenya

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ABSTRACT: The objective/purpose of the study was to determine if cultural diversity significantly affects the performance of telecommunication firms in Kenya. Organizations are increasingly hiring employees of diverse cultures from the global marketplace. Cultural diversity of employees can affect an organization's competitiveness in various ways. A combination of employees drawn from diverse cultures, nationalities and religious backgrounds could bring to an organization diverse beliefs, work ethics, values, cultures, work approaches and perspectives that may ultimately influence team cohesiveness, synergy, innovation, communication and other organizational outcomes. Secondary and primary data is collected and analyzed from a sample of 270 managers in the14 telecommunications firms for a period of five years (2010-2014). We use Blau's index (measure of heterogeneity) to operationalize cultural diversity as represented by employees of diverse nationalities. Financial measures of performance and in particular growth in sales is used to measure firm performance due to its holistic nature and popularity as a measure of performance among the targeted firms. Descriptive analysis, Correlation analysis, Analysis of Variance and Regression analysis are the statistical techniques used for measuring the level and direction of correlation between the variables. The study found out that cultural diversity of employees as represented by their nationality backgrounds has a weak but statistically significant relationship with performance ($p<0.01$), (R^2=6.6%) implying that cultural diversity explained 6.6% variation in the performance of telecommunication firms in Kenya.

Key Words: Workforce diversity, Cultural Diversity, Organizational performance

1.1 INTRODUCTION

Today's workforce is getting more and more heterogeneous in terms of culture due to the effects of globalization (Kurtulus, 2012). The impact of increased workforce diversity touches virtually on all management concerns. Organizations devote resources to diversity initiatives because they believe it is a business imperative and good for the bottom line (Jayne & Dipboye, 2004). Konrad, (2003) has stated that a global economy requires organizations to attract and retain a diverse workforce for a sustained competitive advantage. In the past twenty years, the growing diverse work force in organizations has led scholars to pay increased attention to the issue of workforce diversity (Gupta, 2013). The recognition of workforce diversity as a source of competitive advantage has become a reality in organizations today and has generated an enormous amount of interest over the recent years among business leaders, governments and within the civil society (Kochan, Ely, Joshi & Thomas, 2002). Childs, (2005) hasargued that any business that intends to be successful must have a borderless view of the workforce by ensuring that workforce diversity is part of its day to day business conduct.

Cultural diversity issues may adverselyor positively affect an organization's public reputation, competitiveness and can significantly threaten the bottom line. A combination of employees drawn from diverse cultures, nationalities and religious backgrounds could bring to an organization diverse beliefs, work ethics, values, cultures, work approaches and perspectives that may ultimately influence team cohesiveness and other organizational outcomes.

1.2 EMPIRICAL REVIEW OF LITERATURE

1.2.1 Cultural Diversity And Organizational Performance

Majority of research on diversity as a social phenomenon comes from psychologists and sociologists. (Pitts &Jarry, 2009).Since 1996, American corporations are learning how to leverage on cultural diversity for enhanced competitive advantage. Differences in cultural characteristics can predict team scores which can further be interpreted as an advantage of having ethnically different views for a team, resulting in increased problem solving and team performance. Many private firms have also manifested this kind of diversity, although a good number- especially the multi nationals and those that have adopted professionalism as a value hire purely on merit. (Zgourides& Watson, 2002). It is evident that research about how cultural diversity operates at the work place is necessary, (Rainy, 2003).

While there have been a significant number of studies that have explored the effect of diversity at individual and group level, there is little theoretical guidance and a scarcity of empirical findings concerning the potentially beneficial impact of firm-level cultural diversity on organizational outcomes (Richard, Barnet, Dwyer &Chandwick, 2006). Cultural diversity would benefit organizational performance due to a more diverse pool of skills and knowledge that leads to complimentary team performance and mutual learning (Gupta, 2013). Researchers have observed that diversity on a cultural context can influence innovativeness, and implementation of technological programmes (Gomez-Mejia &Lipach, 1997). Cultural diversity can further influence interpersonal dynamics within an organization. Interpersonal barriers rooted in cultural differences may impede the flow of information on a corporate wide basis. Cultural norms and practices may further influence the manner in which human resource programmes are implemented (Gomez-Mejia &Lipach, 1997). Organizations must cultivate a positive cultural diversity climate so as to promote and sustain an open environment conducive to maximizing the benefits of heterogeneity (McKay, Avery & Morris, 2009).

