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SECTORAL ANALYSIS OF THE MODERATING EFFECT OF PROCESS INNOVATION ON THE RELATIONSHIP BETWEEN WORKPLACE DIVERSITY PRACTICES AND ORGANIZATIONAL PERFORMANCE OF PUBLICLY QUOTED COMPANIES IN KENYA

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ABSTRACT

Purpose of the study: The study examined the sectoral moderating effect of process innovation on the relationship between workplace diversity practices and organizational performance.

Statement of the problem: In Kenya, publicly quoted companies have faced persistent underperformance, with profit warnings issued across NSE-listed sectors between 2020 and 2024.

Research Methodology: A pragmatic philosophical underpinning was adopted, utilizing a convergent parallel mixed-methods design. A census approach covered 56 publicly quoted companies across 11 sectors, with 168 management employees from human resource, finance, and strategy selected for the survey, while interviews were conducted with management employees from human resource in each sector. Pretesting across six companies confirmed reliability (Cronbach's alpha > 0.7) and construct validity (KMO = 0.542–0.726; Bartlett's test $p < 0.05$).

Findings: The study found that workplace diversity practices are widely implemented across sectors of publicly quoted companies in Kenya. Differences in process innovation capabilities across sectors largely explain variations in how effectively these practices translate into organizational performance, leading to rejection of the null hypothesis.

Recommendations: The study recommends that boards of directors and senior management of publicly quoted companies should deliberately institutionalize process innovation as a core

organizational capability. The Capital Markets Authority and the Nairobi Securities Exchange should develop sector-specific diversity and innovation policy frameworks. These measures will help sustain organizational performance improvements across Kenya's publicly quoted companies.

Keywords: *Process innovation, workplace diversity practices, organizational performance, publicly quoted companies, Nairobi Securities Exchange, Kenya*

INTRODUCTION

Process innovation has emerged as a critical organizational capability that enables firms to reconfigure operational workflows, systems, and delivery methods to achieve superior efficiency and competitive advantage. According to Bryda and Costa (2023), process innovation involves the adoption of new or substantially enhanced production or delivery techniques by leveraging technology and data-driven approaches. Muharam et al. (2020) established that process innovation positively influences financial performance, with this effect significantly conditioned by disruptive technological environments. Iherobiem and Sanusi (2023) further demonstrated among Nigerian manufacturing firms that process innovation strategically improves organizational performance through systematic innovation of workflows and operational systems. These findings collectively affirm that process innovation is a core strategic mechanism through which organizations achieve superior performance outcomes, providing a strong empirical foundation for its conceptualization as a moderating variable in the present study.

The relationship between workplace diversity practices and process innovation has attracted growing scholarly attention globally. Zouaghi et al. (2020) established using data from approximately 12,000 Spanish firms that gender, skills, and education diversity were positively linked with both product and process innovation. Härtel et al. (2022) found that inclusive organizational cultures enable firms to establish novel processes due to divergent thinking and constructive conflict among diverse teams, which challenge conventional methods and explore alternative approaches, leading to improvements in production efficiency and knowledge management systems. Hundschell et al. (2022) similarly demonstrated that diversity stimulates creativity and improves problem-solving capacity of teams, which are critical components of continuous process innovation in competitive industries. These findings affirm that workplace diversity practices create the organizational conditions necessary for process innovation to flourish, reinforcing its moderating role in the diversity-performance relationship.

Despite the growing empirical evidence linking process innovation to organizational performance globally, publicly quoted companies in Kenya continue to exhibit persistent performance challenges. According to NSE Handbooks covering five years from 2020 to 2024, the number of publicly quoted companies issuing profit warnings were as follows: 2020- 16 (29%); 2021- 24 (43%); 2022- 5 (9%); 2023- 19 (34%); and 2024- 10 (18%). Theuri (2021) noted that 17 companies representing 27% of the 63 publicly quoted companies on the NSE issued profit warnings in 2018, with 46% of manufacturing firms among them. According to Apee (2021), commercial banks quoted on the NSE have persistently exhibited poor financial performance despite governmental initiatives aimed at fostering a conducive business environment. These performance challenges across multiple sectors of the NSE underscore the urgency of investigating how process innovation, as a moderating variable, can strengthen the relationship between workplace diversity practices and organizational performance.

