The Impact of Diversity and Inclusion Initiatives on Organizational Performance: A Quantitative Study

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Abstract

In the era of globalization, industries and people from different backgrounds are coming together. They are living together and working together. With the emergence of global economy and technological advancements, it has become possible for people to synchronize with each other. In this digital era people from various backgrounds are now exposed to knowledge sharing platforms and through it they are becoming more skilled than before. In this competitive world companies recruit people who are more skilled than others irrespective of their age, caste, creed, color, or nationality. This recruitment has resulted in the emergence of a diversified workforce. This diversification has proved to be beneficial for the organization in many ways because it helps to interact with different cultures and ideas and most importantly, it helps in knowledge exchange. It should be noted that diverse work culture has positive as well as negative implications. To make a diverse work force profitable for the company the managers need to implement various strategies like team building, evaluation, and effective communication among the employees. This will help the organization to secure a better position in the competitive job market.

Keywords: Diversity, Inclusion Initiatives, Organizational Performance, Workforce Diversity, Emergence of Diversified Workforce

Introduction

Diversity can be referred to as accepting and celebration differences. These differences can be in the form of gender, caste, nationality, abilities. Diverse workforce means working different people in single organization. It has various benefits and hence the companies are investing huge amounts in workforce diversity. Today, organizations use it as a resource to fulfill their

objectives. Organizations today use the diversified environment as a tool. Through this tool many organizations add value to its performance. Understanding the efficacy garnered in utilising this broad pool of talent has become necessary due to the fast-paced development of the company, globalisation, and other features of a dynamic business environment. Today the world has become a small place where people immigrate to other places. This immigration has resulted in the incorporation of different communities and religions. It has affected the performance level of organizations. Organisational diversity can be seen from two main angles. One is observable diversity which includes evident differences like ethnicity, age, gender etc. The other angle means hidden diversity like personality, mental ability, socio-economic factor etc. Organizations created diversity inclusions strategies and incorporated them in their policies and business practices. These firms are then better equipped to handle business unforeseen circumstances thanks to their varied workforce's expertise of many marketplaces. This, in turn, enables higher productivity, better problem-solving abilities, and growth (Gupta, 2013 and Simons, & Rowland, 2011).

India is the country where the true meaning of diversity is understood. India has diverse culture, language, tradition, and even food than any other country. With the help of India, anyone can easily understand diversity and inclusion. Inclusion is all diverse people live together and work for a common goal. When organizational inclusion is concerned it is vaster than just a definition. It means Employees are respected, and their suggestions are considered and applied. Employees successfully collaborate inside and across departments. Prospective workers are drawn to the company and current employees experience a sense of belonging. Workers are dedicated to the company; the company also continues to promote freedom and choice while considering diversity. It is important to remember that inclusion, at both the organization and individual levels, is a subjective, transient, and ephemeral concept. Additionally, it is important to remember that employees may simultaneously perceive inclusion and exclusion. A person could feel like a member of their small team of coworkers but not in bigger department (Lee, & Kramer, 2016 and Garge, Panchal, 2016).

Literature Review

In research it was found that the notion of workforce diversity has many facets and will develop further as more sectors move towards a global marketplace. Additionally, it has fueled the notion that worker performance is dependent on it. A diverse staff is now required for every company, yet managing such a workforce presents significant management issues. If handled properly, the organization's variety of employees may be a benefit that boosts productivity and, ultimately, performance. A diverse workforce is defined as a group of individuals in an organisation who are more diverse in terms of their gender, age, ethnicity, and educational background. Usually, diversity is seen in a restricted way, with the focus being on issues of racial or gender inequality and being connected to the legal protections given to specific groups. Businesses should embrace diversity and investigate being inclusive companies since diversity can boost employee productivity and provide them with a competitive edge. Managing diversity is a crucial component of effective people management at work. Due to the rise of single-parent working moms and dual-income households, the job landscape has changed. As the family structure evolves, traditional family duties are becoming less common. The workplace has been drastically changed by outsourcing and downsizing, which has had a detrimental effect on human resource management. The consequences of globalisation on the workplace and new technologies have led to longer workdays becoming more and more widespread (Patrick, Kumar, 2012).