Social cultural dimension (values, customs & attitudes) of diversity can be influenced by ones nationality background. This can further influence how workers feel about their jobs and organizations and ultimately their productivity (Griffin, 2009). If people from different nationality and racio-ethnic groups hold different attitudes and perspectives on issues, then cultural diversity should increase team creativity and innovation.(Cox & Blake, 1994).Many researchers have also argued out that cultural differences can lead to unique consumer preferences

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Greaterability to cross-sell products in culturally related markets may also reduces theinformation gathering expense and uncertainty associated with targetingmarkets that are totally unrelated, Takeuchi and Porter (1986). For instance,divisions in culturally related countries may find it expedient to share marketresearch efforts, sales forces, order processing, service networks and the likeBeing a form of social cultural diversity, nationality background can influence an employee's perceptions, attitudes and norms. Where their perceived level of discrimination on the basis of nationality is high, their team performance may be adversely affected. It may further influence their level of engagement with the organization and subsequently the level of organizational performance. The argument is that a combination of employees drawn from diverse nationalities could bring to an organization diverse experiences, perspectives, approaches to work and different levels of commitment to work thus influencing the overall performance of organizations. Exchange of ideas may be more enhanced among employees benefiting from international exchange programmes in the multinational firms. This further facilitates creativity, innovativeness and group synergy. Thus in this study, and on basis of literature, it is hypothesized that "*There is no significant relationship between diverse nationality (cultural diversity) of employees and the performance of telecommunication firms in Kenya*

The diagram below is an illustration of the dynamics of cultural diversity and firm performance.