The sectoral heterogeneity of process innovation's performance impact further justifies a disaggregated, sector-level analytical approach in the Kenyan context. Helmi and Widiastuty (2023) demonstrated among Indonesian manufacturing firms that green process innovation had no significant effect on firm performance, confirming that process innovation's impact is sector-specific and context-dependent. Chatterjee et al. (2023) similarly found among Indian firms that contextual factors significantly determine innovation outcomes, with innovation failures having a detrimental impact on performance. In Kenya, according to Eysimkele and Koori (2019), agricultural companies trading on the NSE have seen declining performance over time, while Marx et al. (2021) demonstrated that the adverse effect of ethnic diversity was evident in poor performance during ethnic conflicts, highlighting sector-specific diversity and innovation dynamics. These varied sectoral experiences reinforce the necessity of the sectoral analysis of process innovation's moderating effect adopted in the present study.

Research gaps in the Kenyan context further necessitate the present investigation into the sectoral moderating role of process innovation. According to Lemaiyan and Chelogoi (2023), existing studies often focus on either diversity or innovation in isolation, lacking integrated models that capture their interactive effects on organizational outcomes. Mugambi and Kinyua (2020) and Munyiva and Kosgei (2022), the most contextually proximate studies, are restricted to the banking sector and treat innovation capability as a mediator rather than a moderator, presenting population and methodological gaps. Furthermore, Chijoke-Mgbame et al. (2020) highlighted measurement

challenges relating to the assessment of diversity's impact on organizational performance in Africa due to inconsistent data collection and lack of standardized performance metrics. The present study therefore addresses these knowledge, population, contextual, and methodological gaps by conducting a sectoral analysis of the moderating effect of process innovation on the relationship between workplace diversity practices and organizational performance of publicly quoted companies in Kenya.

STATEMENT OF THE PROBLEM

Kenya's NSE-quoted companies continue to exhibit persistent underperformance. According to NSE Handbooks covering five years from 2020 to 2024, the proportion of quoted companies issuing profit warnings stood at 29% in 2020, 43% in 2021, 9% in 2022, and 34% in 2023, with 2024 figures expected to remain high pending final audit results. Otike et al. (2022) noted that despite substantial investments in workplace diversity practices aimed at leveraging heterogeneous talent pools, many organizations fail to realize the anticipated performance benefits. Charlotte and Wanyoike (2020) further observed that failure to take advantage of diverse top talents results in missed opportunities for enhanced innovation and organizational performance. This persistent underperformance across multiple sectors of the NSE underscores the urgency of investigating how process innovation moderates the relationship between workplace diversity practices and organizational performance.

Although innovation capability has been identified as a potential driver of performance outcomes, limited empirical research has explored its moderating role in strengthening the effect of workplace diversity practices on organizational performance in publicly quoted companies in Kenya. Onsongo et al. (2020) analyzed commercial and services firms listed on the NSE and found that liquidity risk and foreign exchange exposures were associated with declining profitability, demonstrating the need for well-qualified and diverse management teams capable of managing complex financial risks. Walela et al. (2022) similarly used panel data for NSE-listed firms and showed that financial risk factors increased the likelihood of financial distress and weak performance. The NSE has further reported that poor performance was not uniform across all sectors, with the commercial and services sector being disproportionately affected, suggesting that process innovation's moderating effect on the diversity-performance relationship may vary significantly across sectors, necessitating a disaggregated sectoral analytical approach.

This study identifies research gaps- knowledge, contextual, empirical, methodological, population, and evidence gaps- with the primary focus on knowledge and contextual gaps. The researcher lacks evidence that previous studies have examined how specific diversity practices, moderated by process innovation, affect organizational performance across the diverse sectors of NSE-quoted companies in the Kenyan context. Gathara et al. (2019) noted that Kenya's publicly quoted companies contribute significantly to the country's economic progress, yet their contribution to GDP marginally increased by only about 1% over two years, reflecting stagnating performance. Trading Economics (2022) observed that annual reports consistently identify human resources as the most important organizational resource, yet this is rarely reflected in actual financial results. This study therefore adopts a mixed-methods methodology covering all NSE sectors to examine how process innovation moderates the relationship between workplace diversity practices and organizational performance of publicly quoted companies in Kenya.

RESEARCH OBJECTIVE

To conduct a sectoral analysis of the moderating effect of process innovation on the relationship between workplace diversity practices and organizational performance of publicly quoted companies in Kenya.

RESEARCH HYPOTHESIS

H_0: There is no statistically significant moderating effect of process innovation on the relationship between workplace diversity practices and organizational performance of publicly quoted companies in Kenya across sectors.

LITERATURE REVIEW

The chapter presents a review of existing literature relevant to process innovation on the relationship between workplace diversity practices and organizational performance. The review is organized into sections, namely the theoretical review, which anchors the study within an established theoretical framework; the empirical literature review, which examines findings from prior studies across diverse geographical and sectoral contexts; and the conceptual framework, which diagrammatically illustrates the hypothesized relationships among the study variables.

