# DIVERSITY AND INCLUSION PRACTICES ON CORPORATE PERFORMANCE OF TIER 2 COMMERCIAL BANKS IN KENYA

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# DIVERSITY AND INCLUSION PRACTICES ON CORPORATE PERFORMANCE OF TIER 2 COMMERCIAL BANKS IN KENYA

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## DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

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Signature…………………..............................................Date…………………………

I do hereby confirm that I have examined the master's dissertation of Fredrick Odiwuor Otieno And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed.

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## ABSTRACT

Diversity and inclusion have emerged as important matters of strategy to organizations that are seeking to experience sustainable development and competitiveness. This study has discussed the effects of diversity and inclusion practice on corporate performance of the Tier 2 commercial banks in Kenya. Four dimensions led to the study, including, gender equality, inclusive hiring, accessibility at the workplace, training and awareness programs would inform this study. The research was anchored on four theories such as the Social Role Theory, Human Capital Theory, Social Model of Disability as well as the Social Learning Theory. The research design that was adopted and involved a quantitative approach was descriptive. Five employees and management staff of top Tier 2 commercial banks were used as the sample. Stratified random sampling assisted in the selection of a representative sample of 207 respondents. The information obtained was through the structured questionnaires and analyzed with the help of Statistical Package of Social Sciences (SPSS) version 27. The correlational test was employed to test both the relationship among the variables of the study and descriptive statistics and multiple regression analysis. The outcome revealed that diversity and inclusion practices were significant and positive to corporate performance in Tier 2 commercial banks. Training and awareness programs, workplace accessibility, gender equality and inclusive hiring were the most influential ones. The results of the regression showed the regression coefficients of R-Sq= 0.717 with the implication of the diversity and inclusion practices explaining 71.7% of the corporate performance variance. The ANOVA results also showed that the model was statistically significant ($p = 0.000$). These results indicated the necessity to mention that banks with inclusive policies were more productive, innovative, and effective in their organization. It has been determined in the analysis that diversity and inclusion practices are necessary to enhance the performance of corporations, the most prevalent one in this example is training and awareness programs. It recommended that the banks should strengthen their inclusion plans with widespread training, availability in work places, gender equilibrium and equal hiring processes. This study proposed that other studies should explore the moderating implication of the organizational culture and the leadership commitment on the relationship between the practices of inclusion and performance.

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## TABLE OF CONTENTS

**DECLARATION** ........ iii

**ABSTRACT** ........ iv

**ACKNOWLEDGEMENTS** ........ v

**TABLE OF CONTENTS** ........ vi

**DEDICATION** ........ x

**LIST OF FIGURES** ........ xi

**LIST OF TABLES** ........ xii

**ABBREVIATIONS AND ACRONYMS** ........ xiii

**TERMS AND DEFINITIONS** ........ xiv

**CHAPTER ONE** ........ 1

**INTRODUCION** ........ 1

1.1 Background of the Study ........ 1

1.1.1 Diversity and Inclusion Practices ........ 4

1.1.2 Corporate Performance ........ 6

1.1.3 Tier 2 Commercial Banks in Kenya ........ 7

1.2 Statement of the Problem ........ 9

1.3 Research Objectives ........ 11

1.3.1 General Objective ........ 11

1.3.2 Specific Objectives ........ 11

1.4 Research Questions ........ 12

1.5 Justification of the Study ........ 12

1.6 Significance of the Study ........ 13

1.7 Scope of the Study ........ 14

**CHAPTER TWO** .......... **16**

**LITERATURE REVIEW** .......... **16**

2.1 Introduction .......... 16

2.2 Theoretical Review .......... 16

2.2.1 Social Role Theory .......... 16

2.2.2 Human Capital Theory .......... 18

2.2.3 Social Model of Disability .......... 19

2.2.4 Social Learning Theory .......... 21

2.3 Empirical Review .......... 23

2.3.1 Gender Equality Initiatives on Corporate Performance .......... 23

2.3.2 Inclusive Hiring Practices on Corporate Performance .......... 25

2.3.3 Workplace Accessibility for People with Disabilities on Corporate Performance .......... 27

2.3.4 Training and Awareness Programs on Corporate Performance .......... 30

2.4 Conceptual Framework .......... 32

2.5 Operationalization of Variables .......... 34

2.6 Research Gaps .......... 35

**CHAPTER THREE** .......... **36**

**RESEARCH METHODOLOGY** .......... **36**

3.1 Introduction .......... 36

3.2 Research Design .......... 36

3.3 Target Population and Sample .......... 36

3.4 Sampling Technique and Sample Size .......... 38

3.5 Research Instrument .......... 39

3.6 Validity and Reliability of the Instrument .......... 40

3.6 Data Collection .......... 41

3.8 Data Analysis and Presentation ........ 42
3.9 Diagnostic Tests ........ 43
3.9.1 Multicollinearity Test ........ 43
3.9.2 Autocorrelation Test ........ 44
**CHAPTER FOUR ........ 45**
**FINDINGS AND DISCUSSION ........ 45**
4.1 Introduction ........ 45
4.2 Pilot Test Results ........ 45
4.2.1 Reliability Test ........ 46
4.2.2 Validity Test ........ 47
4.3 Response Rate ........ 47
4.4 Demographic Analysis ........ 48
4.4.1 Gender of Respondent ........ 48
4.4.2 Age Group Category ........ 49
4.4.3 Education Level Attained ........ 50
4.4.4 Years in Banking ........ 51
4.4.5 Current Role Position ........ 52
4.4.6 Importance of Diversity and Inclusion Practices ........ 53
4.5 Descriptive Statistics ........ 54
4.5.1 Analysis Based on Gender Equality Initiatives ........ 54
4.5.2 Analysis Based on Inclusive Hiring Practices ........ 56
4.5.3 Analysis Based on Workplace Accessibility ........ 59
4.5.4 Analysis Based on Training and Awareness Programs ........ 61
4.5.5 Analysis Based on Corporate Performance of Commercial Banks ........ 64
4.6 Inferential Analysis ........ 66

4.6.1 Model Summary .......... 67
4.6.2 ANOVA .......... 68
4.6.3 Coefficients .......... 69
4.6.4 Correlations .......... 72
4.7 Diagnostic Test .......... 74
4.7.1 Multicollinearity Test .......... 74
4.7.2 Autocorrelation .......... 75
**CHAPTER FIVE .......... 77**
**CONCLUSION AND RECOMMENDATIONS .......... 77**
5.1 Introduction .......... 77
5.2 Summary of Findings of the Research Study .......... 77
5.2.1 Demographic Characteristics of Respondents .......... 77
5.2.2 Gender Equality .......... 78
5.2.3 Inclusive Hiring .......... 79
5.2.4 Workplace Accessibility .......... 80
5.2.5 Training and Awareness Programs .......... 80
5.2.6 Combined Effect of Diversity and Inclusion Practices .......... 81
5.3 Conclusion of the Research Study .......... 82
5.4 Recommendations of the Research Study .......... 82
5.5 Implications of the Research Study on Human Resource Practice .......... 83
5.6 Recommendation for Further Research .......... 84
**REFERENCES .......... 86**
**APPENDICES .......... 93**

## DEDICATION

I dedicate this research project to my loving family members whose unwavering support and encouragement have been my guiding light throughout this journey. My sincere thanks go to them for their love, prayers, assistance and encouragement having understood my situation during my professional and academic work.

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## LIST OF FIGURES

**Figure 1 Conceptual Framework**........................................................................................ 32

**Figure 2 Gender of Respondent**......................................................................................... 48

**Figure 3 Age Group Category**........................................................................................... 49

**Figure 4 Education Level Attained**.................................................................................... 50

**Figure 5 Years in Banking**................................................................................................ 51

**Figure 6 Current Role Position**.......................................................................................... 52

**Figure 7 Importance of Diversity and Inclusion Practices**...................................................... 53

## LIST OF TABLES


**Table 1 Operationalization Table** ........................................................................ **34**

**Table 2 Target Population** ........................................................................ **37**

**Table 3 Sample Size**........................................................................ **39**

**Table 4 Reliability Test** ........................................................................ **46**

**Table 5 Response Rate** ........................................................................ **47**

**Table 6 Gender Equality Initiatives** ........................................................................ **54**

**Table 7 Inclusive Hiring Practices** ........................................................................ **56**

**Table 8 Workplace Accessibility** ........................................................................ **59**

**Table 9 Training and Awareness Programs** ........................................................................ **61**

**Table 10 Corporate Performance of Commercial Banks** ........................................................................ **64**

**Table 11 Model Summary**........................................................................ **67**

**Table 12 ANOVA** ........................................................................ **68**

**Table 13 Coefficients** ........................................................................ **69**

**Table 14 Correlations**........................................................................ **72**

**Table 15 Multicollinearity Test** ........................................................................ **74**

**Table 16 Model Summary for Autocorrelation** ........................................................................ **76**

## ABBREVIATIONS AND ACRONYMS

**CBA:** Commercial Bank of Africa

**CBK:** Central Bank of Kenya

**CSR:** Corporate Social Responsibility

**DTB:** Diamond Trust Bank

**ISO:** International Organization for Standardization

**KBA:** Kenya Bankers Association

**KCB:** Kenya Commercial Bank

**LGBT:** Lesbian, Gay, Bisexual, and Transgender

**SACCO:** Savings and Credit Cooperative Organization

**SDG:** Sustainable Development Goals

## TERMS AND DEFINITIONS

**Corporate Performance:** The capability of an organization or company to attain its objectives, which can be quantified in a number of ways including financial development, staff efficiency and customer satisfaction (Shahbaz et al. 2020).

**Gender Equality Initiatives:** Refers to policies, strategy, and actions undertaken in order to guarantee equal treatment and opportunities to the members of both sexes in an organization. These involve equal pay, leadership, and maternity (Baker et al. 2021).

**Inclusive Hiring Practices:** The term means recruitment and selection procedures, which focus on fairness, diversity, and inclusiveness, to allow all candidates, irrespective of their gender, race, or background, to have a fair opportunity of being hired (Shubeck et al. 2020).

**Training and Awareness Programs:** Refers to programs that focus on training employees on diversity, inclusion, and equity at work. Sensitivity programs, anti-discrimination policies, and inclusive leadership training can be part of these programs (Abrahams et al. 2024).

**Workplace Accessibility:** The term is used to refer to the physical and environmental aspects in the workplace that allow all employees, including those with disabilities, to work effectively. These involve work-related flexibility, support technologies, and available infrastructure (Huntsman, 2021).

# CHAPTER ONE

# INTRODUCION

## 1.1 Background of the Study

Diversity is the demographic difference that occurs within an organization, such as gender, ethnicity, age, abilities, and experiences (Chimakati, 2024). Inclusion, however, is the way to make sure that this diversity is used efficiently to improve organizational goals instead of making it a barrier. Inclusive practices bring about work environments in which employees feel appreciated, empowered and included in the decision-making process. Organizations with adopted holistic D&I approaches are found to enjoy increased employee engagement, innovation and reduced turnover rates (Juster, 2022). In the US, one example of such a company is said to achieve high productivity and quicker problem-solving processes because of the inclusion of varying viewpoints (Chimakati, 2024).

Regional level and especially in the African countries, diversity and inclusion have taken center stage as sources of organizational performance. Inclusive corporate board policies in South Africa have resulted in a better decision-making process and governance, which allows firms to compete effectively at the international level (Pichler, 2018). On the same note, inclusive workplaces in Nigeria have been linked to increased employee morale, innovation, and organizational commitment (Hussein, 2020). The inclusion practices also contribute to the attraction of the best talent since the companies are perceived to be fair, modern, and socially responsible employers. The findings are important to highlight that diversity and inclusion are not only a moral duty but a business strategy towards sustainable success (Mbirira, 2023).

Although D&I initiatives have such advantages, organizations experience issues related to the effective implementation of such initiatives. The effects of diversity work are usually restrained by resistance to change, unconscious biases, and tokenistic policies (Ong'ayi, 2023). In Egypt, organizations, which implement superficial D&I programs without applying them to core strategies can hardly achieve significant levels of employee engagement and performance gains (Thiga, 2023). The diversity programs might also lead to tension among the employees because they might think that some groups are favored. Therefore, successful inclusion should be based on a deliberate policy framework, a steady leadership involvement, and a continuous assessment to make sure that diversity is translated into quantifiable organizational results.

Leadership commitment and accountability are very important in the Kenyan context to guarantee successful implementation of D&I. The culture in the workplace is influenced by the leaders through encouraging equal employment, professional growth, and respect towards different opinions (Jejeniwa, 2024). Inclusion is also improved by training programs that create cultural competencies as well as sensitize about unconscious bias. Companies that keep track of diversity programs and endeavors by employee feedbacks and performance appraisals are in a better position to make sound decisions that enhance organizational performance (Adeniyi, 2024). In Kenya, Tier 2 commercial banks that have D&I as a strategic reporting policy improvement on innovation, retention of employees and operational efficiency.

In addition to internal organizational gains, diversity and inclusion have extensive external implications to external stakeholders. Inclusive organizations in other countries as France are known to be more satisfied with the customers, have better brand loyalty and are more confident with their investors because they are in a position to comprehend the expectations of different customers (Jerab, 2023). Socially responsible companies that have diversified workforces have better reputations in the eyes of regulators, investors, and the community in Africa (Castelino, 2023). Inclusive work places also benefit the corporate social responsibility programs, and firms gain growth in addition to conducting ethical and equitable operations. It means that D&I practices are strategic drivers of financial performance and social impact.

Diversity and inclusion programs also enhance the engagement and wellbeing of employees. In India, inclusive workplaces have been associated with more motivation, low conflict at the workplace, and employment satisfaction (Jaiswal, 2020). Cross-functional teams that include diverse members encourage the sharing of knowledge, solving of problems and innovation. Through inclusion, employees feel respected and valued and this enhances their productivity and dedication to organizational objectives (Chimakati, 2024). Therefore, companies that value D&I do not only improve the level of employee satisfaction but also are set to achieve long-term corporate success in the competitive markets.

In general, the concept of diversity and inclusion is the key to the contemporary performance of corporations. The world over, companies which include these principles in their strategic planning enjoy increased innovation, employee participation, and financial performance (Murumba, 2020). In Kenya, good D&I practices enhance internal efficiency and the external corporate social responsibility (Okatta, 2024). It is important that the success of these initiatives is based on commitment of leaders, their strategic alignment, and constant assessment. With globalization taking off at a high pace, the integration of diversity and inclusion into corporate systems will continue to be relevant in the creation of robust, competitive, and socially accountable organizations that can thrive in complex and dynamic business settings.

### 1.1.1 Diversity and Inclusion Practices

The practices of diversity and inclusion (D&I) around the world have transformed into not only compliance but also strategic priorities which affect the corporate performance. In Europe and the United States, organizations adopt formal diversity training, employee resource groups, and diversity analytics in order to monitor the inclusion outcomes (Gay, 2024). Organizations like Google and Microsoft publish diversity reports on an annual basis, set recruitment goals of underrepresented populations, and incorporate inclusion as part of their business culture. These programs boost their morale, innovation and profitability of the employees. The trends affecting the world also apply to Africa and Kenya, and this offers a way of institutionalizing the practices that are inclusive and enhance their competitiveness, stakeholder credibility, and workforce productivity in the ever-interconnected markets (Ferraz, 2021).

The rate of adoption of diversity frameworks is increasing in African countries although the degree of adoption varies throughout the continent. South Africa has a policy institutionalized through the Broad-Based Black Economic Empowerment (BBBEE) that encourages inclusivity in the workforce by promoting equity-based recruitment and representation practices (Irons, 2021). The Constitution and Employment Act have provided legislative measures in Kenya to encourage equal opportunities regardless of gender, ethnicity, disability, and age. However, research suggests that the policy and practice are loosely coupled, especially in the organizations of the private sector (Kerich, 2024). International experiences indicate that to lead innovation, retention, and competitive advantage in organizations in Africa, active incorporation of D&I policies instead of passive compliance is necessary.

The Tier 2 banking industry in Kenya is an example of how D&I practices have improved and how they have not been applied. The issue of gender is also a primary one, but women do not respond to the number of representatives in leadership and decision-making positions (Mogeni, 2025). Although other banks implement mentorship programs, maternity and paternity leaves, and flexible working hours, no organized gender pipelines and audits on data make their results measurable (Genga, 2024). Other dimensions of diversity, age, disability and ethnicity are given little concern thus causing underutilization in talents and lack of workforce innovation. The strategic implications of weak D&I practices comprise the existence of a negative brand reputation, lack of trust in the stakeholders, and reduced employee involvement.

Another area that is of critical concern where the Kenyan firms are not at par with the global standards is disability inclusion. Accessibility of workplaces, assistive technology, and focused recruitment of the disabled are some of the initiatives used by organizations in countries like the United Kingdom to improve engagement and innovation (Bonaccio, 2020). Accessibility measures are also scarce in Kenya, and the majority of offices are not made to suit employees with disabilities (Gitau, 2023). The exclusion affects the achievements of organizational efficiency and goal of social responsibility, and the companies which do not grasp the concept of disability inclusion may be subject to poor reputation and legal issues. The incorporation of disability-based policies can thus improve productivity, innovativeness and sustainability in the long run.