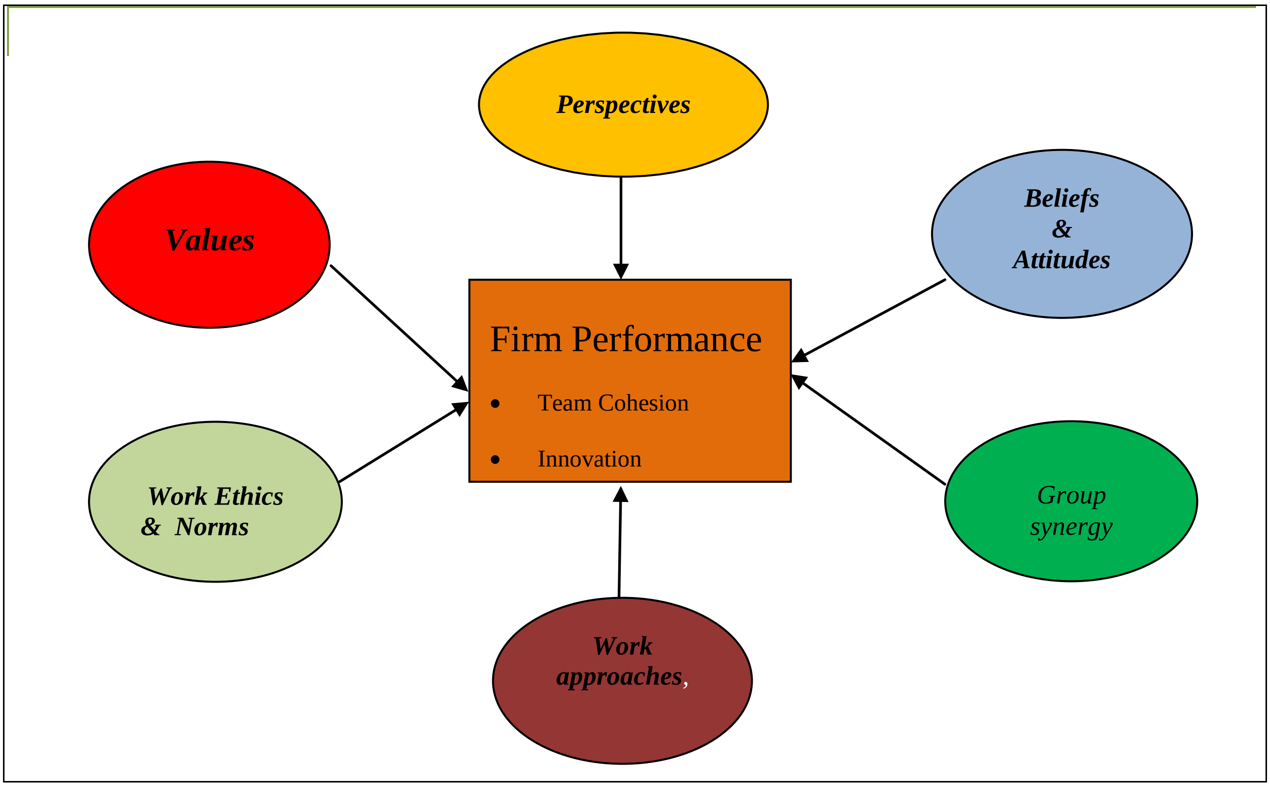

Figure 1: Dynamics of Cultural diversity and firm performance

1.3 MEASUREMENT OF THE STUDY VARIABLES

1.3.1 Organizational Performance(Dependent Variable)

Organizational performance is one of most important variables in the area of management research. Although the concept of organizational performance is very common in academic literature, its definition is not yet a universally accepted concept (Gavrea, Ilies&Stegereen 2011). Doyle, (1994), argues that there is no single or best measure of organizational performance. He however, has argued that profitability was the most common measurement used for organizational performance. Indeed, even the optimal definitions or measures of performance remain controversial. Fortunately, when these propositions are assessed, the results are often encouraging. Practices that improve the commitment and attitudes of employees do indeed enhance many financial indicators of workplace performance (Gong, Law, Chang, &Xin, 2009).Research on performance has gone through many phases in the last 30 years. Initially, they were focused mostly on financial indicators but with time, the complexity of the performance measurement system increased by using both financial and non financial indicators (Gavrea et al, 2011). Below is a discussion on key measures of organizational performance proposed by various scholars from which this study will derive and anchor the measurement of the dependent variable which is organizational performance.Financial performance is one of the key indicators of overall organizational performance. In the private sector, the bottom-line indicator of performance is profitability. In the last 30 years, firm's performance has widely been measured through various indicators of its financial success. The financial performance of most profit oriented organizations can be assessed both in terms of its top line (e.gsales) as well as its bottom line (e.g profitability) measures. In the recent years, financial ratios (ROI & ROA) have been used by researchers to measure organizational performance. The use of these financial ratios provide a comprehensive & fair view of a firm's financial performance as opposed to using only one measurement such as sales, profits, assets etc. (Abu-jarad, Yusof&Nikbin, 2010).