Theoretical Review

The theory, dynamic capabilities theory, was regarded as the foundational framework guiding this study, emphasizing the firm's ability to integrate, build, and reconfigure internal and external competences to respond to dynamic environments. The theory posits that sustainable performance is achieved through continuous renewal of capabilities, particularly through sensing opportunities, seizing them, and reconfiguring organizational resources, including human capital, to drive innovation and adaptability. In this study, process innovation was conceptualized as a key manifestation of the reconfiguration function, explaining how organizations transform workplace diversity practices into improved performance outcomes, while also accounting for sectoral differences in performance based on varying capacities to leverage innovation capabilities

Empirical Literature Review

Empirical evidence consistently affirms that process innovation exerts a positive and significant direct effect on organizational performance across diverse industrial and geographical contexts. Zainalabideen et al. (2022) demonstrated that process innovation positively influences business performance in the Iraqi pharmaceutical industry, with information systems serving as a strong mediating mechanism. Muharam et al. (2020) further established that process innovation positively influences financial performance, with this effect significantly conditioned by disruptive technological environments. Iherobiem and Sanusi (2023) reinforced this position by demonstrating among Nigerian manufacturing firms that process innovation strategically improves organizational performance through the systematic innovation of workflows and operational systems.

Beyond its direct effects, process innovation has been empirically established as a significant mediating and moderating variable in performance-related models. Pak et al. (2025) demonstrated among 3,750 Korean service firms that process innovation mediates the relationship between intellectual property rights and firm performance, while organizational innovation moderates the relationship between intellectual property rights and process innovation. Hanif et al. (2023), drawing on the Natural Resource-Based View, established that Green Process Innovation mediates the relationship between Green Transformational Leadership and Corporate Environmental Performance, demonstrating that process innovation channels strategic leadership effects into tangible performance outcomes. Muharam et al. (2020) similarly demonstrated the moderating

logic of process innovation by showing that disruptive technology conditions the process innovation-performance relationship.

A significant strand of empirical literature situates process innovation within broader knowledge management and organizational learning frameworks. Migdadi (2022) established among Jordanian companies that knowledge management processes significantly influence innovation capability- encompassing product, process, marketing, and organizational dimensions- which in turn enhances organizational performance. Rahmah et al. (2020) demonstrated among employees of DP World in the UAE that organizational innovation, including process innovation, had a significant positive direct effect on organizational learning, explaining 38% of variance in organizational innovation. Migdadi (2021) further confirmed that organizational learning capability positively influences innovation, which subsequently enhances organizational performance.

Empirical studies examining the intersection of diversity and process innovation reveal that diverse teams are better positioned to generate process innovations that enhance organizational performance, though this relationship is conditioned by organizational and contextual factors. Zouaghi et al. (2020) established using data from approximately 12,000 Spanish firms that gender, skills, and education diversity were positively linked with both product and process innovation. Mugambi and Kinyua (2020) demonstrated in the Kenyan context that innovation capability positively and significantly impacts organizational performance among Nairobi commercial banks. Ntiamoah et al. (2024) further established in Ghana's banking sector that diversity initiatives enhance innovation through psychological safety, which improves performance. Munyiva and Kosgei (2022) confirmed among NSE-listed firms that innovation capability positively mediates the diversity-performance relationship, providing direct empirical grounding for the present study's examination of process innovation's moderating role.

A critical insight emerging from the empirical literature is that the performance impact of process innovation is heterogeneous across sectors and organizational contexts, necessitating disaggregated sector-level analyses. Helmi and Widiastuty (2023) demonstrated among Indonesian manufacturing firms that while green product innovation positively affected firm performance, green process innovation had no significant effect, confirming that process innovation's performance impact is sector-specific and context-dependent. Chatterjee et al. (2023) similarly found among Indian firms that contextual factors significantly determine innovation

outcomes. Soomro et al. (2021) established in a developing country context that organizational innovation functions as a strategic lever for performance improvement even in resource-constrained environments.

A review of the empirical literature reveals several gaps that the present study is uniquely positioned to address. While numerous studies have examined process innovation's direct, mediating, and moderating roles in performance models, very few have specifically investigated its moderating role in the diversity-performance relationship in the African context- a knowledge gap partially highlighted by Abdelhay (2024). Studies proximate to the Kenyan context, including Mugambi and Kinyua (2020) and Munyiva and Kosgei (2022), are restricted to the banking sector and treat innovation capability as a mediator rather than a moderator, presenting population and methodological gaps. The predominance of studies from Asian, European, and Middle Eastern contexts, including Pak et al. (2025), Migdadi (2022), Zainalabideen et al. (2022), Helmi and Widiastuty (2023), and Hanif et al. (2023), further limits transferability to sub-Saharan African publicly quoted companies, justifying the present study's sectoral investigation.