Corporate resilience is also greatly enhanced by ethnic and generational diversities. Organizations across the globe enjoy the advantage of heterogeneous teams that bring into play various experiences, cultural views, and the way to solve problems (Pichler, 2018). The inclusion by ethnic and age in Kenya is not uniformly applied to restrain collaborative innovation and stakeholder participation. Companies that do not consider these aspects can experience a lack of competitiveness in the market, inability to attract talent and a decrease in organizational commitment. The strategic benefits of including multi-dimensional D&I policies (gender, disability, ethnicity, and age) are that it helps banks to react more efficiently to the opportune needs of the local and global financial markets.

Lastly, the practices of D&I must be incorporated into organizational strategy, with the leadership responsibility and constant monitoring. Companies worldwide that are connecting measurements of inclusion with those of performance are showing better employee engagement and retention as well as innovation outcomes (Jejeniwa, 2024). Tier 2 banks in Kenya that embrace formal D&I models, have quantifiable goals and regularly undertake training initiatives are in a better position to improve workplace culture, stakeholder confidence, and profitability. The lack of organized, multi-dimensional D&I practices negatively affects corporate objectives, competition, and even aspects of losing talents. Hence, strategic management implementation of diversity through leadership buy-in is fundamental to the growth of business.

### 1.1.2 Corporate Performance

Corporate performance is the capacity of a bank to perform well in terms of achieving strategic, financial and operational goals in a competitive environment. Within the case of Kenyan Tier 2 commercial banks, it includes financial health, efficiency, customer satisfaction, and innovation potential. Some of the challenges confronting these banks include limited resources, fierce competition by the Tier 1 banks, and emergent fintech Companies. The financial health and the capacity of financial resilience are assessed using key financial performance indicators such as return on assets (ROA), return on equity (ROE), and liquidity ratios (Ochieng and Otieno, 2021).

Financial and non-financial measures have to be combined in order to understand performance holistically.

Non-financial measures, such as customer satisfaction, adoption of digital banking, employee engagement, and innovativeness abilities, are becoming key success factors of a corporation. Tier 2 banks have a diverse and inclusive workforce that promotes creativity, enhanced problem solving, and decision-making, which are all vital in sustainable growth (Kamau and Mwai, 2021). Banks with the inclusiveness products and focus on various customer segments are likely to gain customer loyalty, market share, and trust in the brand. Non-financial performance is therefore used to supplement conventional financial indicators of organizational stability and flexibility.

By connecting corporate performance with diversity and inclusion, bank Tier 2 that incorporates the idea of inclusion can be more responsive towards changing consumer demands and can stay competitive. The inclusion and diversity in the workforce move the internal and external performance, respectively, based on the morale and collaboration of employees and customer interaction and innovation. Thus, in this research, corporate performance is measured not only by the use of traditional financial ratios but also by the effectiveness with which the banks implement diversity and inclusion programs to increase operation efficiency, service delivery, and general organizational competitiveness in the dynamic Kenyan financial industry.

### 1.1.3 Tier 2 Commercial Banks in Kenya

Tier 2 commercial banks in Kenya are medium sized banks which operate under the Banking Act and whose asset bases and market shares are lower than that of Tier 1 banks. They mostly cater to niche markets such as SMEs, local communities and ill-serviced markets, and provide both conventional and digital banking services. They are more dynamic, unlike Tier 1 banks, and can use innovative solutions to compete successfully (Waceke, 2024). Bank of Baroda (K), Citibank N.A. Kenya, National Bank of Kenya, Family Bank, SBM Bank and Ecobank Kenya are some of the banks that come under this category. Tier 2 banks are important participants of financial inclusion.

The banks were chosen to participate in the research based on the fact that they were in an advantageous position of fostering diversity in the workplace and remain competitive in their operations. They are proactive and adopt diversity and inclusion (D&I) principles in employee selection, management development and training on staff to enhance employee engagement, making decisions and customer satisfaction. As an example, Family Bank, whose asset base is Ksh 142.32 billion, also incorporates gender-sensitive leadership training and inclusive hiring policies in order to recruit and keep talents (Muthui, 2021). The emphasis on D&I among tier 2 banks also makes them an applicable context through which the relationship between inclusivity and corporate performance in Kenya can be studied.

The researchers examined eight Tier 2 banks in Kenya, and the individuals under examination were organizational D&I practices and the employees in the executive, managerial, and operational levels. These banks are Bank of Baroda (K), Citibank N.A. Kenya, National Bank of Kenya, Family Bank, SBM Bank, Ecobank Kenya, Bank of India (K), and guardian bank. The study, by targeting these institutions, addresses the differences in D&I adoption and gives an understanding of how middle-sized banks can use inclusiveness to their advantage to achieve operational effectiveness, employee retention, and better financial and non-financial results.

## 1.2 Statement of the Problem

Diversity and inclusion practices (D&I) have grown to be recognized as essential forces of corporate performance, innovation, and employee engagement around the world. Studies indicate that most organizations that hire diverse workforces will make up to 35 percent greater financial returns than other organizations that are not diverse (McKinsey, 2023). In the United States and Europe, formal diversity training, mentorship programs and inclusive hiring practices have been adopted by companies in the United States, like Microsoft and IBM, to increase employee satisfaction and innovation (Bourke and Dillon, 2018). Equally, inclusive policies lead to better decision-making and increased cooperation between teams (Roberson, 2020). The literature also suggests that the existence of D&I practices enhances fair representation of the underrepresented groups, minimizing the workplace discrimination and enhancing corporate image and trust by stakeholders (Shen et al., 2019). The results indicate the overall importance of D&I in the fulfillment of strategic organizational goals implying that companies that have implemented inclusivity are better placed to survive in highly dynamic markets and remain afloat in the long term.

Tier 2 commercial banks in Kenya have difficulty in their effective practice of D&I, which influences their performance in organizations. The Central Bank of Kenya (CBK, 2023) stated that only 23% of executive positions in commercial banks are held by women, and 64% of the employees in Kenya Bankers Association (KBA, 2022) stated that the leadership structures are not inclusive. Also, according to employee surveys, 48% of banking workers feel discriminatory in recruitment, and turnover is high, with 15 percent of employees leaving because of a lack of career advancement (Jakhar et al., 2024). Despite a few banks having diversity policies in place, mentoring programs and leadership development initiatives are still in poor shape especially in Tier 2 banks that usually do not have dedicated D&I departments or mechanisms to keep track of their progress. This ultimately restricts employee engagement, innovation, and the general performance of the corporation, establishing a competitive disadvantage to Tier 1 banks, which execute planned diversity strategies in a successful way (Okatta et al., 2024).

The discrepancy between policy frameworks and the actual application of D&I in the Tier 2 banks presents significant implications of its effects on productivity of the workforce and organizational performance. Nominal diversity training is indicated by many banks, and only 37% of organizations organize the formal training of employees, and 42% of users claim hiring discrimination (Mwaura and Gitahi, 2021). Poor mentorship systems and gender or disability sensitive policies decrease the growth of potential employees with great potential and deter succession planning. Besides, ineffective inclusion practices are detrimental to organizational culture, employee morale, and brand name, compromising competitiveness and financial performance. Lack of clear performance indicators that can track performance of D&I initiatives worsen these issues and leave Tier 2 banks less capable of adopting the benefits of human capital and continuing growth in a dynamic banking industry (Kerich, 2024).

The study fills the knowledge gap through quantitative research on how D&I practices impact on corporate performance in Kenyan Tier 2 commercial banks. In distinct contrast to the previous qualitative research with small samples, like that by Mwaura and Gitahi (2021), the research focuses on specific D&I practices, formal training, inclusive hiring, and mentorship, and their quantifiable effects on employee engagement, retention, and productivity. The study offers empirical data by providing an employee level point of view of the way in which structured diversity initiatives affect organizational performance through the capture of employee level viewpoints in various institutions. The conclusions were used to make strategic policies, inclusive organizational culture, and competitiveness and helped in bringing sustainable growth in the mid-sized banking sector as well as fill gaps of the available literature on the practical implications of D&I.

## 1.3 Research Objectives

### 1.3.1 General Objective

The general objective of this study is to evaluate Diversity and Inclusion Practices on Corporate Performance of Tier 2 Commercial Banks in Kenya.

### 1.3.2 Specific Objectives

The specific objectives of this study in line with the general objectives are.

i. To determine the effect of gender equality initiatives on corporate performance of Tier 2 commercial banks in Kenya.
ii. To assess the effect of inclusive hiring practices on corporate performance of Tier 2 commercial banks in Kenya.
iii. To evaluate the effect of workplace accessibility initiatives for people with disabilities on corporate performance of Tier 2 commercial banks in Kenya.
iv. To examine the effect of training and awareness programs on corporate performance of Tier 2 commercial banks in Kenya.

### 1.4 Research Questions

i. What is the effect of gender equality initiatives on corporate performance of Tier 2 commercial banks in Kenya?

ii. How do inclusive hiring practices affect corporate performance of Tier 2 commercial banks in Kenya?

iii. What is the impact of workplace accessibility initiatives for people with disabilities on corporate performance of Tier 2 commercial banks in Kenya?

iv. How do training and awareness programs influence corporate performance of Tier 2 commercial banks in Kenya?

### 1.5 Justification of the Study

This study was necessary due to the following reasons. First, it studied the impact of gender equality programs, hiring policies that are inclusive, accessibility of the workplace by individuals with disabilities, as well as training and awareness programs on corporate performance. The research covered an important knowledge gap by exploring these areas to determine the importance of diversity and inclusion in the banking sector in Kenya.

Second, the study was particularly relevant to the Kenyan banking industry where the Tier 2 commercial banks were particularly faced with the challenge of implementing the diversity practices. Despite inclusion having been effective in the global world, Kenyan banks had not been enjoying the fruits of this opportunity. The research provided local data and effective suggestions which can be utilized to improve the work of diversity, this is why it would be helpful to stakeholders of the banking sphere and decision-makers.

Moreover, the study was practical since it could describe some of the key areas where diversity and inclusion strategies could be improved. Banks had to improve their approaches based on their contribution to the engagement of employees, retention of talent and the corporate performance. In its turn, this resulted in the employee satisfaction and better competitive positioning within the financial industry.

Finally, the research was beneficial in policy formulation and strategy formulation in the Kenyan banking industry. Owing to the interest in the long-term sustainability of the financial institutions it was vital to have known the effects of the inclusion practice on the performance. The insights acquired in this research enabled policy makers, human resources, and business leaders to come up with effective frameworks that build diversity hence enhancing the performance of an organization and increasing the economy.

**1.6 Significance of the Study**

The study was of significant value to other stakeholders in the banking sector in Kenya and other places. First, the outcomes of the case of Tier 2 commercial banks have given empirical data on the effect of diversity and inclusion (D&I) procedures on employee engagement, productivity, and corporate performance, as a whole. This prompted decision-makers to update or develop D&I policies in order to improve organizational performance and competitiveness.

Second, policymakers and regulators, such as Central Bank of Kenya and Kenya Bankers Association, had the advantage of data-driven information to support the creation of sector-wide inclusion models and levels of compliance.

Third, to academicians and researchers, the research was significant to the comparatively sparsely studied field of D&I practices in mid-size African financial institutions as it fulfilled some methodological gaps in previous studies and provided a comparative appraisal of particular D&I programs.

Lastly, to employees and advocacy groups, the research revealed the importance of inclusive corporate cultures in improving employee satisfaction, career progression, and workplace equity, improving a more progressive and productive banking industry.

### 1.7 Scope of the Study

The study examined how the practice of diversity and inclusion affect the performance of the Tier 2 commercial banks in Kenya. It also focused on four key diversity initiatives which include the gender equality initiatives, inclusive hiring initiatives, workplace accessibility by persons with disabilities, and training and awareness initiatives. It was under these factors that the study managed to provide some insights on how diversity initiatives affect the level of engagement of employees, talent retention and overall performance of the corporation.

The research concentrated on the Tier 2 commercial banks in Kenya. It evaluated both the practices of diversity in its branches and headquarters to make sure that they examined them in a focused and comprehensive way. The study was restricted to Tier 2 banks although the results would be applicable in any other bank because it ensured that it was dealing with pertinent and in-depth information.

Additionally, the research examined the challenges and the possibilities of diversity practices, highlighting the gaps in implementation and the areas of development. The study also had useful suggestions regarding the enhancement of diversity policy and the development of an inclusive corporate culture that takes into account the effectiveness of the implemented measures. This was useful to the policymakers, human resources, and banking leaders interested in enhancing the achievement of diversity and ecosystem-based sustainable organizational development.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

The chapter is also a literature review of the literature applicable to the practices of diversity and inclusion and its effects on the performance of the corporations. It discusses the theoretical basis, empirical information, and conceptual connections between diversity programs and organizational performance in Kenya in Tier 2 commercial banks.

## 2.2 Theoretical Review

The section reviews theories that underpin the association between diversity and inclusion practices and corporate performance. The discussion identifies some of the major principles that prove the importance of diversity initiatives in determining organizational outcomes, employee engagement, and financial success in commercial banks (Duchek et al. 2020).

### 2.2.1 Social Role Theory

Eagly and Wood in 1999 formulated Social Role Theory to demonstrate how culture and expectations define gender roles and affect the behavior of an individual. According to the theory, men and women are supposed to have their respective positions in the society through historical division of labor and process of socialization. Cultural norms, institutional, and interpersonal interactions reinforce these roles, which result in gendered occupational segregation (Rumjaun & Narod, 2020). These social roles play a role in employment, career advancement and leadership at the work place, and in most cases lead to gender disparities within the corporate hierarchy.

Nevertheless, gender equality programs confront such gender role allocations by enhancing equality of opportunities, inclusion, and equity in leadership roles. Gender diversity will provide an organization with an increased pool of talent, boost innovation, and better corporate performance in general (Koutroubas and Galanakis, 2022).

Although it is relevant in the explanation of gender dynamics, Social Role Theory has been criticized because of its determinism. It is claimed that the theory lays too much emphasis on the societal influence and under-emphasizes on individual agency in influencing career decisions. Besides, it has been criticized due to its weak explanation of cross-cultural gender roles because society has vastly different expectations in each region and industry (Firmansyah & Saepuloh, 2022). Also, other researchers argue that the theory is not practical enough in inquiring about the structural and systemic obstacles that perpetuate gender inequalities, including discriminatory policies at workplaces and implicit biases. These criticisms imply that although the Social Role Theory offers a background explanation of the gender-based occupational segregation, it is important to consider other socio-economic and organizational aspects to use it in a corporate context (Proctor & Niemeyer, 2020).

Social Role Theory is necessary in the realization of the effects of gender equality initiatives on corporate performance in the context of this study; Tier 2 commercial banks in Kenya. Banks can defy the traditional gender roles and establish a more inclusive workplace through the use of gender diversity policies, including mentorship programs, leadership development programs, and equitable hiring processes. This, in its turn, boosts the employee engagement and lowers the turnover rates as well as promotes the culture of innovation, which, in its turn, leads to greater organizational performance. Further, top management, regulatory policies, and organizational culture are some of the determinants of the success of gender equality programs. Through the theory, Tier 2 commercial banks will be capable of coming up with strategies that do not only promote gender inclusivity but also corporate success in the long term.

### 2.2.2 Human Capital Theory

The theory of Human capital was formulated by Gary Becker in 1964 but is an expansion of earlier economic theories by Theodore Schultz. According to the theory, investment in education, training, and skills development is found to increase the output of the individual and the performance of the organization. Becker also postulated that human capital is important in the growth and competitiveness of an economy just like physical capital (Carlbäck et al., 2024). Inclusive hiring in a corporate context would be in line with this theory in that it not only increases the talent pool but also introduces diversity of skillsets leading to innovation, problem-solving, and agility. Certainly, organizations that pay special attention to diversity during recruitment can enjoy a range of ideas, which improves creativity and decision-making and also helps them to gain a positive image of fair employers. This standpoint has been heavily adopted to explain why workforce should be invested in education, training, and professional development as the factors behind the corporate performance (Moodie et al., 2023).

The Human Capital Theory, which is one of the key elements of labor economics and human resource management, has been criticized because of its assumptions, especially its assumption of equal access to education and training, by ignoring systemic constraints that drive disparities in employment, as well as its failure to consider structural limitations (Faggian et al., 2019). The theory also has a tendency of perceiving employees more as economic resources and this aspect may ignore factors like job satisfaction, work-life balance and intrinsic motivational issues that determine performance. Besides, the human capital might not always provide immediate and foreseeable results, and the corporate outcomes are influenced by the organizational culture, the effectiveness of the leadership, and the industry-related dynamics (Lee, 2019). These constraints indicate that although investments on the human capital are paramount, they are to be complemented by inclusive policies that would respond to systemic recruitment issues and workplace diversity.

Within the framework of this research, Human Capital Theory brings a conceptualization of evaluating the effects of inclusive hiring processes on the corporate performance of Tier 2 commercial banks in Kenya. With the introduction of hiring practices centered on diversity and inclusion, banks will be able to strengthen their capacities in the workplace, create an atmosphere of lifelong learning, and increase service provision. Different talent helps in having more innovative financial solutions, better customer relations and competitive advantage as a whole. Nevertheless, to enjoy these advantages to the fullest potential, banks should go beyond the traditional patterns of recruitment and engage in the active process of reducing biases that impede workplace diversity. Using Human Capital Theory, Tier 2 commercial banks are able to optimize their recruitment practices to improve employee potential as well as achieve sustainable corporate growth and financial results.