Many researchers utilize traditional accounting measures of profit. One of the most common used indices, for example, is return on assets or return on investments (Staw& Epstein, 2000; Wan &Hoskisson, 2003). Roughly, return on assets is the annual profit or net income divided by the average assets over the year. More precisely, to compute the numerator, researchers usually subtract the interest expense and the interest tax savings from the annual profit. As Van Dyck, Frese, Baer, and Sonnentag (2005) highlight, return on assets is a measure of operating efficiency, reflecting the long term financial strength of organizations. Some researchers have utilizedsubjective estimates of financial performance where a measure that, in essence, combines the benefits of objectives indices with the merits of subjective indices are applied. Specifically, participants are asked to complete a series of subjective questions, which are intended to gauge objective indices. These measures have been shown to correlate appreciably with objective measures (Delaney &Huselid, 1996). Although related to profit, some researchers instead compute the general productivity of employees. Roughly, employee productivity is the revenue divided by the total number of employees. Many researchers, however, prefer to compute the natural log of revenue divided by the total number of employees (Subramony, Krause, Norton, & Burns, 2008). In their study, (Subramony, Kraus, Norton, & Burns, 2008).showed that perceptions of pay affected employee productivity. That is, productivity, as measured by the natural log of revenue divided by the total number of employees, increased if employees', one year earlier, had reported they felt their pay was competitive.Sales are often used to gauge the performance of organizations. Nevertheless, several variants of sales have been utilized. In one study, for example, conducted by Salamon and Robinson (2008), sales relative to targets was calculated.

That is, senior management had estimated the sales target of each site, depending on the product lines, characteristics of the clientele, and other factors. To compute sales performance, actual sales was divided by target sales, and then multiplied by 100. This study showed that sites in which employees felt trusted by management experienced a sense of responsibility and accountability, which translated into improvements in this sales index (Salamon& Robinson, 2008). Many related measures of sales are also used. Typical examples are total sales growth, rather than merely sales, as well as market share (Gong, Law, Chang, &Xin, 2009).In lieu of more objective measures of workplace performance, some researchers also assess subjective indices. One of the most common subjective indices is customer service. To illustrate, in the study undertaken by Salamon and Robinson (2008), customer surveys were conducted. This particular survey comprised 10 questions, such as whether customers were assisted or greeted appropriately. Customer service was rated more favorably if employees felt trusted by management.

Many indices of workplace performance disregard the goals of organizations. In one year, for example, organizations might want to invest in expensive technology, to enhance productivity in the future. The profit in this year might be negligible even if the workplace fulfills its objectives. Accordingly, profit might not be a suitable measure of performance in this context. Therefore, to gauge workplace performance, some researchers examine the extent to which the organization has fulfilled its goals. In one study, conducted by van Dyck, Frese, Baer, and Sonnentag (2005), participants rated the extent to which their "...organization achieved its most important goal in the last year" and the degree to which the organization was successful "...in comparison to other companies in the same line of industry and of (about) the same size?". As the authors predicted, organizations that manage errors effectively were more likely to fulfill their goals (van Dyck, Frese, Baer, &Sonnentag, 2005). Financial measures of performance and in particular growth in sales is used to measure firm performance due to its holistic nature and popularity as a measure of performance among the targeted firms.

1.3.2 OperationalizationOf Cultural Diversity

Blau's index (measure of heterogeneity)is used to operationalize cultural diversity as represented by employees of diverse nationalities. Blaus Index allows one to calculate the level of diversity present among a group of individuals. A perfecty homogeneous group would receive a score of 0, while a perfectly heterogeneous group would receive a score of 1. (Pitts &Jarry, 2009). This Index is calculated as $1-\sum P_i^2$ where **P** is the proportion of individuals in a category and **i** is the number of categories. The index could theoretically range from 0-1 indicating the level of heterogeneity in a category. Other measures of diversity include but are not limited to the following; Sterlings Model &, culture distance index.

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Blau's Index of Heterogeneity

$$D = 1 - \Sigma p_i^2$$

Where

p = Proportion of employees in each age group/category

i = The number of different age categories

Example

An organization is comprised of 80% whites, 10% African-Americans, 5% Hispanics, and 5% from all other categories. As a result, $D = 1 - [(0.80)^2 + (0.10)^2 + (0.05)^2 + (0.05)^2]$, or **0.345**. When four cultural groups are used, the values of the variable range from 0 (perfect homogeneity) to 1 (perfect heterogeneity).