Conceptual Framework

The conceptual framework is a diagrammatical representation that shows the relationships between variables. Figure 1 presents the conceptual framework guiding this study.

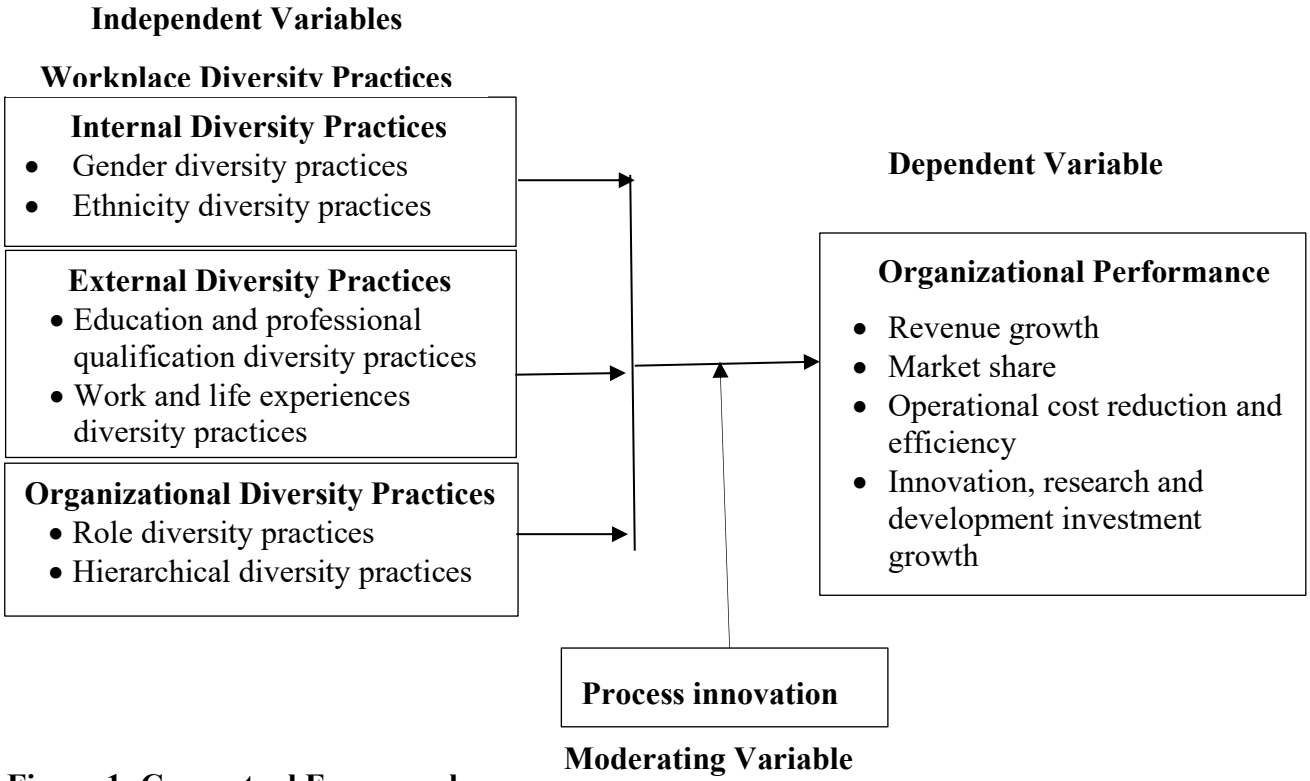

Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

The study adopted a pragmatic philosophical underpinning. A census approach was employed given the manageable total population of 56 publicly quoted companies listed on the Nairobi Securities Exchange, distributed across 11 sectors, namely Agricultural, Automobiles and Accessories, Banking, Commercial and Services, Construction and Allied, Energy and Petroleum, Insurance, Investment, Investment Services, Manufacturing and Allied, and Telecommunication and Technology (NSE, 2024). Three management staff from Human Resource, Strategy, and Finance were purposively selected from each company, yielding 168 questionnaire respondents, while 11 management staff from human resource representing all eleven sectors were interviewed.

Pretesting was conducted across six companies from six distinct sectors to validate both the structured questionnaire and interview guide instruments. All Cronbach alpha coefficients exceeded the 0.7 threshold, ranging from 0.718 for external diversity practices to 0.903 for organizational diversity practices, confirming reliability (taber, 2018). kmo values ranged from 0.542 to 0.726, with Bartlett's test of sphericity significant at $p < 0.05$ across all variables, confirming construct validity (Bryman et al., 2022). For the sectoral analysis specifically, data were analyzed using sectoral descriptive analysis and correlation analysis. Qualitative data were analyzed using thematic analysis.