### 2.2.3 Social Model of Disability

Social Model of disability as proposed by Mike Oliver in 1983 criticizes the conservative perceptions that define disability as a medical impairment. Rather, it claims that disability comes because of social obstacles that restrict complete engagement with financial, social, and work activities (Shakespeare, 2020). In the working environment, the accommodative environment, inflexible policies and prejudiced attitudes impose unnecessary challenges on disabled employees. Organizations can eliminate all these barriers by embracing comprehensive practices in the work place like the use of accessible infrastructure, assistive technology and flexible working conditions, which allows employees with impairments to utilize their skills and expertise to the fullest potential. The studies indicate that increasing accessibility in the workplace is not only a way to boost the morale and job satisfaction of the employees but also to strengthen the corporate image and appeal to the employers, helping to create a more diverse and inventive workforce (Barnes & Mercer, 2019).

Although the Social Model of Disability is transformative in its approach, it has been criticized as simplifying the reality of disability which is complex. The critics claim that the model lays more emphasis on external obstacles and fails to consider the lived experiences of people with disabilities, as well as the physical and psychological challenges that they can experience (Owens, 2021). The model presupposes that policy and environmental changes should be used to eliminate all the obstacles without considering the structural barriers such as financial resources, resistance of the organization, and different levels of disability awareness among employers. It is also silent on the intersectionality of disability with other aspects such as gender, socioeconomic status and cultural background which may affect access to workplaces and career mobility. The only way to create really inclusive workplaces is a more holistic approach that incorporates medical, psychological, and social support mechanisms (Priestley, 2019).

Within the context of this research, the Social Model of Disability offers a construct of assessing the impact of workplace accessibility on corporate performance within Tier 2 commercial banks in Kenya. Through investment in accessible workplace design and inclusive employment policies, banks can realize the capabilities of people with disabilities resulting in increased productivity, a decreased turnover, and enhanced innovation. Also, the culture of inclusivity can be promoted by the availability of workplaces, enhancing the engagement of employees and customer confidence, especially clients sensitive to corporate social responsibility. Nevertheless, these outcomes will be attained when banks go beyond what the law stipulates and take the initiative to execute strategic actions that facilitate equity in the workplace. Using the approaches of the Social Model of Disability, banks will be able to create an inclusive and practical approach to hiring and work environments that will not only increase the well-being of employees, but also promote long-term corporate success.

### 2.2.4 Social Learning Theory

The Social learning theory proposed by Albert Bandura in 1977 is based on the assumption that people learn new behaviors, skills, and attitudes by observing, imitating, as well as engaging in social exchanges. Training and awareness programs are used in the corporate world as the means of strengthening the good practices in the workplace, developing the skills of employees, and supporting the organizational development (Deegan, 2019). In Kenya, tier 2 commercial banks utilize the structured training programs to enhance service delivery, risk management and financial decision-making. Training through observation is the most effective way of acquainting employees with the best practices, the compliance requirements, and knowledge of the industry. Training and development will result in better efficiency and corporate performance. Case study, simulation, and peer learning programs would create a culture of continuous improvement that would guarantee flexibility in new banking landscape (Patten, 2020).

Although the theory is relevant, Social Learning Theory has been criticized to overemphasize the external factors in the determination of behavior but fails to acknowledge the intrinsic motivation and cognitive variations in learners. The hypothesis that observational learning is effective to all employees does not help to acknowledge the differences in learning styles and personal abilities. Moreover, the theory is not able to tackle the issues associated with resistance to change, as employees might experience difficulties with applying new skills or behaviors despite taking part in a training program (Boiral et al. 2019). One more constraint is that the efficiency of learning should be determined by the presence of good role models, the organized reinforcement system, and organizational culture of continuous education (Taylor, 2017). Training programs might not be translated to improvements in the workplace unless proper follow-ups and evaluation of performance. Such criticisms have underscored the importance of tailor-made training methods that support various learning needs of employees as well as guarantee their active engagement and knowledge retention (Haack and Rasche, 2021).

In regard to the study, the Social Learning Theory presents a reference point on evaluating the effectiveness of training and awareness program on corporate performance among Tier 2 commercial banks in Kenya. Increased training programs create a learning environment in the workplace where employees steadily gain and use the new skills to enhance their efficiency at work and the customers. Investing in employee development programs will help banks enhance workforce productivity, regulatory compliance as well as financial performance. These programs facilitate the ethical conduct, diversity and risk control practices which encourage the transparent corporate environment. The banks are supposed to employ interactive learning, mentorship, and performance-tracking systems in order to record any meaningful output. The use of the Social

Learning Theory can streamline the training programs to achieve long term employee development.

### 2.3 Empirical Review

This section is a review of the previous studies carried out on Diversity and Inclusion Practices and Corporate Performance. It also compares the available research results to determine the trends, gaps, and impacts of these efforts on the performance of corporations within the banking institutions with special reference to the Tier 2 commercial banks in Kenya.

#### 2.3.1 Gender Equality Initiatives on Corporate Performance

Gender equality efforts have been seen as crucial aspects of corporate performance, because they enhance inclusivity, innovation, and confidence in stakeholders. Escamilla-Solano et al. (2022) explained that gender equality policy disclosure in corporate reports had a significant positive effect on the profitability of Spanish companies, which confirms that gender practices disclosure positively affects the financial performance and competitive edge of a company. In the same manner, Ahmed and Rugami (2019) realized that the presence of gender-balanced and professionally qualified boards enhanced the decision-making process, communication, and operational efficiency in Kenyan SACCOs. All these findings are indicative of the fact that gender inclusive governance enhances better performance of institutions. In the case of Tier 2 Kenyan commercial banks, trust, creativity and organizational stability can be strengthened by the inclusion of organized gender equality policies in terms of fairness in leadership and policy making.

Going further, gender equality additionally enhances the entrepreneurship performance and involvement in wider economies. Jubril et al. (2022) have found out that in Kenya and Nigeria, although the Sustainable Development Goal 5 (SDG 5) was being advocated globally, most women entrepreneurs were not aware of gender equality models, which curtailed their potential to grow their business. This suggests that there should be awareness and institutional support in order to convert gender policies into actual business results. Likewise, Zhang (2020) also emphasized the role of institutional settings, noting that companies operating in a nation conducive to gender equality have better performance than those in a setting that is repressive. Combining these results, it can be noted that successful gender programs need to be context specific and institutionally anchored. In the case of Tier 2 Kenyan banks, gender diversity should be promoted by encouraging training, equal employment, and equal representation of women in leadership to enhance performance and sustainability in financial performance.

Nevertheless, the significant results are determined by the extent to which gender initiatives are integrated into the corporate strategy. In their study, Baker et al. (2021) found that even after the informal Gender Equality and Diversity Initiatives (GEDIs) were initiated in the Australian project-based organizations, women were underrepresented, which was attributed to the superficial application of these initiatives on compliance and not strategic alignment. It is evident in this finding that tokenistic gender policies fail to provide any benefit in performance unless they are incorporated in the most fundamental business targets. In order to become truly progressive, Tier 2 Kenyan commercial banks will have to connect the gender equality programs to the performance measure and leadership responsibility systems. By so doing, equality initiatives would cease being empty show-biz to become competitive, innovative, and long-term corporate development instruments.

### 2.3.2 Inclusive Hiring Practices on Corporate Performance

Inclusive hiring has become an essential corporation performance driver, which fosters diversity, innovativeness, and more committed stakeholders. Gould et al. (2020) emphasized that practices of disability inclusion that occur in organizations that have disability inclusion programs tend to include diversity statements and employee resource groups, as well as specific recruitment plans, that convey a sense of an organizational commitment to inclusion. Their review of the corporate social responsibility reports indicated that although such programs promote social equity, they have little effects on financial performance in the developing economies. The issue of disability inclusion in human resource practices in the Kenyan context and especially in the Tier 2 commercial banks remains peripheral and therefore creates a gap in literature on how inclusive hiring would lead to better employee output, customer perceptions as well as overall performance. Filling this gap might indicate the role of diversity in hiring to enhance financial sustainability and organizational change.

On the same basis, Onyekwelu et al. (2024) stressed that embedding ethics and corporate social responsibility (CSR) in human resource management provides a platform of sustainable organizational development. In their review, they established that inclusive recruitment, ethical training, and equitable performance assessment improve employee morale and organizational image. The study emphasized the fact that a better fit between HR practices and the CSR objectives results in a more committed workforce and improved relationships with the community. In the case of Tier 2 commercial banks in Kenya, hiring can be made more inclusive, enabling the creation of diversity of thought, ethical governance and brand trust. These lessons imply that inclusive recruitment is not only a fulfillment of the social responsibility but also the source of competitive advantage as it involves the responsibility of morality in business performance, which leads to long-term sustainability and profitability.

The positive impacts of inclusive employment are further supported by the study of Lindsay et al. (2018), who used 39 studies and found them as the exploration of the benefits of hiring people with disabilities. The results have shown increased profitability levels, better employee retention rates, and increased corporate reputation as the main outcomes of inclusive hiring. Diversity-driven collaboration brought benefits to companies in terms of lower turnover, greater innovation, and more workplace safety. These findings confirm that inclusive employment creates a positive organizational culture and employee satisfaction. When applied to the Tier 2 commercial banks in Kenya, the practices have the potential of empowering workforces, enhancing customer loyalty, and improving on social responsibility. Banks can use inclusivity to improve their operational performance and increase their stakeholder confidence by designing environments that support differences.

Further, the literature has always indicated that inclusive hiring has a positive impact of quantifiable growth of the business when it is integrated into the strategic human resource systems. According to Lindsay et al. (2018), diversity-based recruitment plans energize the innovation, build customer confidence, and enhance the competitive position of a company. In financial institutions, like in Tier 2 Kenyan banks, inclusive hiring can be a way to save on turnover costs, as well as efficiency and employee engagement. Incorporating inclusivity into corporate strategy therefore turns it into a compliance tool instead of a strategic benefit, which enhances reputation and financial results. These results confirm the importance of inclusive staffing as an enabler of performance and basis of sustainable corporate development in competitive markets.

Although the concept of inclusive hiring is usually investigated in the organizational setting, the principles of such approach can be applied to other systems of governance with the focus on the involvement and responsibility. In their study to identify determinants of payment adherence in Ugandan community water systems, Olaerts et al. (2019) discovered that inclusivity in leadership and decision-making contributed greatly to cooperation and efficiency of the systems. This study although not directly linked to hiring, is an example of how inclusion enhances shared ownership and performance results. Applying it to the corporate environment implies that engagement, trust, and responsibility among the employees could be promoted in a similar way through inclusive recruitment. In the case of Tier 2 commercial banks, participatory hiring and leadership paradigm can strengthen institutional cohesiveness, transparency, and flexibility, which are important factors of boosting corporate performance and long-term competitiveness.

### 2.3.3 Workplace Accessibility for People with Disabilities on Corporate Performance

The issue of accessibility of the workplaces to persons with disabilities (PWDs) has turned out to be a significant aspect of corporate inclusiveness and efficiency. Binyanya et al. (2025) investigated the impact of demographics of disability on 4- 5-star hotel employment inclusivity in the Mombasa area, Kenya, with the help of a mixed-method study of 106 participants. The results showed that there were no significant differences between inclusivity by the type of disability, which is important to highlight that most employers are not aware and competent enough to accommodate PWDs. It was found that the capacity-building interventions were recommended to foster inclusiveness and equity in the study. The results imply that corporate performance of the Tier 2 commercial banks in Kenya can be enhanced through the establishment of reasonable work places that stimulate motivation, engagement and reputation. With the combination of accessibility and inclusive practices, banks can achieve productivity and correspond to the objectives of social responsibility.

On this basis, Bonaccio et al. (2020) explored the anxiety and misconceptions exhibited by employers regarding PWDs at different stages of the employment process. Although there are diversity laws, the research found that there are still barriers because of poor knowledge of the abilities of PWDs as well as focus on the perceived difficulties. The researchers were able to determine 11 common worries that employers express, which are mainly associated with accessibility, performance expectations, and inclusion. They concluded that these misconceptions can be overcome by implementing inclusive policies and making their jobs easier, as well as by training employees in bias, which increases their morale and performance. This observation applies especially to the Tier 2 commercial banks in Kenya where employer attitudes and physical accessibility may be targeted to improve the diversity and productivity. By developing disability-friendly environments, corporate social responsibility would therefore be enhanced and help in sustainable organizational development.

Likewise, Gitau and Mose (2023) examined the role of diversity management practices on the involvement of PWDs within the telecommunication industry in Kenya, using the example of Safaricom, Airtel, and Telkom. The analysis with a descriptive design and statistical analysis revealed a significant association between the recruitment practices and Employment participation ($r = 0.485$, $p = 0.000$) and between the disability policy frameworks and inclusion ($r = 0.320$, $p = 0.001$). The findings emphasized that accessibility in the workplace, equal employment opportunities, and frequent training by HR play very important roles in improving inclusiveness. Applying these findings to the context of the Tier 2 commercial banks, one can see that enhancing the accessibility infrastructure and modifying the work settings can help to maximize the potential of employees, help bring innovative ideas to the table, and enhance the performance of institutions. Not only do accessibility programs empower employees with disabilities, but also indicate to clients and regulators that their organization is not only fair but also professional.

Moreover, in her inquiry on inclusiveness in the workplace in the view of PWDs in Indonesia, Widadsyah (2024) conducted semi-structured interviews with seven respondents working in various industries. The research found out that discriminatory assumptions and one-dimensional stereotypes still restricted equal treatment in the recruitment, selection, and integration. The most important areas noted by respondents were the physical accessibility, flexibility in working arrangements, adaptive technologies, and constant training. These results show that accessibility is not limited by physical infrastructure only, it is also the inclusion of systems and cultures. In the case of Tier 2 commercial banks in Kenya, inclusive cultures can be achieved through the application of flexible policies, the availability of information systems, and employee training that would decrease discrimination, increase satisfaction and productivity. Accessibility as a part of the organizational values then is a strategic force behind company success.

To supplement these findings, the authors successfully studied 274 corporate disclosure practices on disability employment in the UK concerning 274 companies located in the country and employing global reporting initiative (GRI) indicators (Khan et al., 2019). The researchers discovered that the majority of companies did not report disability inclusion in a transparent and accountable method, which is an indicator of lack of diversity and accountability. This underrepresentation restricts innovation and it decreases utilization of human capital. The authors concluded that more rigorous disclosure policies, frameworks, and enforcement of the regulatory policies would lead to the creation of a culture of inclusivity that drives creativity, reputation, and performance. In the case of Tier 2 Kenyan commercial banks, these findings are important in documenting and reporting accessibility initiatives as a subset of ESG (Environmental, Social, and Governance) reporting. By making accessibility methods institutional, there is more compliance and the improvement of trust, novelty and overall corporate performance due to workforce diversity.

### 2.3.4 Training and Awareness Programs on Corporate Performance

Training and awareness programs are very important towards corporate culture and organizational performance improvement. A study of gender diversity at FTSE 100 companies showed that female participation in the Companies, particularly having three or more female directors on the board, had a positive effect on the financial performance (Brahma et al., 2021). The study also provided the positive relationship between age, education, and leadership roles on post-appointment performance. Applying the same results to Tier 2 commercial banks in Kenya, a culture of inclusivity can be created through structured diversity training and awareness programs to embrace innovative thinking and improved decision-making. These programs must not be limited to representation but must empower employees with special leadership and skills development programs which are relevant to strategic corporate objectives.

In addition to gender, the longitudinal study of the Pakistani SMEs identified that corporate social responsibility (CSR) practices, such as employee-centered programs and stakeholder involvement, had a positive effect on firm performance (Ikram et al., 2020). Employee commitment and corporate reputation increased with well-designed CSR programs in the SMEs, thus resulting in financial success. This observation implies that when diversity training and awareness programs are combined with CSR in the context of Tier 2 commercial banks in Kenya, the relationship between the stakeholders, the employee engagement, and their ultimate individual performance can be enhanced. A socially responsible workforce can be developed through systematic and continuous awareness campaigns, and that will improve the reputation as well as operational capabilities.

The effect of diversity initiatives on performance also depends on the firm size, which was observed in a study of A-share-listed Chinese firms (Li and Chen, 2018). Board gender diversity positively impacted on the performance of the firm in smaller firms and the effect declined with the increase in firms' size. This highlights the significance of training and awareness methods that are context-specific, in which the success of a program on diversity is determined by organizational factors. It means that in the case of Tier 2 commercial banks in Kenya, diversity programs must be based on the size, structure, and complexity of the institution to achieve a maximum benefit. Effective leadership, innovation, and motivation of employees can be developed through properly calibrated initiatives.

It has also been revealed that corporate training directly impacts on organizational outcomes. Research on the INGOs in Kenya showed that there was a statistically significant relationship between the formal training programs and the overall performance (Mungai & Wabuyabo, 2021). Managerial skills, behavioral change and stakeholder involvement programs increase the effectiveness of employees and efficiency in the organization. Despite such issues as lack of commitment and resources, the study confirms that more organized, quantifiable, and purposeful-based training programs are essential to the enhancement of performance. Using the same to the Tier 2 commercial banks, they can invest in the ongoing training and awareness programs to help them grow professionally, employee loyalty and operational efficiency, which will enhance the level of innovation and competitiveness.

