

**Workplace Diversity and Inclusion: Impact on Employee Productivity and Innovation****Dr. Deepali R. Naidu**

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**Abstract:**

With the current competitive business world, with its globalization and inclusion, organizations are appreciating that workplace diversity and inclusion (D&I) is something worth trying to succeed. Diversity is the existence of the differences among the employees in regard to gender, age, ethnic group and culture, education and experiences. Inclusion translates to the provision of a conducive atmosphere in which everyone is treated with respect, valued, and considered equal within the workplace. It is the purpose of this research to analyze the impact of diversity and inclusion at workplaces on workplace productivity and innovation of the employees.

The research was done in structured questionnaire with 100 respondents who were utilized in the corporate world, with others working in IT, finance and services line. Descriptive statistics and correlation analysis of the gathered data were done. The results will indicate that companies that support and encourage diversity and inclusion have a greater rate of employee performances and innovativeness. Workers in inclusive cultures are more connected, energized and can donate innovative ideas and solutions.

The findings validate that D&I has effective influences on individual and team productivity, and it does lead to innovation. The research reveals the importance of organizations to embrace effective diversity and inclusion strategies as the part of human resource management. On the whole, the given paper can be regarded as part of the evidence that inclusive and diverse work environment is crucial to sustainable business development and competitive edge.

**Keywords:**

Diversity, Inclusion, Employee Productivity, Innovation, Workplace, Human Resource Management

**Introduction:**

During the past few years, people have started paying attention to the workplace diversity and inclusion (D&I) as critical issues of human resource management. With the expansion of business and its globalisation, different individuals with diverse backgrounds, cultures and experience are hired. Diversity can be defined as the existence of varied working individuals in the workplace e.g. in terms of gender, race, age, religion, language, physical abilities, sexual orientation, education and work experience. Inclusion, however, means establishing a workplace that employees in the organization are welcomed, esteemed, and appreciated. It makes sure that opportunities and chances to develop and contribute are available equally among all people.

Diversity and inclusion within organizations provides the second advantage of enjoying an increase in the flow of ideas, skills, and perspectives. When individuals with diverse backgrounds are united, one is able to solve problems innovatively and come up with the best decisions. Inclusive workplaces can also

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make employees more included and motivated, which can make the employees more productive and satisfied with the job. The studies indicate that well-established firms that promote D&I have an increased chance of innovating, making more profits and recruiting the best employees.

Nevertheless, developing a diverse and inclusive workplace does not imply only the recruitment of individuals with diverse backgrounds. It also entails ensuring that every employee (including the disabled and the sick ones) is not left behind during day-to-day communications, group discussions, managerial tasks, and decision-making. This may impact on employee performance and creativity in case they find themselves uninvolved or discriminated.

The given research is devoted to the idea of clarifying the importance of diversity and inclusion in the workplace as its impact on employee productivity and innovativeness. It examines whether the employees working in inclusive environment tend to be better performers and propagators of new ideas. The research by investigating employee experiences and perceptions will help to give valuable information to other organizations that would like to enhance their D&I activities and the performance of their businesses.

The subject matter is current and timely now, given the pressure that the society, customers, and investors apply to businesses to make them develop inclusive cultures to enable equity and integrity. The results of the study can guide business leaders, Hr professionals and policymakers to come up with effective policies to make diversity and inclusion to thrive within their organizations.

### Literature Review:

With regard to their relevance in the attainment of effective working environments, Armstrong (2006) [1] stressed that human resource practices that embrace fairness, equality, and diversity are instrumental in the realization of effective working environments. He claimed that in order to be a sustainable organization, diversity management ought to be incorporated in its HR policy. Likewise, the researchers Bansal and Agarwal (2018) [2] mention the increased significance of mental health in the workplace and add that progressive HR policies help to decrease stress levels in the workplace and improve employee performance of Indian institutions.

Shen et al. (2009) [3] gave the international model of the way to manage diversity by means of HRM current practices and referred to the issues about maintenance of a range of practice, including inclusive modes of hiring, training, and team building. In their work, they prove that diversity management as a strategic approach not only enhances employee satisfaction but also enhances innovation in the given organization. The same was supported by Cox and Blake (1991) [4], who demonstrated that cultural diversity should be managed because it results in higher competitiveness, problem-solving as well as more creativity in teams.