Figure 2 : Operationalization Of Cultural Diversity

2.1 Theoretical Review Of Literature

2.1.1 Blau's Theory Of Heterogeneity

Blau, (1977) argued in his theory of heterogeneity that firms with different levels of cultural diversity experience dissimilar dynamics and organizational outcomes. Within culturally homogeneous groups, members will tend to communicate with one another more often and in a greater variety of ways resulting in in-group attachments and shared perceptions. This enhances group cohesion and subsequent organizational outcomes. An important but ignored topic of study in the research on group diversity is the basis for work group formation. Many organizational groups, such as functional departments, may be experiencing greater gender and culture diversity as the increasing diversity of the workforce brings a more diverse set of workers to organizations.

However, the inflow of diverse workers does not necessarily mean that all organizational groups will assemble in a diverse way (Blau, 1977). Blau's, (1977) discussion of group heterogeneity and social structure may be instructive. On the one hand, Blau asserts that similarities on one nominal parameter (e.g., race) will promote social associations. On the other hand, he maintains that people will associate not only with members of their own groups but also with members of other groups. The association of cultural groups in an organization enhances communication and group synergy that can further influence organizational performance

2.1.2 Social Categorization Theory

Social-categorization theory, by (Turner, 1987) suggests that people belong to many different social groups(e.g nation, employer, or school). It predicts that individuals sort themselves into identity groups based upon salient characteristics and that they act in concert with their categories and favour contexts that affirm group identity (Hogg & Terry, 2000). In consequence, dissimilar individuals are less likely to collaborate with one another compared to similar individuals. In this way, social categorization may disrupt elaboration of task-relevant information because of possible biases towards in-group members and negative biases towards out-group members. (Knippenberg ,Kleef& De-Dreu, 2007).

This is a theory of the self, group processes, and social cognition (Turner et al., 1987) which emerged from research on social identity theory. It is concerned with variation in self-categorization (in the level, content and meaning of self-categories. It focuses on the distinction between personal and social identity. Social-categorization theory seeks to show how the emergent, higher-order processes of group behavior can be explained in terms of a shift in self-perception from self-categorization in terms of personal identity to self-categorization in terms of social identity. Culture of employees may be viewed as a dimension of social category diversity. Thus, employees in an organization may sort themselves in social categories of particular cultural group. This may influence their group behavior as well as responses to the micro and macroeconomic environment.

2.1.3 Similarity/ Attraction Theory

Byrne's, (1970) theory of effect and attraction assumes that one's evaluation of another is the result of reinforcement associated with the other. Similarity/attraction theory posits that people like and are attracted to others who are similar, rather than dissimilar, to themselves; "birds of a feather," the adage goes, "flock together." Social scientific research has provided considerable support for tenets of the theory since the mid-1900s. The theory provides a parsimonious explanatory and predictive framework for examining how and why people are attracted to and influenced by others in their social worlds. In addition to people's inclinations to be attracted to those who share similar attitudes, people are also attracted to others who manifest personality characteristics that are similar to their own. (Byrne, 1971).

Various researchers from a variety of fields such as marketing, political science, social psychology, and sociology have supported the assumptions of similarity/attraction theory. The argument is that people of similar religious background, ethnicity, age group and gender may tend to prefer to work together due to their common characteristics thus enhancing group cohesiveness and performance. In addition, interactions that may be perceived to be discriminatory on the basis of religion, ethnicity, age and gender may lead to harmful and negative effects on team cohesiveness (Triana, Garcia &Colella, 2010). Similarity of employees in a cultural dimension may bring inclinations and tendencies of attraction among themselves, thus promoting communication and synergy in their workgroups.

2.1.4 Resource Based View Theory

Resource Based View (RBV) Theory views organizations as consisting of a variety of resources generally including four categories viz; physical capital, financial capital, human capital, and corporate capital, (Barney & Clark, 2007). The attributes of resources held by firms can contribute and determine their level of performance (Yang &Konrad, 2013). Resources that allow a firm to implement its strategies are viewed as valuable and can be a source of competitive parity Barney & Clark D, (2007).