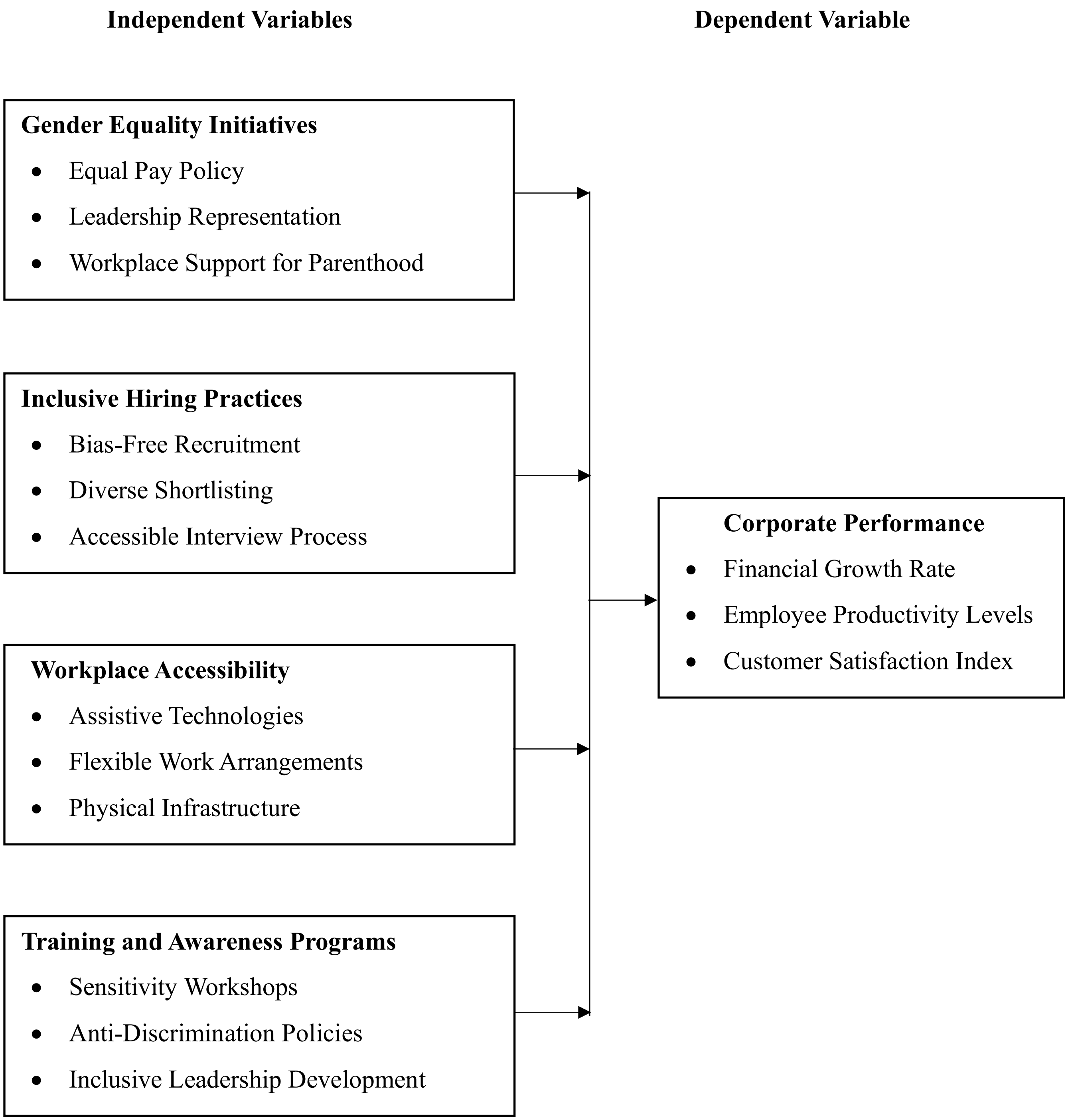
Furthermore, non-discriminatory measures at workplaces in favor of underrepresented populations, including LGBT employees, have been linked to the increased performance of the firm in the United States (Hossain et al., 2020). Inclusive work environments that are made through anti-discriminatory efforts would promote innovation, satisfaction of employees, and trust among stakeholders. In the case of Tier 2 commercial banks in Kenya, corporate performance can be improved through implementing similar diversity and inclusion training, which facilitates fairness, creativity, and teamwork in solving problems. Including such initiatives in the organizational strategies will make diversity a source of sustainable growth, innovation, and competitive advantage and will help to prove that awareness and training are part of employee development as well as the success of the institutional level.

## 2.4 Conceptual Framework

This section shows the association between diversity training, inclusive recruitment, mentorship practices, and diversity policies as an independent variable which affects corporate performance. It shows the impact of these initiatives on financial growth rate, employee productivity levels, customer satisfaction index in Tier 2 commercial banks.

**FIGURE 1**

**Conceptual Framework**




**Source: Author, 2025**

## 2.5 Operationalization of Variables

The study employs Likert scale to gauge the efficacy of gender equality initiatives, and inclusive hiring practices, work accessibility, and training programs on creating an inclusive working environment. It also determines how such initiatives affect the rate of financial growth, level of employee productivity and customer satisfaction index of Tier 2 commercial banks.

**TABLE 1**

**Operationalization Table**

| Variable | Sub-Variables | Measurement | Measurement Scale |
|---|---|---|---|
| Gender Equality Initiatives | Equal pay policy, Leadership representation, Maternity support | Respondents rated the effectiveness of gender equality efforts on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) | Ordinal (Likert 1–5) |
| Inclusive Hiring Practices | Bias-free recruitment, Diverse shortlisting, Interview accommodations | Respondents rated the fairness and inclusivity of recruitment processes on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) | Ordinal (Likert 1–5) |
| Workplace Accessibility | Assistive technologies, Flexible work arrangements, Physical infrastructure | Respondents rated how accessible and inclusive the workplace is on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) | Ordinal (Likert 1–5) |
| Training and Awareness Programs | Sensitivity workshops, Anti-discrimination policies, Inclusive leadership initiatives | Respondents rated the impact of training programs on promoting inclusivity on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) | Ordinal (Likert 1–5) |
| Corporate Performance (Dependent Variable) | Financial growth rate, Employee productivity levels, Customer satisfaction index | Respondents rated the perceived influence of diversity and inclusion practices on overall corporate performance on a scale of 1 (Very Low) to 5 (Very High) | Ordinal (Likert 1–5) |

**Source: Author, 2025**

## 2.6 Research Gaps

Though there is a great amount of literature on the importance of gender equality, inclusive hiring, accessibility to the workplace, and diversity training in improving corporate performance, there are several gaps, especially within the Tier 2 commercial banks in Kenya. The majority of the literature, including those by Escamilla-Solano et al. (2022) and Brahma et al. (2021), consider developed economies; therefore, it is possible to suggest that the research cannot be generalized to the emerging markets where institutional, regulatory, and cultural settings vary dramatically. The studies on inclusive hiring and disability employment referring to Gould et al. (2020) and Binyanya et al. (2025) focus on the organizational policies and social responsibility, but seldom explore the specific correlation between both practices and quantifiable performance outcomes in mid-level financial organizations.

Equally, training and awareness program research such as Mungai and Wabuyabo (2021) and Hossain et al. (2020) provide positive results in global or non-governmental organizations, but the impact of firm size, organization, and local socio-economic variables on the effectiveness of such programs in Kenyan banks is under-researched. In addition, the majority of the available studies focus on gender or disability, but little has been synthesized regarding the integration of several dimensions of diversity and their compound impact on the performance of the corporation. Thus, empirical research that will triangulate gender equality, inclusive hiring, accessibility, and diversity training in Tier 2 Kenyan banks is needed to give context-specific information about the overall effects of these issues on the financial performance, innovation, and stakeholders.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter described the research methodology that was to be used in the study. It described the study design, target population, sampling methods, data collection methods and data analysis methods. The research question to be addressed by the study was to find the effect of gender diversity and inclusion programs on corporate performance among Tier 2 commercial banks in Kenya.

## 3.2 Research Design

This study adopted a descriptive research design to collectively investigate gender equality initiatives and inclusive hiring practices, accessibility to workplace and training and awareness programs to respondents working in Tier 2 commercial banks in Kenya. To make sure that an objective analysis of these factors is considered, a quantitative method was used with the possibility to interpret the results in a statistical manner. The effect of diversity and inclusion strategies on the corporate performance of the target institutions was evaluated with the help of structured analytical techniques (Sileyew, 2019).

## 3.3 Target Population and Sample

The study targeted employees and management staff at Kenya's top five Tier 2 commercial banks, namely I&M Bank, Diamond Trust Bank, NCBA Bank, Sidian Bank, and an additional bank picked based on the 2023 rating. These banks were in the mid-size category, with total assets ranging from KES 50 billion to KES 150 billion, accounting for approximately 20% of the banking sector's assets in Kenya overall (Central Bank of Kenya, 2023; Kenya Bankers Association, 2023). According to the Kenya Bankers Association, there were 14 Tier 2 commercial banks in operation by 2023. These five banks were specifically chosen to have a big impact on the mid-sized banking industry and institutions that faced unique issues that differed from Tier 1 banks.

The target demographic was 3,000 personnel from the selected banks, comprising both operational and management positions. This figure was calculated using publicly accessible staffing data and internal bank reports where available. The survey included all employees, frontline personnel, and senior executives to provide a comprehensive perspective of perceptions and implementations of gender equality policies across the organizational hierarchy.

**TABLE 2**

**Target Population**

| **Bank Name** | **Estimated Number of Employees** |
|---|---|
| I&M Bank | 800 |
| Diamond Trust Bank (DTB) | 650 |
| NCBA Bank | 750 |
| Family Bank | 400 |
| Ecobank Kenya | 400 |
| **Total** | **3,000** |

The study used a quantitative research design, which included the use of structured questionnaires to assess gender equality interventions. The quantitative methodology allowed for statistical analysis of perceptions and the effectiveness of these initiatives' implementation, yielding objective information that could be generalized to the mid-sized banking segment. Purposive sampling was utilized to ensure that the study sampled institutions that were most significant in terms of the phenomenon.

### 3.4 Sampling Technique and Sample Size

The sample strategy utilized in this study was stratified random sampling, which ensured adequate representation of personnel at various levels of the company, including executive, management, and operational staff of Tier 2 commercial banks in Kenya. The stratified sample approach was employed to ensure that varied viewpoints on gender equality initiatives, people's inclusion in recruiting, work accessibility, and training programs were studied, specifically in a mid-sized commercial bank.

To determine the sample size, the study narrowed down the top five Tier 2 banks based on their rating because they represented a significant portion of the sector. As recommended by Mugenda & Mugenda (2003), a 10-30% sampling frame was utilized, with 10% of all management levels sampled. This metric was justified since the 10-30% cut-off was sufficient to represent a big population with low bias while still keeping the number of respondents questioned manageable. The sample size was calculated at various levels in the organization of the top five Tier 2 banks, as detailed in the table below.:

**TABLE 3**

**Sample Size**

| Management Level | Frequency | Percentage | Sample Size |
|---|---|---|---|
| Executive | 63 | 10% | 6.3 |
| Managerial | 460 | 10% | 46.0 |
| Operational Staff | 1,542 | 10% | 154.2 |
| **Total** | **2,065** | **10%** | **206.5** |

**Source: CBK Banking Sector Annual Report, 2023**

The study comprised 207 respondents from five banks and was aimed at ensuring that the sample represented all levels of management as well as the whole Tier 2 banking industry. The final sample included HR, management, and operational professionals from bank headquarters. This methodology ensured that the findings were applicable to a larger group of personnel working in Tier 2 institutions, while also focusing on the most relevant sample to the study's research objectives.

### 3.5 Research Instrument

The primary data collection instrument of this study was a structured questionnaire that was self-administered to employees as well as the management staff of the top five Tier 2 commercial banks within Kenya. The questionnaire has been designed in a manner that quantitative data will be obtained regarding the gender equality programs, inclusion-based hiring, accessibility at the workplace, and training and awareness programs and their perceived impact on corporate performance.

The presence of the responses being organized implied that the responses were homogenous and the analysis of patterns and trends of diversity and corporate performance was easy. The questionnaire had to be closed-ended with a five-point Likert scale (Strongly Disagree, Strongly Agree) to ensure the data was collected effectively. This allowed the respondents to relay their perceptions in a standard way which would allow objective measures of diversity program extent and success in their organizations.

### 3.6 Validity and Reliability of the Instrument

A pilot study was conducted before the actual survey to test the validity and reliability of research instruments. It will have accessed about 21 workers of a Tier 2 bank which was not made available of the main study but had similar characteristics. This was aimed at assisting in perfecting the questionnaire in terms of determining the questions that were not clear and making it context and cultural relevant. The pilot study feedback was applied in correcting the paste to increase the accuracy and transparency of the data collection tool and overall reliability to the extent of applying it on the actual study population.

The questionnaire was designed to maintain content validity by carrying out a lot of literature review and use of the existing validated instruments in the area of diversity, inclusion, and corporate performance. The questionnaire was reviewed with expert opinion to determine the clarity, relevance and comprehensiveness of the questionnaire items by the academicians and human resource professionals on the field of organizational diversity. Pilot study also helped in validity by determining the ambiguous or irrelevant items which were amended or eliminated respectively.

The validity of the questionnaire was determined by the pilot study that was implemented on a sample of employees of a similar Tier 2 bank that did not participate in the main study. The internal consistency of the Likert-scale items was measured with the assistance of Cronbach alpha coefficient, and the acceptance level of 0.7 or above was taken to be reasonable when it comes to the reliability of the sources. The items with low reliability were discussed and could be revised or even dropped to increase the overall reliability of the instrument.

### 3.6 Data Collection

Primary methods of data collection were used in the study, and the only data collection tool was self-administered structured questionnaires. The questionnaires were shared with the employees of various organizational ranks to guarantee a variety of views on gender diversity programs and their effectiveness on the corporate performance. The data collection procedure was physical as the trained research assistants were used to distribute and collect the completed questionnaires to respondents in specific banking institutions.

The respondents were given sufficient time to fill the questionnaires to be in a position to give thoughtful answers. Besides that, follow-ups were also implemented to ensure the optimum response. In the data collection, the study made sure that ethical considerations including voluntary participation, confidentiality, and anonymity have been observed. The research that extensively utilized the source data provided first-hand information on the way the gender diversity programs influenced the corporate performance of the Tier 2 commercial banks in Kenya.

### 3.8 Data Analysis and Presentation

Once the data has been collected, quantitative data analysis was done to establish the correlation between the gender diversity initiatives and corporate performance in the Tier 2 commercial banks in Kenya. Frequencies, percentages, means and standard deviations were used to explain how respondents perceived gender equality efforts, inclusive hiring, access to the workplace together with training programs. Inferential statistics tools that were applied to determine the relationship between independent variables and corporate performance are correlation and multiple regression analysis. The intensity and nature of the correlations were measured through correlation and summation of the effect of these variables on performance was accomplished through regression. It was presented in tabular form, in charts and graphs to make it simple and easy to analyze the information to draw out trends and information as regards the effects of diversity initiatives on the performance outcomes. The regression model took the form below:

$$Y=\beta_0 +\beta_1 X_1 +\beta_2 X_2 +\beta_3 X_3 +\beta_4 X_4 +\varepsilon$$

Where:

***Y*** *represents the dependent variable (Corporate Performance of Tier 2 Commercial Banks in Kenya).*

$X_1$, $X_2$, $X_3$ *and* $X_4$ *represent the independent variables (Gender Equality Initiatives, Inclusive Hiring Practices, Workplace Accessibility and Training and Awareness Programs)*

$\beta_0$ *is the intercept, indicating the expected value Y when all independent variables are zero.*

*$\beta_1$, $\beta_2$ and $\beta_3$ are the coefficients showing the effect of each variable.*

*$\varepsilon$ is the error term.*

### 3.9 Diagnostic Tests

The reliability and validity of a regression analysis were done by conducting diagnostic tests such as multicollinearity and autocorrelation. These tests revealed possible issues, which prove that the effect of diversity and inclusion practices on the corporate performance of Tier 2 banks is correctly quantified.

#### 3.9.1 Multicollinearity Test

Multicollinearity occurs when two or more independent variables in a regression model have a high correlation which may inflate the standard errors and may invalidate the regression coefficients (Shrestha, 2020). Variance Inflation Factor (VIF) was calculated in this study of all the independent variables, such as gender equality, inclusive hiring, workplace accessibility, and training and awareness. VIFs less than 5 were accepted to be acceptable indicating low multicollinearity. In cases where VIF was beyond the recommended levels we were able to do some corrective measures including the combination of correlated variables or drop redundant predictors. The low multicollinearity was also a necessary condition to determine the individual impact of each of the D&I practices on the corporate performance and guarantee the stability and interpretability of the regression model.