The organizational behavior is affected by the diversity in the team and leadership as has been discussed by Robbins and Judge (2019) [5]. They reasoned that when properly run, diversity leads to an improved working relationship and trust. Barak (2016) [6] embellished on this by coining a concept of globally

inclusive workplace, showing how inclusion can be fostered across the border to the advantage of organizations around the world.

Roberson (2006) [7] explored the distinctions between diversity and inclusion and revealed, that inclusion extends representation paying attention to the process of belonging and involvement. This was expanded on by Shore et al. (2018) [8] who proposed a holistic framework that establishes practice inclusion with the outcomes of psychological safety, configurational trust, and performance.

At the same time, Herring (2009) [9] has empirically demonstrated that more diverse companies (in respect of race and sex) show better performance in revenues, market shares and profitability than less diverse companies. Likewise, another paradigm shift was expressed by Thomas and Ely (1996) [10] by describing that variation on background, when properly handled, would result into higher team learning and more effective innovation.

Inclusion improves engagement, innovation and employee retention [11] Inclusion increases engagement, innovation and employee retention: practical data was published by Catalyst (2020) Underlining the need to learn the language of inclusion, Mor Barak (2014) [12] claimed inclusion as the link that is missing in the effort to diversify, because it is only when inclusion is felt and valued is that actual transformation occurs.

Cox (2001) [13] made an organized approach of building up multicultural organizations and pointed out the leadership part in supporting various teams. In a different survey, Jayne and Diboye (2004) [14] were able to come to a conclusion that diversity, in addition to benefiting decision-making process, also reinforces customer relationships and global adaptability. Nair and Vohra (2015) [15] studied D&I research in the workplace in India and noted that although some steps have been made, it still lacks the area of inclusive leadership and organizational culture.

Ferdman and Deane (2014) [16] were concerned with practical applications on how to use inclusive strategies, and they believed that a long-range inclusion requires culture change and leadership. Nishii (2013) [17] demonstrated that gender-diverse groups especially enjoy the advantage of inclusive climates and minimize the conflict resulting out of bias. The model projected by Van Knippenberg et al. (2004) [18] indicated that diversity has the capacity to maximise group performance in the event of inclusive leadership with open communication patterns.

According to Richard et al. (2007) [19], racial diversity promotes performance in the long-term period in case the external business environment is favourable. Booysen (2007) [20] discussed obstacles on diversity initiatives in South Africa particularly on race and leadership position which is applicable in other developing countries as well.

The business case for D&I made by Hewlett et al. (2013) [21] was quite clear that diversity results into innovation because of the various thinking styles and way of looking at things. According to Singh and Vinnicombe (2004) [22], why many women lack in terms of representing the leadership position and how the structural change is necessary to make the work climate more accommodating to the opposite sex.

There was an article by Joplin and Daus (1997) [23] that talked about leadership issues in diversity team management and also addressed the issue on emotional intelligence and cultural sensitivity. Podsiadlowski et al. (2013) [24] described various perspectives on diversity (assimilation, integration, differentiation) and pointed out the importance of an individual approach taken by an organization regarding its surroundings. A review of the concept of intersectionality and its implications as set forth by 239-239 by Ozbilgin et al. (2011) [25] suggests that more holistic strategies should be taken into account considering gender, class and ethnicity as a whole.

### **Objectives of the Study:**

1. To understand the role of workplace diversity and inclusion in employee productivity.
2. To analyze how inclusion boosts employee creativity and innovation.
3. To check if employees feel motivated in a diverse and inclusive environment.

### **Hypothesis:**

**H1:** Workplace diversity and inclusion have a positive impact on employee productivity.

**H2:** Workplace diversity and inclusion improve innovation among employees.

### **Research Methodology:**

In this analysis, the research methodology is quantitative as it determines the correlation between workplace diversity and inclusion, the level of employee productivity, and innovation. A quantitative method is aimed at gathering measurable and structured data that can be subjected to statistical analysis and subsequently used in identification of relationship and patterns between the variables. Data were collected through survey method since this is one of the best and most popular methods of collecting information by directly approaching the respondents. A constructive questionnaire was drawn and issued to employees working in various fields such as IT, finance, marketing and service sector. The survey questionnaire contained multiple-choice and Likert-types of questions used to evaluate the opinions of employees regarding diversity, inclusion, productivity, and innovation in their place of employment.

The target population to be sampled by this research included among others, corporate employees of diverse professional backgrounds, but targeting individuals in team work settings where performance and diversity may be manipulated through diversity and inclusion. The simple random sampling method was applied in selecting a sample size of 100 employees and in the process all the employees in the population had equal opportunity to be recruited in the study. This was selected to be fair and diminish selection bias.