Resources that are viewed as valuable and rare can be a source of competitive advantage. Those that are valuable, rare and inimitable can be a source of sustained competitive advantage (Barney & Clark, 2007). Moreover, to achieve a sustained competitive advantage, a firm needs to have the ability to fully exploit the potential and stock of its valuable, rare and inimitable resources. Such ability and potential often resides in the diverse characteristics of its workforce.

Barney (1986, 1991) summarized four empirical indicators of the potential of firm resources to generate sustained competitive advantage in a VRIN model signifying V=Valuable, R=Rare, I=Imperfectly Imitable and N=(Non) – Substitutability. The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Peteraf, (1995). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort. Barney, (1991). If these conditions hold, the bundle of resources can sustain the firm's above average returns. The VRIO and VRIN model also constitutes a part of RBV. Notably, employees of different cultural groups may be endowed with different capabilities and are viewed as resources that if well appropriated, can enhance organizational performance.

METHODOLOGY

Secondary and primary data is collected and analyzed from a sample of 270 managers in the 14 telecommunications firms for a period of five years (2010-2014). Blau's index (measure of heterogeneity) is used to operationalize cultural diversity. Financial measures of performance and in particular growth in sales is used to measure firm performance due to its holistic nature and popularity (41%) as a measure of performance among the targeted firms. Descriptive analysis, Correlation analysis, multiple regression analysis were the statistical techniques used for measuring the level and direction of correlation between the variables.

4.1 FINDINGS

4.1.1 Descriptive Statistics – Cultural Diversity

The diversity index, or the Blau-indicator, shows in what way there is heterogeneity within one variable. So, in fact, it measures the diversity of the variable. In table 4.1, the study looked at the cultural diversity of the employees as represented by their nationality backgrounds in the telecommunication firms. From the table, the firms under study had low Blaus' index means of less than 0.30 ($\leq$ 0.3). Comm Carriers satelite services has the highest mean Blau-indicator of 0.3 while Sea Sub marines ltd has the lowest mean Blau-indicator of 0.16.The difference of 0.14 significant at a 0.05 level, as can be seen from Table 4. One explanation for the difference in cultural diversity might be that Kenyan companies in the sample are more local or national focused.

Table 4.1 Descriptive Statistics – Cultural Diversity

Dataset	Mean	Stddev	Min	Median	Max
Safaricom Ltd	0.26	0.05	0.05	0.26	0.34
Telkom Kenya Ltd	0.19	0.00	0.00	0.19	0.19
Simba Net ltd	0.19	0.00	0.00	0.19	0.19
Kenya data Network Ltd	0.18	0.00	0.00	0.18	0.18
Airtel Ltd	0.22	0.09	0.09	0.18	0.34
Sea Sub marines ltd	0.16	0.04	0.04	0.16	0.19
Comm Carriers satelite services	0.30	0.04	0.04	0.27	0.34
Iway Africa Ltd	0.18	0.00	0.00	0.18	0.18
Jamii Telecommunications Ltd	0.27	0.00	0.00	0.27	0.27

4.1.2 CORRELATION ANALYSIS

Four other independent variables, the dependent variable and the moderating variable were each subjected to bivariate correlation analysis. The correlation results for each of the variables are shown in the Table 4.. From Table 4.16, the correlations for all the variables were positive, statistically significant (P<.05). Age diversity and work experience diversity had the highest correlation at .767, followed by age diversity and gender diversity at .734 and finally the lowest correlation was between gender diversity and cultural diversity at 0.543. Thus, the variables were significantly correlated implying that they could be grouped together. Further, an examination of Pearson correlation coefficients between the independent variables indicate that the partial correlation coefficients were all less than 0.8 indicating absence of multicollinearity. Field (2005) suggested that correlation coefficient greater than 0.8 indicate presence of multicollinearity.