### 3.9.2 Autocorrelation Test

The Durbin-Watson statistic was used to identify the presence of autocorrelation in regression residuals to establish the presence of correlations between regression residuals and the observations (King, 2018). Autocorrelation does not adhere to the assumption of independent errors which may lead to biased estimates of coefficients and a distorted decision-making process. The Durbin-Watson values have also been assessed in this study in case of independence of residuals. In case of autocorrelation, it was estimated that model corrections, addition of lagged variables or the use of the generalized least squares could be assessed. The autocorrelation was corrected, which enhanced the strength of the regression findings and justified the validity of findings on the effects of D&I practices on corporate performance in Tier 2 Kenyan banks.

# CHAPTER FOUR

# FINDINGS AND DISCUSSION

## 4.1 Introduction

This chapter also contains the analysis and interpretation of the data derived in the course of the research conducted on the respondents employed in the banking sphere. It provides descriptive and inferential statistics that show the key findings in the research. The results are provided in the tabular form that becomes easy to read and comprehend to provide an insight into the overall trends and associations that have been established during the analysis.

## 4.2 Pilot Test Results

This section indicates the pilot study findings that were carried out in order to determine the reliability and validity of the research instrument. The pilot study was meant to help in the refinement of the questionnaire and clarifying the questionnaire and its consistency and accuracy of the responses prior to the actual data collection. The pilot of this research engaged in the administration of the questionnaire to 10% of the total sample population of 207 respondents, hence 21 respondents who were selected in the sample of Tier 2 commercial banks in Kenya. The pilot process contributed greatly to bringing out the confusing issues, improving the design and making the instrument work as it would provide data regarding the practices of diversity and inclusion and their influence on corporate performance. The suggestions obtained once the pilot members were consulted informed the minor adjustments that were made to make the most out of the insights and enable the final questionnaire to give valid, credible, and objective information during the third step of the primary data collection.

### 4.2.1 Reliability Test

Table 4 presents the findings of the reliability test of the study's questionnaire items.

**TABLE 4**

**Reliability Test**

| | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|---|
| Gender Equality | .939 | .942 | 10 |
| Workplace Accessibility | .802 | .799 | 10 |
| Inclusive Hiring Practices | .627 | .744 | 10 |
| Training & Awareness | .721 | .698 | 10 |
| Corporate Performance | .761 | .735 | 10 |

**Source: Research Findings, 2025**

The pilot study was carried out on 21 participants of the target population of 10 percent and the internal consistency of the research instrument was evaluated. The Alpha values of the obtained Cronbach were 0.939 (Gender Equality), 0.802 (Workplace Accessibility), 0.627 (Inclusive Hiring Practices), 0.721 (Training and Awareness), and 0.761 (Corporate Performance). Mugenda and Mugenda (2003) state that a Cronbach alpha of 0.7 and above is acceptable in reliability. The result showed that a majority of the constructs were below this threshold and therefore strong internal consistency. Nonetheless, the construct of Inclusive Hiring Practices had a low reliability of 0.627. In solving this, two items which were having weak correlations with the scale were edited to be clear and which would be in line with the objectives of the construct. A re-analysis of the adjustments produced a better reliability coefficient, which improved the general consistency and validity of the final questionnaire.

### 4.2.2 Validity Test

The study evaluated the reliability of a self-administered questionnaire designed to measure corporate performance, training and awareness, workplace accessibility, inclusive hiring practices, and gender equality initiatives. It established sound content validity based on literature and theory related to diversity and inclusion in the banking sector, ensuring each item accurately reflects its construct. Developed by experts in human resource management and organizational behavior, the instrument effectively measures dimensions of diversity and inclusion in Tier 2 commercial banks in Kenya.

## 4.3 Response Rate

Table 5 indicates that of the 207 questionnaires that were distributed, 175 questionnaires were completed and returned hence a response rate of 84.54%.

**TABLE 5**

**Response Rate**

| | FREQUENCY | PERCENTAGE |
|---|---|---|
| Responded | 175 | 84.54% |
| Not Responded | 32 | 15.46% |
| **TOTAL** | 207 | 100.00% |

**Source: Findings, 2025**

The high response rate of 84.54% in this study indicates significant engagement and interest from respondents, enhancing the credibility and reliability of the results. According to Mugenda and Mugenda (2003), response rates of 50%, 60%, and 70% are deemed adequate, good, and very good, respectively; therefore, the achieved rate is outstanding. This form of interaction indicates that participants were conversant with the issue of diversity and inclusion practices, and their influence on corporate performance among Tier 2 commercial banks in Kenya. Therefore, the information obtained presents a solid basis on which a credible analysis is undertaken and the effects of the practices on the organizational outcomes are interpreted.

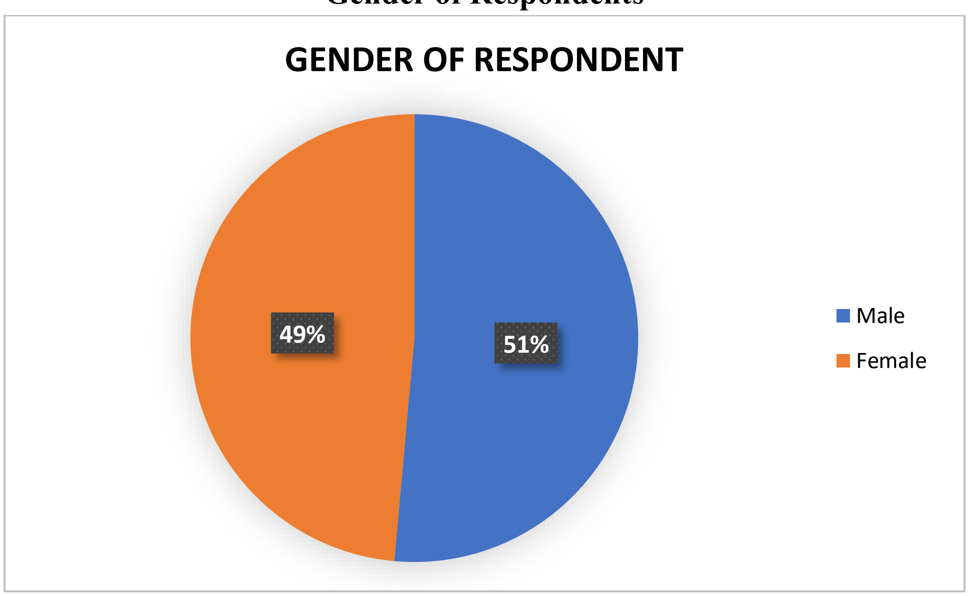
### 4.4 Demographic Analysis

The section outlines the demographic features of the study sample. These characteristics are crucial for interpreting the findings and understanding the varied perceptions and experiences among respondents related to the study's focus.

#### 4.4.1 Gender of Respondent

Figure 2 shows the gender distribution of the study respondents.

**FIGURE 2**
**Gender of Respondents**



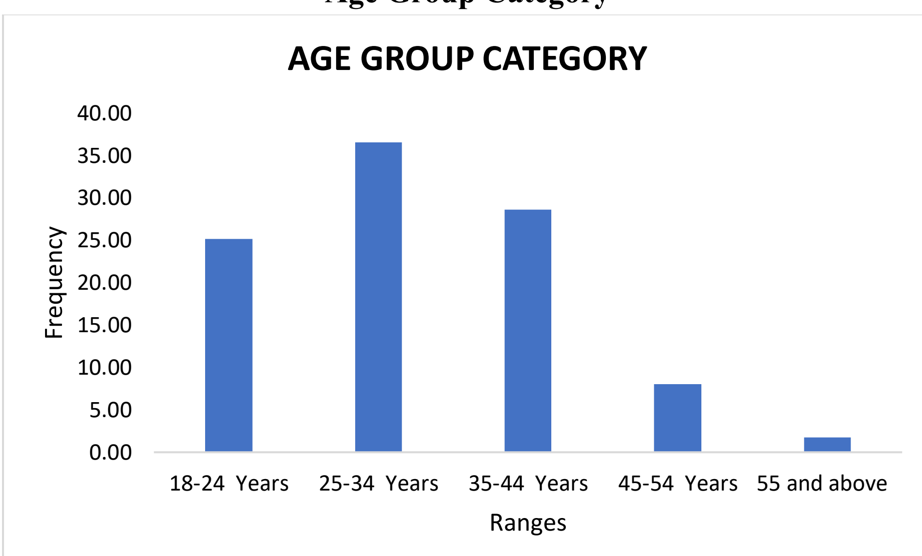

**Source: Research Findings, 2025**

The results show that there was the presence of an almost equal gender representation with 51.43% of the respondents being male and 48.57% being female. This balance means that views of both sexes have been properly represented providing a decent representation of the Tier 2 commercial banks workforce in Kenya. The close balance between the gender ratio enhances the validity of the research findings particularly in establishing the gender equality and inclusion practices. Such depiction has ensured that the perceptions of diversity in the work environment, recruitment and leadership opportunities have been perceived through the eyes of male and female. This balance is critical in a study on diversity and inclusion, since the balance assists in general analysis on perceptual and attitude related to gender that influences corporate performance of the Kenyan banking sector.

### 4.4.2 Age Group Category

Figure 3 shows age distribution of the study respondents.

**FIGURE 3**
**Age Group Category**



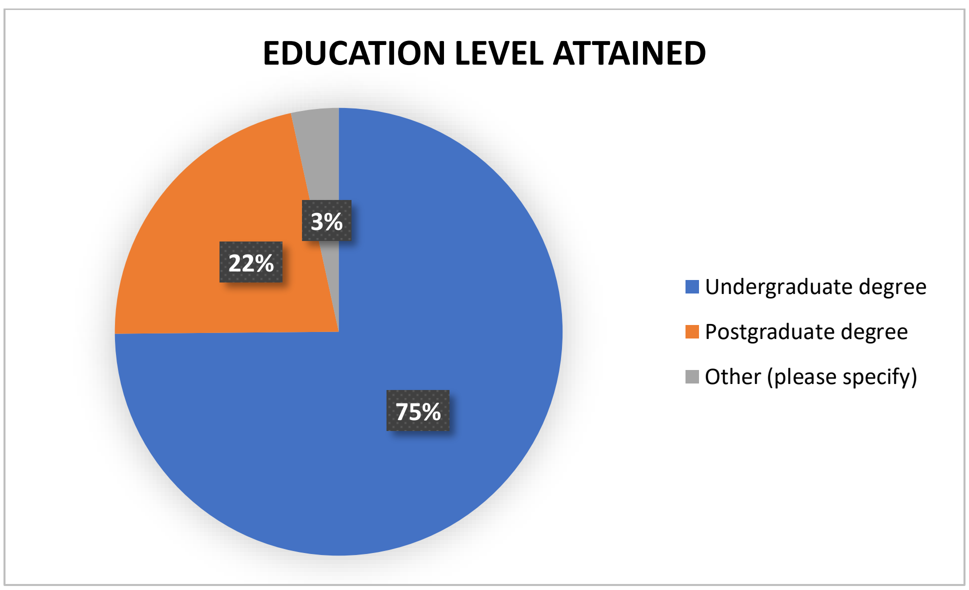

**Source: Research Findings, 2025**

The majority of respondents (36.57%) are young adults aged 25-34, indicating that the research reflects the views of individuals in early to mid-career stages. Additionally, 28.57% are aged 35-44, highlighting the presence of middle-aged employees who contribute significant professional experience. The 18-24 age group accounts for 25.14%, suggesting the inclusion of younger, entry-level participants. Only 8.00% of respondents are aged 45-54, and a minimal 1.71% are over 55. This age distribution provides a diverse representation across various career stages, enhancing the reliability of the study regarding perceptions of diversity and inclusion practices.

### 4.4.3 Education Level Attained

Figure 4 is the level of education of the respondents in the study.

**FIGURE 4**
**Education Level Attained**



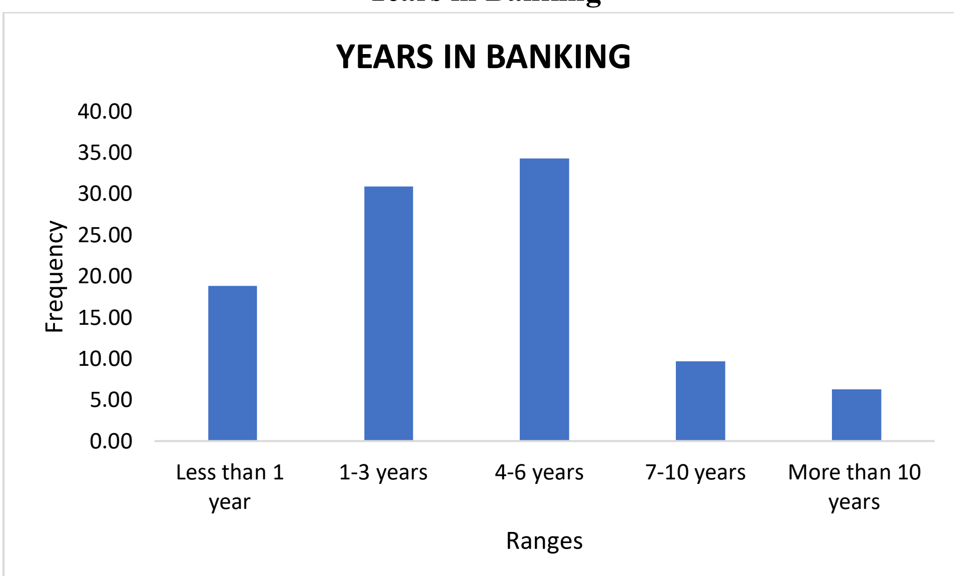

**Source: Research Findings, 2025**

Most of the respondents (74.86) have undergraduate degrees, which means that most participants have a good academic background that can be applied in their professional roles. Also, 21.71% of the surveyed people have postgraduate education indicating that a large number of people with higher education and professional knowledge are represented. A small percentage of participants (3.43) had other educational qualifications like diplomas or professional certification, suggesting that most are well-educated. This enhances the credibility and reliability of their responses and indicates a majority's capability to understand and apply diversity and inclusion practices.

### 4.4.4 Years in Banking

Figure 5 depicts the spread of the respondents on the basis of their number of years in the banking industry.

**FIGURE 5**
**Years in Banking**



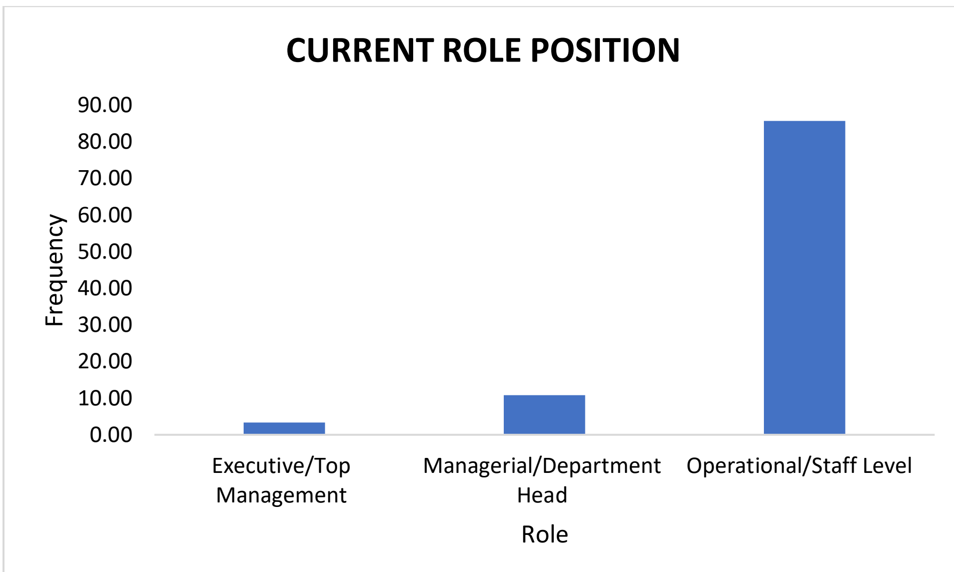

**Source: Research Findings, 2025**

The majority of respondents (34.29%) had 4-6 years of experience in the banking industry, indicating moderate experience. Additionally, 30.86% had 1-3 years of experience, suggesting a significant presence of newer workers. New recruits with less than one year of experience represented 18.86%, while only 9.71% had 7-10 years, and 6.29% had over 10 years of experience. This distribution highlights a workforce mainly composed of moderately experienced individuals, relevant to the context of diversity and inclusion practices in the industry.

### 4.4.5 Current Role Position

Figure 6 shows the distribution of respondents based on their current job positions in the bank.