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The data presentation, analysis and interpretation are presented in sections. Each of the section is discussed in depth.

Response Rate

The study targeted 168 respondents for the quantitative survey, comprising three management staff from each of the 56 publicly quoted companies drawn from human resource, finance, and strategy functions. After the pretest, six companies were excluded from the final data collection: Sasini Plc (Agricultural sector), Kenya Airways (Commercial & Services sector), Bamburi Cement Ltd (Construction & Allied sector), KenGen Plc (Energy & Petroleum sector), CIC Insurance Group (Insurance sector), and British American Tobacco Kenya Plc (Manufacturing & Allied sector), reducing the target population to 150 respondents from the remaining 50 companies. Out of the 150 questionnaires distributed, 132 were completed and returned, representing a response rate of

88 percent. For the qualitative component, the study conducted interviews with 11 management staff from human resource, one from each of the eleven sectors represented on the Nairobi Securities Exchange, achieving a 100 percent response rate. The high response rates for both quantitative and qualitative data enhanced the reliability and credibility of the study findings.

Sectoral Descriptive Statistics

This section presents the sectoral descriptive statistics for the study variables across the eleven sectors listed on the Nairobi Securities Exchange. The analysis presents mean scores and standard deviations for each sector, providing a comparative view of how each sector performs on process innovation, internal diversity practices, external diversity practices, organizational diversity practices and organizational performance.

Table 1: Sectoral Descriptive Statistics for Process Innovation

Sector	Mean	Std. Deviation
Agricultural	3.930	0.336
Automobiles & Accessories	4.223	0.387
Banking	3.810	0.459
Commercial & Services	3.832	0.461
Construction & Allied	3.805	0.268
Energy & Petroleum	3.703	0.399
Insurance	3.810	0.602
Investment	3.556	0.401
Investment Services	3.837	0.289
Manufacturing & Allied	3.767	0.259
Telecommunication & Technology	3.943	0.098
Average	3.838	0.360

The aggregate mean score for process innovation across all sectors was 3.838 (SD = 0.360), indicating that respondents generally agreed that their companies demonstrated adequate process innovation. The Automobiles and Accessories sector recorded the highest mean score (M = 4.223, SD = 0.387), suggesting the strongest process innovation capability, while the Investment sector recorded the lowest mean score (M = 3.556, SD = 0.401), indicating comparatively lower levels of process innovation development among the sectors surveyed. The relatively moderate standard deviations across sectors reflect some variability in respondents' perceptions of process innovation, though not as pronounced, suggesting that process innovation is fairly consistently implemented across organizations within the same sector.

All eleven sectors recorded mean scores above the 3.50 threshold, confirming general agreement on the presence of process innovation across all sectors of the Nairobi Securities Exchange. The Telecommunication and Technology sector (M = 3.943, SD = 0.098) and the Agricultural sector (M = 3.930, SD = 0.336) recorded notably high mean scores, reflecting strong sectoral investment in digital systems, workflow redesign, and operational efficiency improvements. The relatively lower standard deviation observed in the Telecommunication and Technology sector indicates a high level of consensus among respondents, suggesting that organizations within this sector maintain more uniform process innovation practices compared to others

Table 2: Sectoral Descriptive Statistics for Workplace Diversity Practices

Internal Diversity Practices		
Sector	Mean	Std. Deviation
Agricultural	3.970	0.103
Automobiles & Accessories	4.071	0.069
Banking	3.894	0.110
Commercial & Services	3.907	0.107
Construction & Allied	3.903	0.167
Energy & Petroleum	3.932	0.101
Insurance	3.853	0.085
Investment	3.912	0.127
Investment Services	3.732	0.135
Manufacturing & Allied	3.886	0.132
Telecommunication & Technology	3.980	0.130
Average	3.913	0.115
External Diversity Practices		
Sector	Mean	Std. Deviation
Agricultural	3.789	0.116
Automobiles & Accessories	3.972	0.153
Banking	3.836	0.079
Commercial & Services	3.875	0.105
Construction & Allied	3.880	0.108
Energy & Petroleum	3.890	0.132
Insurance	3.823	0.125
Investment	3.853	0.095
Investment Services	3.801	0.229
Manufacturing & Allied	3.792	0.135
Telecommunication & Technology	3.820	0.104
Average	3.848	0.126
Organizational Diversity Practices		
Sector	Mean	Std. Deviation
Agricultural	4.006	0.103
Automobiles & Accessories	3.873	0.115
Banking	3.945	0.123
Commercial & Services	3.927	0.092
Construction & Allied	4.071	0.134
Energy & Petroleum	3.934	0.144
Insurance	3.971	0.108
Investment	3.938	0.128
Investment Services	4.018	0.029
Manufacturing & Allied	3.998	0.105
Telecommunication & Technology	3.944	0.157
Average	3.966	0.112