Table 4.2: Correlations Analysis On The Study Variables

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	Age diversity	Work experience diversity	Gender diversity	Cultural diversity	Performance
Age diversity	1				
Work experience diversity	.767(**)	1			
Gender diversity	.734(**)	0.614(**)	1		
Cultural diversity	.618	.546	.543	1	
Performance	.755	.705	.676	.656	1

5.1 TEST OF HYPOTHESES

5.1.1 Cultural Diversity OnPerformance

The objective of the study was to assess the role of cultural diversity on the performance of telecommunication firms in Kenya. This was analysed by testing the null hypothesis which states that;*There is no significant relationship between cultural diversity and the performance telecommunication firms in Kenya*. Before the regression analysis was carried out, Pearson's correlation analysis was carried out to ensure that there was no multicollinearity. Multicollinearity exists when there is a strong correlation between two or more independent variables and this poses a problem when running regression analysis. According to Zikmund, Babin, Carr, & Griffin, 2010) multicollinearity exists when correlations between two independent variables are at or in excess of 0.80. In this study, the highest correlation was between age diversity and work experience diversity (r = 0.767, p< 0.05) which rules out multicollinearity. Pearson's product moment correlation statistic was used to test the relationship between cultural diversity and performance. From table 4.3 , cultural diversity was found to have a moderately strong correlation with performance (r = 0.258); the correlation was found to be statistically significant (p<0.01). The hypothesis was also tested using regression analysis.

From Table 4.3, the R-Square is 0.066, implying that cultural diversity explains 6.6 % of the variability in Performance. This relationship was found to be weak but statistically significant (p<0.01). From the findings it is concluded that there is a significant relationship between between cultural diversity and the performance telecommunication firms in Kenya, and **thus we reject null hypothesis**. Hence we accept the alternate hypothesis and conclude that cultural diversity has significant relationship with performance of telecommunication firms in Kenya.This study concurs with another study by (Gomez-Mejia and Lipach (1997) who observed that a combination of employees drawn from diverse nationalities could bring to organization diverse experiences, and different levels of commitment to work thus influencing the overall performance of organizations. Differences in cultural characteristics can predict team scores which can further be interpreted as an advantage of having ethnically different views for a team, resulting in increased problem solving and team performance.

Table 4.3: Cultural diversity and Firm Performance (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.258a	0.066	0.059	5.97184

a. Predictors: (Constant), cultural diversity

b. Dependent Variable: Performance

Table 4.4 shows the results of ANOVA test which reveal that cultural diversity have significant effect on the performance of telecommunication firms in Kenya. Since the P value is actual 0.026 which is less than 5% level of significance. This is depicted by linear regression model $Y=B_0+B_1X_{1+}e$ where X_1 is the cultural diversity the P value was 0.026 implying that the model $Y=B_0+B_1X_{1+}e$ was significant.

Table 4.4: ANOVA for cultural diversity and Performance

Model		Sum of Squares	*df*	Mean Square	*F*	*P*
	Regression	183.887	1	183.887	5.156	.026a
	Residual	2817.37	198	35.663		
	Total	3001.26	199			

a. Predictors: (Constant), Cultural diversity

b. Dependent Variable: Performance

Table 4.5: Coefficients for Cultural Diversity and Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta (β)	*t*	*Sig (p)*
1	(Constant)	1.43	6.072		0.235	0.014
	Cultural diversity	2.956	1.302	0.248	2.271	0.026

a. Dependent Variable: Performance

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The study conducted a regression analysis so as to cultural diversity significantly affects the performance of telecommunication firms in Kenya.

The regression equation ($Y = \beta 0 + \beta_1 X_1 + e$) was:

$Y = 1.43 + 2.956X_1 + e$

Whereby: Y = performance and X_1 = cultural diversity

According to the regression equation established, taking cultural diversity constant at zero, performance of telecommunication firms in Kenya will be 1.43. The data findings analyzed also shows that taking all other independent variables at zero, a one (1%) change in cultural diversity will lead to a 2.956% variation in the performance of telecommunication firms in Kenya.