**FIGURE 6**
**Current Role Position**



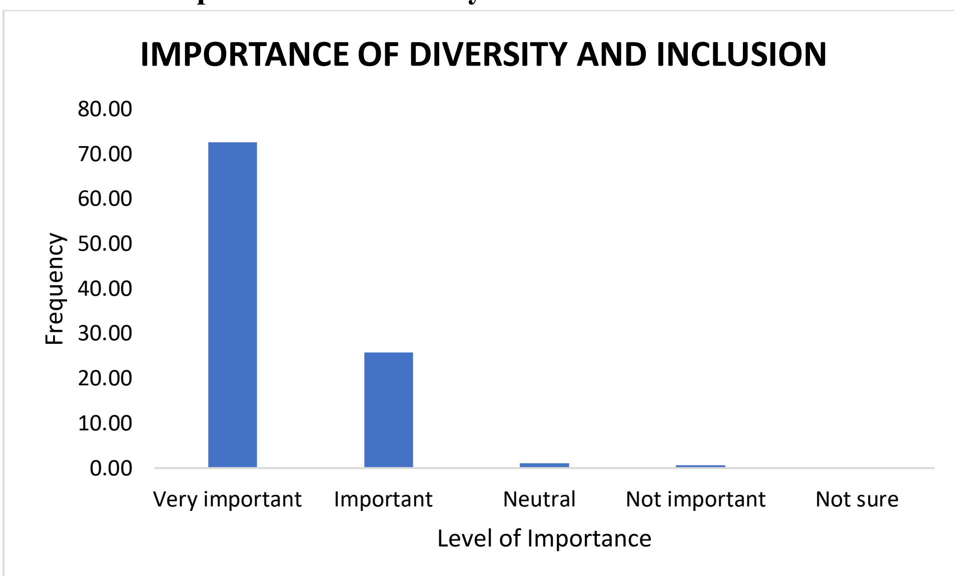

**Source: Research Findings, 2025**

The majority of participants 85.71% were at the operational or staff level, indicating that they were intimately involved in daily banking activities. Management or departmental leaders, who are representatives of those tasked with managerial and administrative duties, made up a lesser percentage (10.86%). Only 3.43% of the respondents were in the executive or top management group, suggesting that the upper levels of leadership were not well represented. There were no answers in any other category. This distribution implies that the study has sampled the views of the operational staffs, and this will be a good source of information on how diversity and inclusion practices are experienced and carried out at the functional level in the banking institutions.

### 4.4.6 Importance of Diversity and Inclusion Practices

Figure 7 shows the perceptions of the respondents on the significance of diversity and inclusion (D&I) practices in the success of their organization.

**FIGURE 7**
**Importance of Diversity and Inclusion Practices**




**Source: Research Findings, 2025**

Most participants (72.57%) viewed diversity and inclusion (D&I) practices as very important in the banking sector, citing benefits in collaboration, innovation, and staff satisfaction. Additionally, 25.71% marked them as important, revealing strong support for inclusive strategies. A small percentage (1.14%) were neutral, and only 0.57% considered D&I practices insignificant. The lack of indecision among respondents indicates strong awareness of the topic. The findings highlight that organizational leaders recognize D&I's role in enhancing performance and cultural harmony, impacting long-term success in the banking industry.

### 4.5 Descriptive Statistics

The descriptive statistics section outlines the trends in the collected data, detailing the consensus and divergence in respondents' opinions. This analysis aids in understanding the various practices within the banking industry.

#### 4.5.1 Analysis Based on Gender Equality Initiatives

Table 6 includes the descriptive analysis of the Gender Equality Initiatives.

**TABLE 6**

**Gender Equality Initiatives**

| | N | Minimum | Maximum | Mean | | Std. Deviation |
|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic |
| The bank ensures equal pay for employees performing similar roles, regardless of gender. | 175 | 1.00 | 5.00 | 4.2343 | .07676 | 1.01538 |
| I believe that the bank has a clear and transparent equal pay policy for all employees. | 175 | 1.00 | 5.00 | 4.2457 | .07783 | 1.02955 |
| The bank has a diverse leadership team that includes individuals of different genders. | 175 | 1.00 | 5.00 | 4.1943 | .07370 | .97496 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Gender diversity in leadership positions at the bank is actively promoted. | 175 | 1.00 | 5.00 | 4.1143 | .07725 | 1.02193 |
| The bank provides adequate maternity leave and support for female employees. | 175 | 1.00 | 5.00 | 4.3200 | .07385 | .97698 |
| The bank has policies in place to support the return of female employees after maternity leave. | 175 | 1.00 | 5.00 | 4.0686 | .08047 | 1.06452 |
| The bank evaluates gender balance annually across departments and levels. | 175 | 1.00 | 5.00 | 4.1086 | .07580 | 1.00269 |
| Career advancement opportunities are equally available to male and female employees. | 175 | 1.00 | 5.00 | 3.9771 | .08537 | 1.12931 |
| There are visible female role models and mentors within the bank. | 175 | 1.00 | 5.00 | 4.0914 | .07484 | .99000 |
| The bank publicly commits to achieving gender equality goals. | 175 | 1.00 | 5.00 | 4.0743 | .07689 | 1.01719 |
| Valid N (listwise) | 175 | | | | | |

**Source: Researcher, 2025**

The average rating of the statement about the bank that guarantees equal pay to employees with similar roles in spite of their gender was 4.2343, which means that the respondents were more or less in agreement that the bank practices pay equity. On the same note, the statement having a clear and transparent equal pay policy has had an average of 4.2457, which translated to high confidence in the equity of compensation structures. The average of 4.1943 of the presence of a diverse team of leadership indicates that the majority of employees think that gender representation is a prized leadership trait, whereas an average of 4.1143 of reinforcing gender diversity in leadership supports this inclusivity.

One of the highest mean scores was found in the provision of adequate maternity leave at 4.3200, which showed that the institution has a solid support to the female employees in terms of maternity leave. Nevertheless, the average of 4.0686 of the policies in favor of the reemployment of female employees following their maternity leaves is a significantly lower but positive reintegration support perception. The analysis of gender balance by the department (mean = 4.1086) and career advancement equality (mean = 3.9771) indicates overall equal chances, although they can be improved. The fact that there are visible female mentors (mean = 4.0914) and that the organization is committed to the gender equality goals (mean = 4.0743) shows the proactive approach of the organization. In general, these results imply that gender equality initiatives are quite established, but they still need to be reinforced on a regular basis to maintain the level of inclusiveness and provide all employees with equal opportunities to grow and develop.

### 4.5.2 Analysis Based on Inclusive Hiring Practices

Table 7 introduces a thorough discussion of the Inclusive Hiring Practices in Tier 2 commercial banks in Kenya, to gauge the level of adoption of diversity and fairness in the hiring process.

**TABLE 7**

**Inclusive Hiring Practices**

| | N | Minimum | Maximum | Mean | | Std. Deviation |
|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic |

| | | | | | | |
|---|---|---|---|---|---|---|
| The bank's recruitment process ensures that no gender bias is involved in hiring decisions. | 175 | 1.00 | 5.00 | 4.0800 | .07750 | 1.02520 |
| I believe that the bank implements fair and unbiased recruitment practices. | 175 | 1.00 | 5.00 | 4.0057 | .07180 | .94988 |
| The bank makes an effort to shortlist candidates from diverse backgrounds during recruitment. | 175 | 1.00 | 5.00 | 4.0571 | .07719 | 1.02112 |
| Gender diversity is a key factor in the shortlisting process for new employees. | 175 | 1.00 | 5.00 | 4.0457 | .07195 | .95181 |
| The bank provides reasonable accommodations during interviews for individuals with diverse needs. | 175 | 1.00 | 5.00 | 3.8971 | .08806 | 1.16498 |
| Interview processes at the bank are inclusive and accessible to all candidates, regardless of gender. | 175 | 1.00 | 5.00 | 3.9657 | .08379 | 1.10847 |
| Job advertisements are written in gender-neutral and inclusive language. | 175 | 1.00 | 5.00 | 4.0800 | .07959 | 1.05286 |
| Hiring managers are trained on unconscious bias mitigation strategies. | 175 | 1.00 | 5.00 | 3.9714 | .07875 | 1.04182 |
| The bank tracks diversity metrics throughout the hiring stages. | 175 | 1.00 | 5.00 | 3.9657 | .07555 | .99941 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Recruitment panels include members from diverse backgrounds. | 175 | 1.00 | 5.00 | 4.0343 | .07811 | 1.03334 |
| Valid N (listwise) | 175 | | | | | |

**Source: Researcher, 2025**

The average value of the statement of ensuring that no gender discriminations are involved in the hiring decisions was 4.0800 which reflects the strong agreement in the fact that the banks are guided by the equitable hiring standards. In the same vein, the perception of fair and unbiased recruitment practices registered a mean of 4.0057 and most respondents were likely to view the recruitment process as being fair and unbiased. The shortlisting of diverse background candidates is a consistent attempt to embrace diversity, as the mean score of 4.0571 is rather high.

Moreover, the average gender diversity score of 4.0457 as one of the factors contributing to shortlisting proves the interest of the banks in the inclusive representation. The statement on reasonable accommodations should be given when interviewing persons with diverse needs, however, the mean of the statement was a little lower 3.8971 that can slightly be improved in terms of accessibility. The awareness and training processes, i.e., the inclusiveness of the interview procedures (mean = 3.9657) and the training of the hiring managers on unconscious bias mitigation (mean = 3.9714) are currently underway but can still be enhanced. Moreover, gender-neutral employment advertisements (mean = 4.0800) and diverse recruitment panels (mean = 4.0343) support the effort by the banks to have fair employment conditions. On the whole, the results indicate that Tier 2 commercial banks are making a good move towards the promotion of inclusive hiring practices, yet additional attention to the use of accessibility and bias training will be essential to ensuring complete inclusion at all recruitment levels.

### 4.5.3 Analysis Based on Workplace Accessibility

Table 8 gives an examination of the Workplace Accessibility.

**TABLE 8**

**Workplace Accessibility**

| | N | Minimum | Maximum | Mean | | Std. Deviation |
|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic |
| The bank provides necessary assistive technologies to employees with disabilities. | 175 | 1.00 | 5.00 | 4.1657 | .07778 | 1.02888 |
| The bank invests in technologies that promote an inclusive work environment for all employees. | 175 | 1.00 | 5.00 | 4.1029 | .07252 | .95937 |
| The bank offers flexible work arrangements that cater to the diverse needs of its employees. | 175 | 1.00 | 5.00 | 4.0743 | .07112 | .94088 |
| Flexible working hours are available to employees to support their work-life balance. | 175 | 1.00 | 5.00 | 4.1771 | .07805 | 1.03254 |
| The bank's physical infrastructure is accessible and supportive of employees with physical disabilities. | 175 | 1.00 | 5.00 | 4.0571 | .06911 | .91422 |
| The bank has invested in creating a physically accessible work environment for all employees. | 175 | 1.00 | 5.00 | 4.0914 | .06497 | .85949 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Employees with special needs are adequately supported with workplace adjustments. | 175 | 1.00 | 5.00 | 4.0286 | .07223 | .95550 |
| The bank regularly audits its accessibility standards and practices. | 175 | 1.00 | 5.00 | 4.0343 | .07379 | .97614 |
| There are clear procedures for employees to request accessibility accommodations. | 175 | 1.00 | 5.00 | 4.0286 | .07177 | .94946 |
| Accessibility considerations are integrated into all major bank initiatives and renovations. | 175 | 1.00 | 5.00 | 4.0686 | .07093 | .93826 |
| Valid N (listwise) | 175 | | | | | |

**Source: Researcher, 2025**

The average of the statement of offering the necessary assistive technologies to employees with disabilities was 4.1657 which indicates that majority of the respondents believe that the banks have done a commendable job of assisting employees with special needs. In the same manner, the average score of 4.1029 of investment in inclusive technologies reveals that banks are very active in encouraging digital inclusivity and open systems to all employees. The average score of 4.0743 of flexible work arrangements reveals that employees feel that these banks are sensitive to various individual and professional demands and the mean of flexible working hours was a bit more at 4.1771 which highlights the attempts of the institutions to improve work-life balance. The results further indicate that the physical structure of the banks is available (mean = 4.0571) with an ongoing investment in the establishment of inclusive spaces (mean = 4.0914).

Besides, the indicators connected with workplace adaptations to employees with special needs (mean = 4.0286) and routine examination of the accessibility practices (mean = 4.0343) emphasize a proactive attitude to the maintenance of the standards of inclusiveness. Strategic inclusivity planning is further evidenced by the presence of easily accessible procedures to request accommodations (mean = 4.0286) and integration of accessibility issues into major initiatives (mean = 4.0686). The results reveal that Tier 2 commercial banks have developed the powerful accessibility to the workplace focusing on technological, structural, and procedural inclusiveness. Nevertheless, the continuous improvement and frequent checks are necessary to warrant complete involvement and contentment of all workers at various levels of abilities.

#### 4.5.4 Analysis Based on Training and Awareness Programs

Table 9 provides a discussion of Training and Awareness Programs among Tier 2 commercial banks in Kenya, and how the program facilitates diversity and inclusion.

**TABLE 9**

**Training and Awareness Programs**

| | N | Minimum | Maximum | Mean | | Std. Deviation |
|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic |
| The bank organizes regular sensitivity workshops to raise awareness about diversity and inclusion. | 175 | 1.00 | 5.00 | 4.0857 | .07596 | 1.00491 |
| Sensitivity training at the bank has positively influenced employees' understanding of diversity issues. | 175 | 1.00 | 5.00 | 4.1657 | .07432 | .98318 |

| | | | | | | |
|---|---|---|---|---|---|---|
| The bank has clear anti-discrimination policies that are well communicated to all employees. | 175 | 1.00 | 5.00 | 4.2571 | .07547 | .99836 |
| Employees are regularly trained on the bank's anti-discrimination policies to ensure compliance. | 175 | 1.00 | 5.00 | 4.1429 | .07804 | 1.03232 |
| The bank provides training for leaders on how to manage diverse teams effectively. | 175 | 1.00 | 5.00 | 4.0343 | .07060 | .93401 |
| Leadership training programs at the bank emphasize the importance of inclusivity and respect for diversity. | 175 | 1.00 | 5.00 | 4.0457 | .07149 | .94575 |
| Diversity and inclusion training is mandatory for all new hires. | 175 | 1.00 | 5.00 | 4.1029 | .07342 | .97128 |
| Regular refresher courses are offered on diversity, equity, and inclusion topics. | 175 | 1.00 | 5.00 | 3.9657 | .07811 | 1.03334 |
| Employees are encouraged to report discrimination incidents without fear of retaliation. | 175 | 1.00 | 5.00 | 4.1714 | .06849 | .90610 |
| Training programs include real-world case studies to illustrate diversity challenges and solutions. | 175 | 1.00 | 5.00 | 4.0857 | .07377 | .97590 |
| Valid N (listwise) | 175 | | | | | |

**Source: Researcher, 2025**

The average score of the statement about the regularity of sensitivity workshops was 4.0857 which means that the majority of the respondents agreed that such an activity was effective in increasing the awareness of diversity and inclusion. On the same note, sensitivity training was viewed as effective, with a mean of 4.1657 showing that through organized training, employees have been able to understand more about the issues surrounding diversity. The average 4.2571 of clear anti-discrimination policies implies that a majority of the employees recognize anti-discrimination policies and their communication in the company. The frequency of training employees on the policies against discrimination had a score of 4.1429 and this once again verified institutional commitment towards encouraging equality.

The training programs that are related to leadership had good scores as well with a mean of 4.0343 and 4.0457 indicating that leaders are being provided with the necessary skills to manage diverse teams and ensure inclusiveness. The sustained motivation towards the continuous learning is indicated in mandatory diversity training of new employees (mean = 4.1029) and through refresher courses (mean = 3.9657). The promotion of reporting the incidences of discrimination without fear (mean = 4.1714) highlights a supportive and open culture. Finally, the practicality of the programs in terms of real-life case studies in training (mean = 4.0857) demonstrates that the programs are relevant to the experiences of the employees. The results show that Tier 2 banks have integrated the understanding of diversity and inclusion in their organizational structure. The high mean scores on different dimensions are very clear to show the high confidence of the employees on the inclusion, equity and respectful culture of the workplace built based on the training programs.

### 4.5.5 Analysis Based on Corporate Performance of Commercial Banks

Table 10 displays the results of Corporate Performance of Commercial Banks, which indicates the impact of diversity and inclusion practices on several outcomes of the organization.

**TABLE 10**

**Corporate Performance of Commercial Banks**

| | N | Minimum | Maximum | Mean | | Std. Deviation |
|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic |
| The implementation of diversity and inclusion practices has positively impacted the bank's financial growth. | 175 | 1.00 | 5.00 | 4.2800 | .07544 | .99793 |
| The bank's financial performance has improved due to its focus on diversity and inclusion initiatives. | 175 | 1.00 | 5.00 | 4.1086 | .07580 | 1.00269 |
| Employees are more productive as a result of the bank's diversity and inclusion policies. | 175 | 1.00 | 5.00 | 4.0914 | .07395 | .97832 |
| Diversity and inclusion practices at the bank have led to increased employee motivation and output. | 175 | 1.00 | 5.00 | 4.1314 | .07248 | .95886 |
| The bank's diversity and inclusion efforts have contributed to higher levels of customer satisfaction. | 175 | 1.00 | 5.00 | 4.1829 | .07297 | .96534 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Customers are more satisfied with the bank’s services due to its inclusive workplace practices. | 175 | 1.00 | 5.00 | 4.1314 | .06924 | .91594 |
| Diverse leadership has contributed to more innovative decision-making within the bank. | 175 | 1.00 | 5.00 | 4.0857 | .07640 | 1.01062 |
| Inclusive workplace practices have reduced employee turnover rates at the bank. | 175 | 1.00 | 5.00 | 4.1371 | .07830 | 1.03588 |
| Employee engagement scores have increased because of diversity and inclusion programs. | 175 | 1.00 | 5.00 | 4.1257 | .08089 | 1.07006 |
| The bank’s market share has improved due to stronger brand reputation from its diversity efforts. | 175 | 1.00 | 5.00 | 4.0800 | .07039 | .93120 |
| Valid N (listwise) | 175 | | | | | |

**Source: Researcher, 2025**

With a standard deviation of 0.997933 and an average score of 4.2800 for the statement that the bank's financial growth has been positively impacted by the implementation of diversity and inclusion practices, the respondents firmly believed that D&I practices have a significant impact on the bank's financial growth. Similarly, the average statement scores of 4.1086 on the claim that the bank's concentration on diversity and inclusion initiatives has improved its financial performance suggests that there is a favorable assessment of the connection between D&I and performance improvement. The average score for employees who are more productive as a result of the bank's diversity and inclusion initiatives was 4.0914, indicating that these policies boost bank employees' productivity. Additionally, the assertion that diversity and inclusion practices have led to motivation and greater productivity had a mean score of 4.1314, indicating that the programs have enhanced employee engagement.