Table 2 presents the sectoral descriptive statistics for workplace diversity practices across the eleven sectors of the Nairobi Securities Exchange, covering three dimensions: internal diversity practices, external diversity practices, and organizational diversity practices. Across all three dimensions, all eleven sectors recorded mean scores above the 3.50 threshold, confirming general agreement on the implementation of workplace diversity practices among publicly quoted companies in Kenya. The aggregate mean scores were 3.913 (SD = 0.115) for internal diversity practices, 3.848 (SD = 0.126) for external diversity practices, and 3.966 (SD = 0.112) for organizational diversity practices, indicating that organizational diversity practices recorded the highest average level of implementation across all sectors, while external diversity practices recorded the lowest. The consistently narrow standard deviations across all three dimensions reflect high uniformity in respondents' perceptions within each sector, suggesting that workplace diversity practices are implemented with relative consistency across publicly quoted companies on the Nairobi Securities Exchange.

Regarding internal diversity practices, the Automobiles and Accessories sector recorded the highest mean score (M = 4.071, SD = 0.069), reflecting the strongest implementation of gender, ethnic, and generational diversity within organizational structures, while the Investment Services sector recorded the lowest mean score (M = 3.732, SD = 0.135), indicating comparatively lower levels of internal diversity practice implementation. The Agricultural sector (M = 3.970, SD = 0.103) and the Telecommunication and Technology sector (M = 3.980, SD = 0.130) recorded notably high mean scores, reflecting strong sectoral commitment to embedding internal diversity within their workforce configurations. The exceptionally narrow standard deviation recorded by the Automobiles and Accessories sector (SD = 0.069) indicates the highest level of consensus among respondents regarding internal diversity practice implementation, suggesting that organizations within this sector maintain highly uniform internal diversity standards across their operations.

With respect to external diversity practices, the Automobiles and Accessories sector again recorded the highest mean score (M = 3.972, SD = 0.153), indicating the strongest engagement with customer, supplier, and stakeholder diversity, while the Agricultural sector recorded the lowest mean score (M = 3.789, SD = 0.116), reflecting comparatively limited external diversity practice implementation. The Energy and Petroleum sector (M = 3.890, SD = 0.132) and the Construction and Allied sector (M = 3.880, SD = 0.108) recorded notably high mean scores,

reflecting strong sectoral orientation toward external diversity engagement. The Investment Services sector recorded the highest standard deviation for external diversity practices (SD = 0.229), indicating the greatest variability in respondents' perceptions within this sector, suggesting that external diversity practice implementation is less uniform across organizations within the Investment Services sector compared to other sectors on the Nairobi Securities Exchange.

Concerning organizational diversity practices, the Construction and Allied sector recorded the highest mean score (M = 4.071, SD = 0.134), suggesting the strongest integration of diversity into organizational policies, decision-making structures, and hierarchical configurations, while the Automobiles and Accessories sector recorded the lowest mean score (M = 3.873, SD = 0.115), indicating that despite its strong performance on internal and external diversity dimensions, the sector comparatively lags in embedding diversity into broader organizational systems and processes. The Agricultural sector (M = 4.006, SD = 0.103) and the Investment Services sector (M = 4.018, SD = 0.029) recorded notably high mean scores, with the Investment Services sector recording the narrowest standard deviation across all three diversity dimensions (SD = 0.029), reflecting exceptional consensus among respondents regarding organizational diversity practice implementation in that sector. Collectively, the findings demonstrate that while all sectors of the Nairobi Securities Exchange have achieved general agreement on workplace diversity practice implementation across all three dimensions, notable inter-sectoral variations exist, particularly between internal and organizational diversity practice configurations, underscoring the sector-specific nature of diversity practice embedding among publicly quoted companies in Kenya.

A comparative analysis across the eleven sectors reveals that organizational diversity practices recorded the highest aggregate mean, followed by internal diversity practices, process innovation, organizational performance and external diversity practices. The Construction and Allied sector led in both organizational diversity and organizational performance, while the Automobiles and Accessories sector dominated in internal diversity, external diversity, and process innovation. The Investment sector recorded relatively lower process innovation levels, suggesting potential constraints in leveraging diversity practices for improved performance outcomes. Overall, the findings confirm that while diversity practices are widely implemented across sectors, differences in process innovation capabilities largely explain variations in how effectively these practices translate into organizational performance outcomes across publicly quoted companies in Kenya.