A study estimated that ethnic variety implies variation in religions, races, languages, and civilizations. The increase in diversity has elevated the growth of employees and companies. It has also contributed to the happiness of employees. This rise is due to the increasing diversity within our society. Ethnic variety is crucial in a society that is growing more and more global. Moderate or little ethnic diversity has no or minute impact on the effectiveness of team. As there are a greater number of team members from various backgrounds it enhances the performance and productivity of the team. The performance and productivity of an employee are not significantly affected by ethnicity. Because a more diversified pool of abilities and knowledge would stimulate complementarity and reciprocal learning, ethnic diversity would improve team effectiveness. Teams composed of members of different ethnic backgrounds frequently demonstrate better levels of originality and creativity because of their good interactions and educational opportunities. On the other side, higher communication and coordination challenges would result from growing ethnic variety. The variance is greatly influenced by ethnic diversity.

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Racial diversity teams failed when compared to more equivalent teams while operating in very uniform environments. Diversity in ethnicity is expected to improve creative performance since it broadens viewpoints and opinions inside the organisation. The concept of ethnicity can be used to represent cultural background (Amaliyah, 2013 and Kundu, & Mor, 2017).

According to a study, the presence of male and female employees who have equal access to employment possibilities, opportunities for career advancement, and management procedural fairness is referred to as gender diversity in the workplace. However, given that women make up less than 50% of the workforce in some developed countries and that the numbers are concerning for developing countries where most women work in agriculture rather than organised manufacturing or services, it appears that this understanding is more theoretical than practical. The global condition of women in management paints an intriguing picture of different nations and their treatment of female managers. Gender diversity at work has been shown to boost businesses' production and productivity. Women who perform a variety of tasks report feeling more content than those who devote all their attention to the house or other jobs. Women think there are still problems in businesses, such barriers to their ascent in the workforce. Even though a lot of female employees start out in middle management positions, they never reach the top. Regardless of gender, organisations must use all their potential if they wish to succeed in the marketplace. Addressing the challenges that female vertical development encounters is essential if firms are to effectively use the potential of their workforce. When it comes to professional advancement opportunities, salaries, and possibilities for women to climb the corporate ladder, there are several barriers that are viewed as bias against women in the workplace. Businesses waste a significant amount of their talent pool, which costs them millions of dollars every year (Bibi, 2016 and Kulkarni, 2012).

In research it was observed that many organizations are embracing generational diversity. Many generations coexist in organisations because of rising life expectancy and the survival of the working population. The concept of generational variety refers to how early socialization processes that shape adolescence and adulthood affect the learning process. The younger workforce is exceedingly mobile, impatient, and displays less organisational commitment, but is more entrepreneurial, more educated, and technologically savvy than past generations. Older workers have more maturity, work focus, experience, and stability. Different generational

cohorts' attitudes and methods amply illustrate the differences in learning processes. Age conflicts are caused by these differences in age cohorts and have an impact on the performance of organisations. In difficult economic circumstances, generational conflicts are particularly difficult to understand and manage because they lower employee morale, productivity, and innovation, which in turn affects corporate citizenship and increases staff attrition and turnover (Gowrishankar, Kanagaraj, Gokula Krishnan, 2017).

In research it was formulated that to manage diversity and initiate inclusion in diverse workforce organization, managers need to follow few approaches. The first approach is performance appraisal approach. It is done to enhance management and organisational effectiveness as well as employee motivation. Equality is achieved when organisations analyse their management and culture. Organisations saw higher turnover rates when workers felt that their performance evaluations had been changed because of the bias and motivation to punish subordinates of the assessors. One may argue that controlling racial biases and systematic discrimination at work is essential to managing equality and diversity at work. Socio-cultural is very effective to manage diversity and increase inclusion among employees. It is very effective when an organization has a diverse workforce from a religious point of view. For a company to effectively manage its human resources, a thorough understanding of the outside, as well as the inside, is necessary. To initiate inclusion among the employees, managers need to implement effective communication strategies that can bridge the gap between the diverse groups. Managers should encourage team building and teamwork so that the organization can harness different talent and capabilities from different people (Sharma, 2016).