The average was 4.1829 on the question. The fact that bank diversity and inclusion efforts have resulted in greater customer satisfaction demonstrates that inclusion is widely perceived to improve customer experiences. Furthermore, the mean of 4.0857 for the statement "Diverse leadership has contributed to more innovative decision-making" demonstrates a notion that leadership diversity is a factor of innovation. The mean scores that remain high, 4.08 to 4.28 in all the categories, show that diversity and inclusion strategies are perceived as having a strong positive influence on corporate performance. The standard deviations are very low, which implies that the respondents showed a steady concurrence, which stresses that diversity and inclusion initiatives improve the financial performance, productivity, innovation, and customer satisfaction in commercial banks.

## 4.6 Inferential Analysis

The inferential analysis seeks to comprehend the statistical relationships between key constructs and their singular and combined effects on the findings. By using correlation analysis and regressions, it shows how strong and significant these relationships are and gives an understanding of how the practices under study have impacted on the overall organizational results in the commercial banks.

### 4.6.1 Model Summary

Table 11 presents the model summary of the regression analysis that was conducted to test the relationship among Diversity and Inclusion Practices and Corporate Performance.

**TABLE 11**

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .847[a] | .717 | .710 | .47595 | .717 | 107.568 | 4 | 170 | .000 |

a. Predictors: (Constant), Training and Awareness, Inclusive Hiring, Gender Equality, Workplace Accessibility

**Source: Researcher, 2025**

The results of the analysis showed that Diversity and Inclusion Practices and Corporate Performance have a strong and positive relationship with the correlation coefficient (R) of 0.847. This value of R square (0.717) indicates that the model can account for approximately 71.7% of the change in Corporate Performance with the help of Diversity and Inclusion Practices. This implies that the practices adopted play a significant role towards improving the organizational outcomes. The Adjusted R Square of 0.710 also tests the reliability of the model by explaining the number of predictors and sample size that 71% of the variability in Corporate Performance would remain constant even after adjustments.

The standard error of the estimate, 0.47595, is a small value indicating that there are not many deviations of the predicted values in the regression line which means that the model is strongly fitted. Also, the F-change value of 107.568 and a significance value (Sig. F Change) of 0.000 show that the general regression model is statistically significant at the 5% level. It means that, in addition to Corporate Performance, Diversity and Inclusion Practices have a large and considerable impact, and the discovered link cannot be attributed solely to opportunity: The substantial coefficient of determination and high F-statistic imply a good model and predictive potential. These findings highlight that successful diversity and inclusion practices are fundamentally crucial in increasing corporate performance in commercial banks.

### 4.6.2 ANOVA

Table 12 presents the results of the Analysis of Variance (ANOVA) used to determine the statistical significance of the link between Diversity and Inclusion Practices and Corporate Performance.

**TABLE 12**

**ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 97.470 | 4 | 24.367 | 107.568 | .000[b] |
| | Residual | 38.510 | 170 | .227 | | |
| | Total | 135.980 | 174 | | | |

a. Dependent Variable: Corporate Performance

b. Predictors: (Constant), Training and Awareness, Inclusive Hiring, Gender Equality, Workplace Accessibility

**Source: Researcher, 2025**

The regression sum of squares equals 97.470 and the residual sum of squares equals 38.510 making the overall sum of squares equal to 135.980. It implies that Diversity and Inclusion Practices are the factors that explain significant part of variance in Corporate Performance. The average square value of regression is 24.367 which is compared to average square residual value of 0.227 which indicates the model has a strong explanatory power. The value of F-statistic, 107.568 is significantly high with the value of significance (Sig.) of 0.000, which is below the standard value of 0.05. This validates that this model is statistically significant and that Diversity and Inclusion Practices significantly alter Corporate Performance. The F-test value indicates that the combined influence of Diversity and Inclusion Practices significantly affects Corporate Performance in commercial banks. The findings reveal that initiatives aimed at enhancing diversity and inclusivity have positively influenced organizational performance, contributing to financial growth, innovation, and employee engagement. ANOVA data corroborate that the regression model effectively captures the impact of Diversity and Inclusion Practices on Corporate Performance, confirming a robust and significant relationship between these two constructs.

### 4.6.3 Coefficients

Table 13 is the regression coefficients indicating the personal contribution of each element of Diversity and Inclusion Practices to the Corporate Performance.

**TABLE 13**

**Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | .315 | .195 | | 1.620 | .107 |
| | Gender Equality | .152 | .082 | .149 | 1.847 | .066 |
| | Inclusive Hiring | .128 | .117 | .131 | 1.087 | .278 |

| | | | | | |
|---|---|---|---|---|---|
| Workplace Accessibility | .278 | .125 | .261 | 2.224 | .027 |
| Training and Awareness | .375 | .073 | .370 | 5.114 | .000 |

a. Dependent Variable: Corporate Performance

**Source: Researcher, 2025**

The coefficients are not normalized, implying the degree of change in Corporate Performance in response to a one-unit change in each predictor, whereas standardized coefficients (Beta values) indicate relative significance. It was discovered that Training and Awareness (= 0.370, = 0.000) had the most valuable and significant positive impact on Corporate Performance, indicating that regular sensitization programs and inclusive leadership training have a significant positive effect on organizational outcomes. Workplace Accessibility (-0.261, = 0.027) also statistically influenced it, with the assumption that a work environment was created to be accessible, impacting employee engagement and production.

The Gender Equality variable showed a positive but marginally nonsignificant connection (= 0.149, $p = 0.066$), indicating that gender balance improves performance, but this effect may be dependent on other favorable behaviors. Inclusive recruiting (0.131, $p = 0.278$) was favorably, but statistically insignificantly, connected with the fact that, while inclusivity when recruiting is essential, its impact on performance results may take time to manifest. The constant of 0.315 indicates the basis of the Corporate Performance if all of the Diversity and Inclusion factors are retained at the same level. The results show that implementing Diversity and Inclusion Practices, such as training and awareness and workplace accessibility, has a significant positive impact on corporate performance. This emphasizes the need to keep investing in employee sensitization and inclusive work environments to boost productivity, innovation, and organizational growth in the banking sector.

The regression equation that was obtained through the results of this study can be expressed as follows:

***Corporate Performance = 0.315 + 0.152(Gender Equality) + 0.128(Inclusive Hiring) + 0.278(Workplace Accessibility) + 0.375(Training and Awareness)***

The constant of 0.315 is used as the level of Corporate Performance that will be attained in the case where all the Diversity and Inclusion Practices are kept constant. An increase in Gender Equality by a unit leads to an increase in Corporate Performance by 0.152 which indicates that encouraging gender balance also brings about fairness, creativity, and collaboration in the organization. Inclusive Hiring has a coefficient of 0.128, which means that the more inclusive recruitment programs, the higher Corporate Performance will increase, but this effect might take time as inclusivity becomes more powerful in the organizational culture. Workplace Accessibility has a coefficient equal to 0.278 implying that enhancing physical and procedural accessibility in the bank has a remarkable effect in increasing employee morale and general efficiency. The most powerful one, the Training and Awareness variable, which has a coefficient of 0.375, shows that constant diversity and inclusion education can significantly lead to better performance results based on the improved knowledge, cooperation, and respect among the employees.

These results confirm that everything has a positive effect on the Corporate Performance in commercial banks in terms of Diversity and Inclusion Practices, but Training and Awareness and Workplace Accessibility are the most important ones. This restates the importance of an inclusive work environment culture being one of the most critical elements in achieving greater organizational performance and competitive advantage in the banking sector.

### 4.6.4 Correlations

Table 14 provides the correlation analysis of Diversity and Inclusion Practices and Corporate Performance of commercial banks. The results indicate that all the variables of study are strongly and good correlated, and it implies that the expansion of diversity and areas of inclusion is linked to better organizational outcomes.

**TABLE 14**

**Correlations**

| | | Gender Equality | Inclusive Hiring | Workplace Accessibility | Training & Awareness | Corporate Performance |
|---|---|---|---|---|---|---|
| Gender Equality | Pearson Correlation | 1 | .835** | .814** | .782** | .760** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 |
| | N | 175 | 175 | 175 | 175 | 175 |
| Inclusive Hiring | Pearson Correlation | .835** | 1 | .931** | .777** | .785** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 |
| | N | 175 | 175 | 175 | 175 | 175 |
| Workplace Accessibility | Pearson Correlation | .814** | .931** | 1 | .788** | .795** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 |
| | N | 175 | 175 | 175 | 175 | 175 |
| Training & Awareness | Pearson Correlation | .782** | .777** | .788** | 1 | .793** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | N | 175 | 175 | 175 | 175 | 175 |
| Corporate Performance | Pearson Correlation | .760** | .785** | .795** | .793** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 175 | 175 | 175 | 175 | 175 |

**. Correlation is significant at the 0.01 level (2-tailed).

**Source: Researcher, 2025**

The relationship between the Gender Equality and the Corporate Performance exists in the form of a strong positive correlation of 0.760, which implies that considering the various genders fairly and providing them with equal opportunities to perform well is one of the factors that can be significantly credited to the high level of performance. Inclusive Hiring shows that the correlation coefficient between it and Corporate Performance is 0.785, and thus, it means that when diversity-related backgrounds are accommodated in employment practices, that results in innovation and an increase in organizational capacity. The Workplace Accessibility is 0.795 related to Corporate Performance and this implies that providing an inclusive and accessible workplace have the ability to enhance the level of engagement of employees, their productivity as well as the effectiveness of the institution. Besides this, Training and Awareness is also linked to a correlation coefficient of 0.793, which indicates that ongoing diversity and inclusion sensitization and training translate into cooperation and mutual respect that shall translate into improved corporate performance.

The correlation coefficients of the diversity dimensions and inclusion dimensions themselves are also very high like Inclusive Hiring and Workplace Accessibility at 0.931, and Gender Equality and Inclusive Hiring at 0.835, which implies that the two have a high interrelation and that they all collaborate to enhance inclusiveness and performance. The significance value analyses (p =

0.000) in any one of the relationships show that all correlations are statistically significant at the level of 0.01 (2-tailed). The results indicate that Diversity and Inclusion Practices do not only co-exists, but also interrelate with each other and positively influence Corporate Performance of commercial banks. This makes it so significant to improve gender equality, non-discriminatory recruitment, availability and maintainability of awareness in driving progressive business and organizational growth.

### 4.7 Diagnostic Test

The section offers the diagnostic tests performed in the study to make the statistical analysis robust. These tests were useful in pointing out the possible problems that could have compromised the reliability and accuracy of the results.

#### 4.7.1 Multicollinearity Test

The multicollinearity between the independent variables had to be evaluated to verify the validity of the regression model. Multicollinearity happens when two or more predictors in a regression model are strongly correlated with each other and it is not easy to distinguish the effect of each variable on corporate performance.

**TABLE 15**

**Multicollinearity Test**

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | (Constant) | | |

| | | |
|---|---|---|
| Gender Equality | .256 | 3.909 |
| Inclusive Hiring | .115 | 8.730 |
| Workplace Accessibility | .121 | 8.244 |
| Training and Awareness | .319 | 3.134 |

a. Dependent Variable: Corporate Performance

**Source: Researcher, 2025**

Based on Table 4.12, all the independent variables have tolerance values larger than the minimum of 0.1, which implies that the independent variables provide their unique information to the model. The values of the VIFs, even though somewhat higher than 5 in the case of inclusive hiring and access to the workplace, are still lower than 10, which is broadly believed to be satisfactory. This implies that the incidence of multicollinearity is not very high and the regression coefficients are not affected. Therefore, the findings are valuable in understanding the impact of gender equality, inclusive recruitment, accessibility of workplace, and training and awareness on corporate performance of Tier 2 commercial banks in Kenya.

### 4.7.2 Autocorrelation

Table 4.13 shows the Durbin-Watson statistic, a measure used to identify autocorrelation in regression model residuals.

**TABLE 16**

**Model Summary for Autocorrelation**

| Model | R | R Square | Adjusted R Square | Durbin-Watson |
|---|---|---|---|---|
| 1 | .847[a] | .717 | .710 | 1.926 |

a. Predictors: (Constant), Training and Awareness, Inclusive Hiring, Gender Equality, Workplace Accessibility

b. Dependent Variable: Corporate Performance

**Source: Researcher, 2025**

A value close to 2 indicates no autocorrelation, while a value below 2 indicates positive autocorrelation. This value helps determine the reliability and robustness of the regression results. The value of Durbin-Watson is 1.926 which is not outside the range of 1.5-2.5 which shows that there is a reasonable independence of the residues. This proves the fact that the regression model should not be concerned with autocorrelation. Consequently, the findings are credible and the model offers credible information of the impacts of gender equality, inclusive hiring, accessibility of the workplace and training and awareness on corporate performance in Tier 2 commercial banks in Kenya.

# CHAPTER FIVE

# CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

This chapter presents the summary of the key findings, conclusions, and recommendations of the impacts of diversity and inclusion practices on corporate performance in the Kenyan commercial banks. It also combines descriptive and inferential analysis in a way that highlights the thematic analysis of the improvements in performance achieved by these practices and ends up providing recommendations and directions in future studies.

## 5.2 Summary of Findings of the Research Study

The section brings out the most important results of the research, and it summarizes the broad findings of the examination. It highlights the most distinctive relationships existing between the study constructs and offers a casual outlook of the extent to which diversity and inclusion practices are connected with the corporate performance of commercial banks.

### 5.2.1 Demographic Characteristics of Respondents

The workforce demographic data indicate that the banking sector has a dynamic workforce with majority aged between 25 and 34 years and most of the employees have undergraduate degrees. This shows how the industry is attractive to the educated population that leads to innovation and customer satisfaction. Majority of the workers are between four and six years of experience, balancing between the new outlook and the knowledge of the institution and mostly work at the operational or staff level, providing input on customer service and day-to-day operations. The inclusion practices on performance in an organization are highlighted by this diverse demographic.

### 5.2.2 Gender Equality

The results reveal the increasing importance of gender equality programs in Tier 2 Kenyan banks and their favorable effects on equity, teamwork and performance. The descriptive analysis showed that the majority of the employees do not see discrimination between men and women, which means that there is a high commitment to gender inclusiveness based on the principles of open promotion and leadership representation. The positive relationship between gender equality and corporate performance ($r = 0.760$, $p = 0.000$) indicates that fair gender practices lead to increased collaboration, decision-making, and trust of the image of the organization.

The results of regression (0.149, $p = 0.066$) show that it has a positive, but marginally nonsignificant effect on performance, which means that banks have improved, but gender equality in higher management is still a problem. These results are in line with Escamilla-Solano et al. (2022), who discovered that disclosure of gender policy leads to better profitability and trust in stakeholders, and Ahmed and Rugami (2019), who found out that gender-balanced board boosts governance and its performance. Zhang (2020) also explains that effectiveness of gender diversity relies on the institutional and industry environments. To conclude, balanced representation enhances inclusivity, collaboration, and corporate image that indirectly increase performance, although to achieve the maximum effect, constant policy reinforcement is needed to encourage change.

### 5.2.3 Inclusive Hiring

The findings highlighted the significance of inclusivity in employment policies within fostering diversity in the organization and the ability to exploit a wide talent base. According to employees, their banks are open to various talents and they hire them according to merit without any form of discrimination. The results of the correlation analysis revealed that there is a strong positive association between inclusive hiring and corporate performance ($r = 0.785$, $p = 0.000$) which means that companies that embrace inclusive hiring are more innovative, responsive to customer needs, and problem-solving oriented. Regression analysis (0.131, $p = 0.278$) however indicated that the effect though positive, was not statistically significant which implies that inclusive hiring itself might not readily translate to any performance outcome which can be measured without strategic reinforcement.

It is consistent with the findings of Lindsay et al. (2018), who found that the employment of people with disabilities enhances the profitability, retention, and corporate image and Gould et al. (2020), who mentioned that the inclusive recruitment helps to promote workforce diversity and innovation. Equally, Onyekwelu et al. (2024) pointed out that brand image and employee loyalty is reinforced by ethical HR practices that are associated with corporate social responsibility. Altogether, inclusive hiring is a prerequisite of diversity-based performance that needs to be accompanied by the corresponding professional growth and organizational support to achieve the advantages to their full extent.