Correlation Analysis

Table 3 presents the correlation coefficients between workplace diversity practices, Process innovation and organizational performance.

Table 3: Correlation Matrix

		Organizational Performance	Internal Diversity Practices	External Diversity Practices	Organizational Diversity Practices	Process Innovation
Organizational Performance	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Internal Diversity	Pearson Correlation	0.425	1.000			
Practices	Sig. (2-tailed)	0.000				
External Diversity	Pearson Correlation	0.389	0.025	1.000		
Practices	Sig. (2-tailed)	0.000	0.777			
Organizational Diversity	Pearson Correlation	0.473	-0.039	-0.052	1.000	
Practices	Sig. (2-tailed)	0.000	0.658	0.557		
Process Innovation	Pearson Correlation	0.645	0.580	0.397	0.163	1.000
	Sig. (2-tailed)	0.040	0.049	0.007	0.004	

Internal diversity practices recorded a positive and statistically significant correlation with organizational performance ($r = 0.425$, $p = 0.000$), as did external diversity practices ($r = 0.389$, $p = 0.000$) and organizational diversity practices ($r = 0.473$, $p = 0.000$), collectively confirming that all three dimensions of workplace diversity practices are positively and significantly associated with organizational performance among publicly quoted companies in Kenya. Organizational diversity practices recorded a positive and statistically significant correlation with organizational performance among the three diversity dimensions, suggesting that functional-level diversity comprising role diversity and hierarchical diversity exerts the greatest independent influence on organizational performance. The three diversity dimensions recorded negligible and statistically non-significant inter-correlations among themselves, with coefficients ranging from $r = -0.052$ to $r = 0.025$, confirming the absence of multicollinearity among publicly quoted companies on the Nairobi Securities Exchange in Kenya.

Process innovation recorded a positive and statistically significant correlation with organizational performance ($r = 0.645$, $p = 0.040$) among all study variables, affirming that publicly quoted

companies with higher levels of process innovation tend to achieve superior organizational performance outcomes. Process innovation further recorded positive and statistically significant correlations with all three dimensions of workplace diversity practices-internal diversity practices ($r = 0.580$, $p = 0.049$), external diversity practices ($r = 0.397$, $p = 0.007$), and organizational diversity practices ($r = 0.163$, $p = 0.004$)-confirming that process innovation is significantly associated with the full spectrum of workplace diversity practices. These positive and statistically significant associations affirm that well-developed process innovation capabilities comprehensively support the embedding of internal, external, and organizational diversity practices across all organizational levels among publicly quoted companies on the Nairobi Securities Exchange in Kenya.

Based on the foregoing correlation evidence, the null hypothesis-that there is no statistically significant moderating effect of process innovation on the relationship between workplace diversity practices and organizational performance of publicly quoted companies in Kenya across sectors-is rejected. This decision is justified by the positive and statistically significant correlation between process innovation and organizational performance ($r = 0.645$, $p = 0.040$), alongside the positive and statistically significant correlations recorded between process innovation and all three dimensions of workplace diversity practices-internal diversity practices ($r = 0.580$, $p = 0.049$), external diversity practices ($r = 0.397$, $p = 0.007$), and organizational diversity practices ($r = 0.163$, $p = 0.004$). These findings are consistent with Muharam et al. (2020), who established that process innovation positively influences financial performance, and with Zouaghi et al. (2020), who demonstrated that diversity dimensions are positively linked with innovation and performance outcomes.

Qualitative Analysis

Figure 2 presents a network diagram of process innovation derived from qualitative interviews conducted with human resource departments across publicly quoted companies on the NSE.