6.1 DISCUSSIONS

If people from different nationality and racioethnic groups hold different attitudes and perspectives on issues, then cultural diversity should increase team creativity and innovation.(Cox & Blake, 2015). Many researchers have also argued out that cultural differences can lead to unique consumer preferences Greater ability to cross-sell products in culturally related markets may also reduces the information gathering expense and uncertainty associated with targeting markets that are totally unrelated, Takeuchi and Porter (1986). For instance, divisions in culturally related countries may find it expedient to share market research efforts, sales forces, order processing, and service networks Being a form of social cultural diversity, nationality of employees can influence their perceptions, attitudes and norms. Where their perceived level of discrimination on the basis of culture is high, their team performance may be adversely affected. It may further influence their level of engagement with the organization and subsequently the level of organizational performance.

Our argument is that a combination of employees drawn from diverse nationalities (cultural backgrounds) could bring to an organization diverse beliefs, cultures and perspectives to work. Exchange of ideas may be more enhanced among employees benefiting from international exchange programmes in the multinational firms. This further facilitates creativity, innovativeness and group synergyWhere there are perceived level of discrimination on the basis of culture team performance may be adversely affected. It may further influence their level of engagement with the organization and subsequently the level of organizational performance. A combination of employees drawn from diverse cultures, nationalities could bring to an organization diverse beliefs, cultures and perspectives to work.

7.1 LIMITATIONS

The study considered nationality of employees as the only key element of cultural diversity. Considering the broad view of cultural diversity, this restricted view presented a limitation to the study whose results could then not be generalized. The effects of other extraneous variables(other independent variables that were not the purpose of this study) also posed a limitation in the absence of effective control mechanisms. The study findings could therefore be confounded by the element of their effect and could not be generalized. It was not possible to control for all the extraneous variables which could further minimize the generalizations of the study results.The focus of this study is the telecommunication industry within the private sector of the economy. Human resource practices in private and public sector of the economy may vary greatly especially with respect to issues of cultural diversity. The variation in practice could pose a limitation to the study findings which could not be generalized to apply to all the sectors of the economy.

8.1 RECOMMENDATIONS

Management of telecommunication firms should consider cultural diversity a strategic imperative. It is recommended that the organizations should adopt a more inclusive policy of recruiting employees of diverse cultures drawing them from different nationalities in an effort to tap from their strengths and capabilities since cultural diversity appears to be a key factor that could drive organizational performance. Employee exchange programmes are recommended so as to have them exposed to different global cultures. This would help them keep abreast with emerging issues relating to their work, thus making them more adaptive to the changing environment.Employee exchange programmes are recommended so as to have them exposed to different global cultures. This would help them keep abreast with emerging issues. Cultural diversity would benefit organizational performance due to a more diverse pool of skills and knowledge that leads to complimentary team performance and mutual learning relating to their work, thus making them more adaptive to the changing environment.

The study recommends that management in the telecommunication firms in Kenya should conduct regular reviews on their staff establishments in relation to the existing workforce diversities in an effort to establish cultural diversity levels that create synergy for optimum organizational performance. The study also recommends that organizations should develop and inculcate diversity mainstreaming. We suggest that management of organizations should develop mechanisms that promote cultural diversity in the workplace through effective diversity programs. Regular training on diversity should be conducted among the employees for the purpose of strengthening the well being of the organization. This helps in the development of cohesive teams and greater concentration at work.

9.1 FUTURE RESEARCH

The study considered nationality of employees as the key indicator of cultural diversity in the telecommunication firms in Kenya. It is recommended that future studies focusing on other elements of cultural diversity like race, ethnicity and, religious background should be carried out for more generalized findings. It is further recommended that future studies covering a broader scope of cultural diversity within otherindustries should be carried out and more so within the East African Community partner states. The focus of the research was on telecommunication firms in Kenya. Further research in other sectors of the economy is suggested that will enable results to be compared between the private and public sectors of the economy and across industry.

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