### 5.2.4 Workplace Accessibility

The issue of workplace accessibility was also cited as one of the strong predictors of corporate performance ($\beta = 0.278$, $p = 0.027$), and it is important to highlight that equitable working environments can help to improve engagement, productivity, and morale. Descriptive statistics indicated that there was significant investment on infrastructure and assistive technologies and the correlation analysis ($r = 0.795$, $p = 0.000$) indicated that there was a strong positive relationship between corporate performance. The results are in line with Gitau and Mose (2023), who have found that accessibility policies significantly affect how the employees with disabilities engage ($r = 0.485$, $p = 0.000$).

Similarly, Bonaccio et al. (2020) and Khan et al. (2019) concluded that accessibility programs decrease discrimination, increase innovation, and reputation of the organization. With the combination of structural and policy-level accessibility strategies, Tier 2 banks do not just meet ethical and regulatory expectations but also have tangible benefits in operational effectiveness, employee retention, and company performance. These advantages can be further enhanced by constant auditing of the practices of accessibility and compliance with the principles of inclusion design.

### 5.2.5 Training and Awareness Programs

Training and awareness programs were found to have the greatest impact on corporate performance with regression results of; 0.375, $p = 0.000$ and a correlation $r = 0.793$, $p = 0.000$. These programs cultivate knowledge, empathy, interdepartmental co-ordination and inclusiveness which are translated to increased productivity, innovativeness and customer satisfaction. The respondents reported that organized training improves cooperation and decision making resulting in organizational change on a long-term basis. The results are consistent with Brahma et al. (2021), who noted the positive impact of diversity training on financial results, innovation, Mungai and Wabuyabo (2021), who established a fact of the strong association between formal training programs and organizational performance, and Hossain et al. (2020), who associated anti-discriminatory programs with better performance. These findings prove that the consistent commitment to training and awareness contributes to strengthening inclusive culture, minimizing biasness, and enhancing collaboration, which is an extremely important element of sustainable competitiveness in Tier 2 Kenyan banks.

### 5.2.6 Combined Effect of Diversity and Inclusion Practices

The analysis of correlation revealed that there was positive correlation between all the D&I practices and corporate performance, regression model had an R-squared of 0.717 meaning that the diversity and inclusion explain 71.7% of the corporate performance. The ANOVA tests were used to prove the statistical significance of the model. Of the D&I dimensions, the accessibility of workplaces and training and awareness had significant predictive values and gender equality and inclusive hiring, though having a positive relationship, were not one-on-one significant. These findings support the results of previous research, which reveal that strategic D&I interventions are critical to the achievement of operational efficiency, innovation, and competitive advantage. Accessibility enhancements, lifelong learning, and awareness initiatives can become part of the organizational strategy and enable banks to use inclusiveness as a potential source of long-term performance and sustainable growth, which exemplifies the need to make these practices the corporate culture and mechanisms of leadership.

### 5.3 Conclusion of the Research Study

The study found that Diversity and Inclusion (D&I) practices are essential in improving corporate performance in Tier 2 Kenyan commercial banks. The diversity of practices analyzed such as gender equality, inclusive hiring, access to the workplace, and training and awareness were all partially related to better organizational results. Statistical estimation revealed that, training and awareness programs and accessibility to the workplace had the greatest effect on corporate performance which resulted in increased employee engagement, morale and productivity. Inclusive hiring and gender equality also proved to be beneficial but not as much and it can be inferred that to achieve the maximum benefits, they require strategic implementation and commitment of the leadership. Altogether, those organizations that are committed to D&I strategically build the environment in which innovation, collaboration, and operational efficiency thrive. The research also emphasizes that the success of such practices requires a holistic, consistent methodology that revolves around effective policies, responsible leadership, and employee involvement as well that D&I should become an ingredient in organizational strategy to ensure organizational success in the long term.

### 5.4 Recommendations of the Research Study

Following the results of the study, a number of recommendations are offered to reinforce Diversity and Inclusion (D&I) practices and improve corporate performance. To begin with, organizations ought to make gender equality an institutionalized aspect by offering equal remuneration, equal promotion chances as well as equal number of both sexes in leadership positions at all ranks. This will create the spirit of equity, respect and inclusivity, which is a part of sustainable organizational performance.

Secondly, the policies concerning recruitment must be equalized to get rid of discrimination and hire diverse talents with different skills, backgrounds, and experiences. The creativity, problem-solving, and effectiveness of the organization will be improved with the use of inclusive recruitment.

Thirdly, the business will maximize access to the workplace through proper investments in proper infrastructure, assistive technologies, and a favorable work environment indicative to all employees, including people with disabilities. The optimization of access will contribute to the engagement of employees, their motivation, and productivity, which in turn will support organizational objectives.

Fourth, the training and awareness programs must be ongoing and compulsory, with the focus on the reaffirmation of the diversity principles, decrease of the unconscious biases, and inclusiveness based practices propagation throughout the workplace. A properly designed training is needed to facilitate collaboration, innovativeness, and the common understanding of D&I values.

Finally, companies ought to view all D&I practices as a multi-level strategy in line with corporate goals. The results of these programs are supposed to be tracked, evaluated, and communicated frequently in order to act accountable, learn the progress, and support the long-term effectiveness of D&I practices on organizational performance.

## 5.5 Implications of the Research Study on Human Resource Practice

The results of this study are significant to the human resources (HR) profession. The findings indicate that HR departments should advance diversity and inclusion as organizational ideals and not single programs. In order to establish a just working environment, the HR directors need to incorporate the D&I concept in the hiring, training, performance appraisal and promotion.

Among the most important effects is the need to develop open and fair hiring methods that would reduce prejudice and entice diversity in abilities. Moreover, to create a sense of confidence and commitment over time, the HR managers should make sure that D&I programs are in line with the business objectives and the career ambitions of the staff.

The study highlights the role of leadership accountability in the creation of inclusive workplaces, in general, where leaders are expected to be in a position to be a model of inclusivity and promote diversity in decision making. To recognize any loopholes and reinforce the execution, the HR personnel would also be expected to actively check and review the effectiveness of D&I programs on a regular basis. By including D&I in any HR processes, the business image, employee satisfaction, and sustainability of the overall performance will be improved.

### 5.6 Recommendation for Further Research

More research needs to be conducted to examine more aspects of diversity and inclusion and their influence on the long-term viability and success of an organization. First, longitudinal research would be able to determine the long-term effects of regular D&I interventions on business performance.

Second, subsequent studies must examine the relevance of digital inclusion, which entails the influence of technology-based hiring processes and work-at-home on the results of D&I. Third, the comparisons across sectors would give information on best practices that could be made universal to enhance inclusivity processes.

The other useful literature that will be analyzed is the mediating role of the leadership behavior and organizational culture on the effectiveness of D&I. Moreover, the combination of D&I initiatives and other staff retention, innovation, and well-being can be studied in the future to generate overall performance results.

Lastly, the researchers can look at how diversity investments could be recoded into quantifiable financial benefits and competitive advantages in the business world, and the economic impact of inclusive policies.

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# APPENDICES

## APPENDIX I: RESEARCH LETTER

Dear Respondent,

**REF: REQUEST TO COLLECT DATA FOR ACADEMIC RESEARCH PROJECT**

I am hoping that you are doing okay. I am a student at the KCA University, my name is Fredrick Odiwuor Otieno, and I am doing a study on diversity and inclusion practices and corporate performance of Tier 2 commercial banks in Kenya. This study is aimed at examining the impact of diversity and inclusion practices to the corporate performance of banks.

Your bank has been chosen to be involved and your contribution is very essential. A short questionnaire will be used as an instrument of data collection, which will take between 15-20 minutes to finish. All answers to questions shall be confidential and will be applied to the academic purposes only.

Thank you for your cooperation.

Sincerely,

Fredrick Odiwuor Otieno

KCA University

Reg. No. 10/04977.

**APPENDIX II: DATA COLLECTION TOOL/INSTRUMENT - QUESTIONNAIRE**

**SECTION I: GENERAL INFORMATION**

1. What is your gender?

   [ ] Male

   [ ] Female

2. What is your age group?

   [ ] 18-24

   [ ] 25-34

   [ ] 35-44

   [ ] 45-54

   [ ] 55 and above

3. What is your highest level of education?

   [ ] Undergraduate degree

   [ ] Postgraduate degree

   [ ] Other (please specify)

4. How long have you been employed in the banking industry?

   [ ] Less than 1 year

   [ ] 1-3 years

[ ] 4-6 years

[ ] 7-10 years

[ ] More than 10 years

5. What is your current role in the bank?

[ ] Executive/Top Management

[ ] Managerial/Department Head

[ ] Operational/Staff Level

[ ] Other (please specify)

6. How would you rate the importance of diversity and inclusion practices in your organization's success?

[ ] Very important

[ ] Important

[ ] Neutral

[ ] Not important

[ ] Not sure

**SECTION II: FACTORS AFFECTING COMPLIANCE WITH ETIMS**

Please indicate your level of agreement with the following statements by placing a tick (√) or a cross (×) on the provided scale: ***Strongly Disagree = SD, Disagree = D, Neutral = N, Agree = A, Strongly Agree = SA***

**PART A: GENDER EQUALITY INITIATIVES**

| | SD | D | N | A | SA |
|---|---|---|---|---|---|
| 1. The bank ensures equal pay for employees performing similar roles, regardless of gender. | | | | | |
| 2. I believe that the bank has a clear and transparent equal pay policy for all employees. | | | | | |
| 3. The bank has a diverse leadership team that includes individuals of different genders. | | | | | |
| 4. Gender diversity in leadership positions at the bank is actively promoted. | | | | | |
| 5. The bank provides adequate maternity leave and support for female employees. | | | | | |
| 6. The bank has policies in place to support the return of female employees after maternity leave. | | | | | |
| 7. The bank evaluates gender balance annually across departments and levels. | | | | | |
| 8. Career advancement opportunities are equally available to male and female employees. | | | | | |
| 9. There are visible female role models and mentors within the bank. | | | | | |
| 10. The bank publicly commits to achieving gender equality goals. | | | | | |

**PART B: INCLUSIVE HIRING PRACTICES**

| | SD | D | N | A | SA |
|---|---|---|---|---|---|
| 11. The bank's recruitment process ensures that no gender bias is involved in hiring decisions. | | | | | |
| 12. I believe that the bank implements fair and unbiased recruitment practices. | | | | | |
| 13. The bank makes an effort to shortlist candidates from diverse backgrounds during recruitment. | | | | | |
| 14. Gender diversity is a key factor in the shortlisting process for new employees. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 15. The bank provides reasonable accommodations during interviews for individuals with diverse needs. | | | | | |
| 16. Interview processes at the bank are inclusive and accessible to all candidates, regardless of gender. | | | | | |
| 17. Job advertisements are written in gender-neutral and inclusive language. | | | | | |
| 18. Hiring managers are trained on unconscious bias mitigation strategies. | | | | | |
| 19. The bank tracks diversity metrics throughout the hiring stages. | | | | | |
| 20. Recruitment panels include members from diverse backgrounds. | | | | | |

**PART C: WORKPLACE ACCESSIBILITY**

| | SD | D | N | A | SA |
|---|---|---|---|---|---|
| 21. The bank provides necessary assistive technologies to employees with disabilities. | | | | | |
| 22. The bank invests in technologies that promote an inclusive work environment for all employees. | | | | | |
| 23. The bank offers flexible work arrangements that cater to the diverse needs of its employees. | | | | | |
| 24. Flexible working hours are available to employees to support their work-life balance. | | | | | |
| 25. The bank’s physical infrastructure is accessible and supportive of employees with physical disabilities. | | | | | |
| 26. The bank has invested in creating a physically accessible work environment for all employees. | | | | | |
| 27. Employees with special needs are adequately supported with workplace adjustments. | | | | | |
| 28. The bank regularly audits its accessibility standards and practices. | | | | | |
| 29. There are clear procedures for employees to request accessibility accommodations. | | | | | |
| 30. Accessibility considerations are integrated into all major bank initiatives and renovations. | | | | | |

**PART D: TRAINING AND AWARENESS PROGRAMS**

| | SD | D | N | A | SA |
|---|---|---|---|---|---|
| 31. The bank organizes regular sensitivity workshops to raise awareness about diversity and inclusion. | | | | | |
| 32. Sensitivity training at the bank has positively influenced employees' understanding of diversity issues. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 33. The bank has clear anti-discrimination policies that are well communicated to all employees. | | | | | |
| 34. Employees are regularly trained on the bank's anti-discrimination policies to ensure compliance. | | | | | |
| 35. The bank provides training for leaders on how to manage diverse teams effectively. | | | | | |
| 36. Leadership training programs at the bank emphasize the importance of inclusivity and respect for diversity. | | | | | |
| 37. Diversity and inclusion training is mandatory for all new hires. | | | | | |
| 38. Regular refresher courses are offered on diversity, equity, and inclusion topics. | | | | | |
| 39. Employees are encouraged to report discrimination incidents without fear of retaliation. | | | | | |
| 40. Training programs include real-world case studies to illustrate diversity challenges and solutions. | | | | | |

**PART E: CORPORATE PERFORMANCE OF COMMERCIAL BANKS IN KENYA**

| | SD | D | N | A | SA |
|---|---|---|---|---|---|
| 41. The implementation of diversity and inclusion practices has positively impacted the bank's financial growth. | | | | | |
| 42. The bank's financial performance has improved due to its focus on diversity and inclusion initiatives. | | | | | |
| 43. Employees are more productive as a result of the bank's diversity and inclusion policies. | | | | | |
| 44. Diversity and inclusion practices at the bank have led to increased employee motivation and output. | | | | | |
| 45. The bank's diversity and inclusion efforts have contributed to higher levels of customer satisfaction. | | | | | |
| 46. Customers are more satisfied with the bank's services due to its inclusive workplace practices. | | | | | |
| 47. Diverse leadership has contributed to more innovative decision-making within the bank. | | | | | |
| 48. Inclusive workplace practices have reduced employee turnover rates at the bank. | | | | | |
| 49. Employee engagement scores have increased because of diversity and inclusion programs. | | | | | |
| 50. The bank's market share has improved due to stronger brand reputation from its diversity efforts. | | | | | |

***THE END***

## APPENDIX III: KCA INTRODUCTION LETTER

KCA UNIVERSITY
~ 1 9 8 9 ~

Thika Road, Ruaraka
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**BOARD OF POSTGRADUATE STUDIES**

*KCAU/BPS/2025* *Date: Tuesday, July 08, 2025*

**TO WHOM IT MAY CONCERN**

Dear Sir/Madam,

**RE: FREDRICK ODIWUOR OTIENO - REG NO. 10/04977**

It is my distinct pleasure to introduce Fredrick Odiwuor Otieno, a student at our institution pursuing a Master of Business Administration - Corporate Management degree within the School of Business.

Otieno is conducting research on the topic "***Diversity and inclusion practices and corporate performance of tier 2 Commercial Banks in Kenya.***" which is part of the requirements of the program he is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to him is highly appreciated.

In case of further inquiry, do not hesitate to contact the undersigned.

Yours faithfully,

**DR. JACKSON NDOLO**
**DIRECTOR, BOARD OF POST GRADUATE STUDIES**

## APPENDIX IV: ETHICAL CLEARANCE

Thika Road, Ruaraka
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KCA UNIVERSITY

**KCA UNIVERSITY SCIENTIFIC AND ETHICS REVIEW**

REF: **KCAU/SERC/SOB0159** **Date: 13th JUNE 2025**

TO: **FREDRICK ODIWOUR (10/04977)**

Dear Sir/Madam,

**RE: DIVERSITY AND INCLUSION PRACTICES AND CORPORATE PERFORMANCE OF TIER 2 COMMERCIAL BANKS IN KENYA**

This is to inform you that KCA University Scientific Ethics Review Committee (KCAUSERC) has reviewed and approved your above research proposal. Your application approval number is ***KCAUSERC/*****SOB0159**. The approval period is ***16th June 2025 – 16th June, 2026.***
This approval is subject to compliance with the following requirements;

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by ***KCAUSERC***.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **KCAU*SERC*** within 72 hours of notification
iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to ***KCAUSERC*** within 72 hours
v. Clearance for export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days upon completion of the study to ***KCAUSERC***.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://research-portal.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely,

Dr. Caroline Ntara
**Chairperson**
**KCA University Scientific & Ethics Review Committee**

*Advancing Knowledge, Driving Change*

## APPENDIX V: NACOSTI PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **263896**

Date of Issue: **21/August/2025**

**RESEARCH LICENSE**

**This is to Certify that Mr.. FREDRICK ODIWUOR of KCA University, 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: DIVERSITY AND INCLUSION PRACTICES AND CORPORATE PERFORMANCE OF TIER 2 COMMERCIAL BANKS IN KENYA for the period ending : 21/August/2026.**

License No: **NACOSTI/P/25/4178445**

**263896**

Applicant Identification Number

Ag. Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

**See overleaf for conditions**

**APPENDIX VI: TOP 5 TIER 2 BANKS**

1. I&M Bank
2. Diamond Trust Bank (DTB)
3. NCBA Bank
4. Family Bank
5. Ecobank Kenya
6. Bank of Baroda (K)
7. Citibank N.A. Kenya
8. National Bank of Kenya
9. Bank of India
10. SBM Bank (Kenya)
11. Guardian Bank
12. KCB Bank
13. Prime Bank
14. Transnational Bank
15. Victoria Commercial Bank

**(Source: CBK, 2024)**