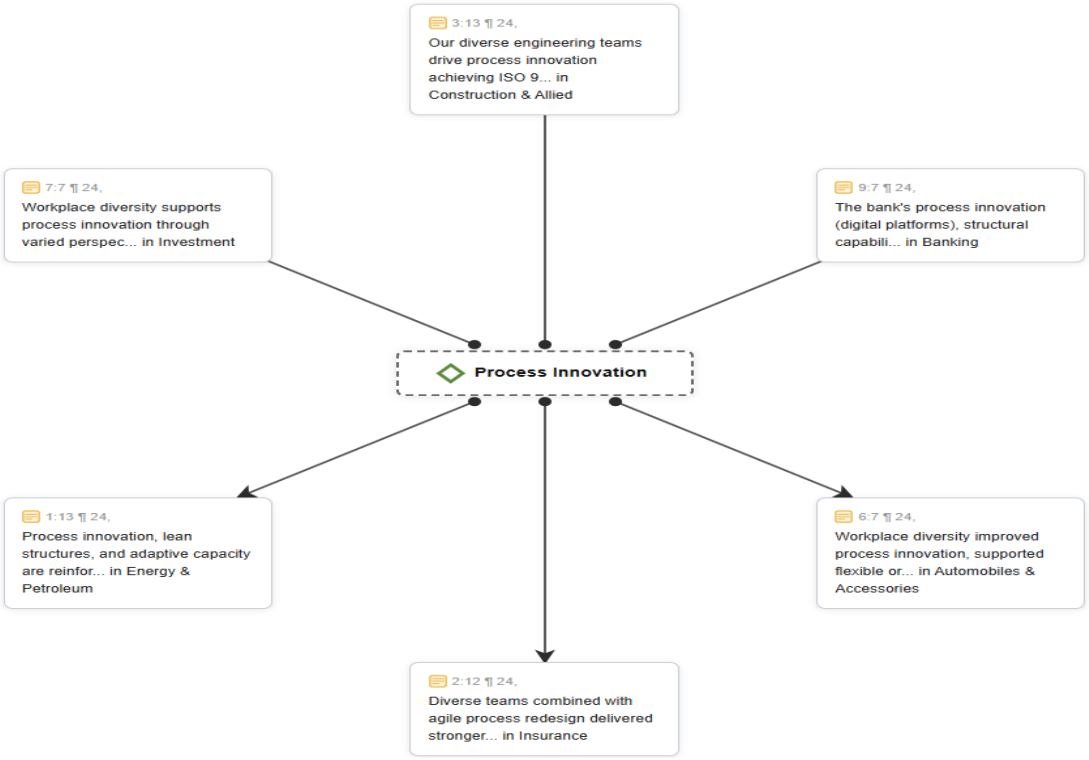

Figure 2: Network Diagram of Process Innovation

The diagram reveals interconnected thematic themes converging on process innovation as the central construct draw from sectors were interviewed. Respondents emphasized that diverse engineering teams drive process innovation, achieving ISO 9000 certification standards, affirming that internal diversity practices directly stimulate process innovation outcomes. Respondents highlighted that the bank's process innovation through digital platforms and structural capability reinforces organizational performance, consistent with Pak et al. (2025), who demonstrated that process innovation mediates the relationship between organizational resources and firm performance. Respondents similarly noted that workplace diversity supports process innovation through varied perspectives, reinforcing Zouaghi et al. (2020), who established that gender, skills, and education diversity are positively linked with process innovation.

Respondents reported that workplace diversity improved process innovation and supported flexible organizational structures, consistent with Härtel et al. (2022), who found that inclusive cultures enable firms to establish novel processes through divergent thinking and constructive conflict. Respondents affirmed that diverse teams combined with agile process redesign delivered stronger organizational performance outcomes, aligning with Muharam et al. (2020), who

established that process innovation positively influences financial performance under dynamic environmental conditions. Respondents reinforced that process innovation, lean structures, and adaptive capacity are mutually reinforcing organizational capabilities, consistent with Brand et al. (2021), who found that process innovation and adaptive capacity are closely interrelated through agile methodologies.

CONCLUSION

The sectoral analysis of the moderating effect of process innovation on the relationship between workplace diversity practices and organizational performance of publicly quoted companies in Kenya conclusively established that process innovation plays a positive and statistically significant moderating role across examined sectors, though the specific diversity dimensions-internal, external and organizational- through which this moderation manifests vary. All sectors confirmed general agreement on process innovation, workplace diversity practices and organizational performance, with the automobiles and accessories sector demonstrating the strongest process innovation capability and the investment sector recording the lowest development among all sectors. The construction and allied sector led in both organizational diversity practices and organizational performance. Consequently, the null hypothesis was rejected, and the study concludes that deliberately strengthening process innovation across all eleven sectors is critical for converting workplace diversity practices into superior and sustainable organizational performance outcomes among publicly quoted companies on the Nairobi Securities Exchange in Kenya.

RECOMMENDATIONS

The study recommends that boards of directors and senior management of publicly quoted companies should deliberately institutionalize process innovation as a core organizational capability by embedding it within corporate strategies, innovation policies, and human resource management frameworks. This should include the adoption of agile methodologies, digital transformation, lean structures, and knowledge management systems to enable diverse workforces to drive measurable performance outcomes. Additionally, regulatory bodies such as the Capital Markets Authority and the Nairobi Securities Exchange should develop sector-specific diversity and innovation policy frameworks and strengthen disclosure requirements, while firms should align internal, external, and organizational diversity practices with sector-appropriate process innovation strategies to enhance organizational performance across all sectors.

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