Objective of the Study:

To measure the impact of diversity and inclusion initiatives on organizational performance

Methodology

This study is descriptive in nature in which data is obtained from 196 respondents who have used inclusion initiative in a diverse organization. In the study the mix of all businesses has been covered. A checklist question was used to analyze and interpret the data. In a checklist question respondents choose "Yes" or "No" for all the questions.

Table 1 The impact of diversity and inclusion initiatives on organizational performance

	The impact of diversity and inclusion initiatives on organizational performance	Yes	%Yes	No	%No	Total
1	Gender Equality in diverse workforce environment increases organizational performance	145	73.98	51	26.02	196
2	Equal treatment of different religious employs ensures effective production	162	82.65	34	17.35	196
3	Generational diversity in organization encourages knowledge sharing	159	81.12	37	18.88	196
4	Differences in age among employees helps in sharing different ideas	178	90.82	18	9.18	196
5	Diversity in knowledge among employs helps organization in earning more profits	149	76.02	47	23.98	196
6	Inclusion of workforce diversity helps organization in fulfilling long term goals	163	83.16	33	16.84	196
7	Inclusion of diverse workforce in organization gives competitive edge	175	89.29	21	10.71	196
8	Inclusion in diversity positively effects performance of individual and organization	180	91.84	16	8.16	196

Table1 shows that 91.84% respondents agree that Inclusion in diversity positively affects performance of individual and organization while 90.82% respondents agree that Differences in age among employees helps in sharing different ideas. 89.29% respondents agree that Inclusion of diverse workforce in organization gives competitive edge while 83.16% respondents agree that Inclusion of workforce diversity helps organization in fulfilling long term goals. 82.65% respondents agree that Equal treatment of different religious employs ensures effective production while 81.12% respondents agree that Generational diversity in organization

encourages knowledge sharing. 76.02% respondents agree that Diversity in knowledge among employers helps organization in earning more profits while 73.98% respondents agree that Gender Equality in diverse workforce environment increases organizational performance.

Conclusion

According to the studies mentioned above, a company's success and competitiveness depend on its capacity to welcome diversity and capitalize on it. Diversity fosters creativity and efficiency while building a strong culture that can surpass competition. A multicultural corporation is better able to serve a diversified external customer in today's more globalized industry. These groups have a deeper understanding of the partisan, interpersonal, economical, and cultural demands of other nations. High-tech companies greatly benefit from a staff that is diverse in terms of gender and race since it produces a wide variety of skills. It is evident that diverse businesses are better at problem-solving, are better able to comprehend deeper meanings, and are more likely to employ a range of opinions and interpretations when dealing with complicated issues. Employees from various backgrounds bring diverse talents and experiences to the table when providing ideas that are adaptable enough to react to changing markets and client expectations. A varied workforce that is at ease voicing divergent opinions produces a wider range of ideas and experiences. Businesses that are successful are developing to become more adaptable, resilient, skilled at swiftly changing directions, and customer focused. These businesses are hiring a more diverse workforce to address the challenges of a changing world and fierce competition. The organization has difficulties because of the diversified staff. Understanding how workforce diversity affects an organization's success is crucial. Greater levels of gender diversity have a detrimental effect on a company's performance, whereas intermediate levels of gender diversity boost competitive advantage. To foster a work environment that encourages collaboration, engagement, and cohesion, which positively affects performance, a successful diversity plan must address organizational culture transformation. Increasing sharing across the varied workforce, reducing role conflicts, and improving mutual collaboration are all benefits of team building and group training.

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