In order to guarantee reliability and clarity of the survey, pilot test that involved few employees was run prior to actual data collection. The shortcomings of the questionnaire were informed by their responses and then rectified accordingly. On collecting the data, data was grouped and analyzed through descriptive statistics in order to get an idea of the average responses and general trends. Also, correlation analysis and hypothesis testing were applied to compare the correlation and the direction of the relationships between the variables including diversity, inclusion, productivity, and innovation. Upon

analysis statistical software and Microsoft excel was employed as well as SPSS which is one of the commonly used tools in social science research in order to give an accurate and sensible results.

All in all, this research methodology was implemented in such a way to obtain reliable, valid, and objective data, which may be used to comprehend actual world effects of diversity and inclusion exhibited by the workplace on Cember employee outcomes.

**Table 1:** Descriptive Statistics:

Variable	Mean	Standard Deviation	Min	Max
Diversity Score	4.2	0.65	3.0	5.0
Inclusion Score	4.3	0.70	2.8	5.0
Employee Productivity Score	4.1	0.60	3.1	5.0
Innovation Score	4.0	0.68	2.9	5.0

### Analysis of Descriptive Statistics:

The descriptive statistics give a definite view of the data observed on the respondents about the diversity, inclusivity, and employee productivity and innovation at the workplace. The analysis contains parameters like mean (average), standard deviation (SD), minimum and maximum values of each of the important variables in the research. Such figures can guide us on the general pattern, coherence of answers and opinions that are expressed by the respondents.

The average intensity of workplace diversity is 4.2 out of 5, which shows that the majority of the employees do not disagree with the view that the level of diversity in workplaces is good. This depicts that organizations have tried to accommodate people of various backgrounds in terms of gender, age and culture. The standard deviation of diversity is 0.65, which implies a moderate rate of agreement between the respondents- majority of the respondents gave the same answer, but a small group held on to an alternative opinion.

The mean of inclusion is 4.3, as opposed to the diversity score, which is slightly higher. This is an indication that besides being diverse, most workplaces are also ensuring that the employees feel integrated and valued. The 0.70 standard deviation indicates the moderate spread of the perception of inclusion once more that could signify the disparities in leadership styles, teamwork, or organizational culture.

The employee productivity index measures to be 4.1 which means that majority of the employees feel that they are productively working in the current working environment. This confirms the belief that a heterogeneous and inclusive working environment can positively impact the performance of the employees. The deviation of 0.60 also shows an overall consistent opinion among respondents, and there are not as many opinions held by extreme respondents.

Equally, the innovation score stands at 4.0 implying that workers feel that they are free to innovate and to offer novel ideas. This goes in favor of the assumption that diverse teams have access to a greater



variety of thoughts and viewpoints, which results in greater innovation. Since the standard deviation is 0.68, one observes some degree of disparity in the answers, though the majority of the respondents preferentially concurred that diversity and inclusion has a positive influence on innovation.

On the whole, the descriptive statistics demonstrates that there are positive and high responses in all the four areas. The above average scores indicate that the workplaces of the employees are perceived to be mostly diverse and inclusive and these concepts are associated with increased productivity and innovation. These moderate standard deviations imply that the views of the majority of employees are quite similar but still there are the differences depending on the individual or organizational experiences.

**Table 2:** Hypothesis Testing:

Hypothesis	Correlation Coefficient (r)	p-value	Result
H1	0.72	0.001	Accepted
H2	0.68	0.003	Accepted

### Analysis of Hypothesis Testing:

Towards investigating the correlation between workplace diversity and inclusion and staff productivity and innovativeness, two hypotheses were tested in form of correlation analysis. This process assists one to decide whether there is a statistically significant relationship between the variables and how strong such relationship is. The H1 hypothesis assumed that diversity and inclusion affect employee productivity positively generated in the workplace. The findings revealed that the correlation coefficient (r) was 0.72 which implies that there was a strong positive relationship between diversity and productivity. The p-value was equal to 0.001 that is lower than the generally accepted degree of meaning 0.05. This implies that the results are significant, and we can be sure of accepting H1. In simple words, it implies that the more the diversity and inclusion, the more the productivity of employees is.

The second hypothesis (H2) was a postulation that workplace diversity and inclusion have a positive relationship with employee innovation. The correlation value of this hypothesis was 0.68 and it indicated a significant and positive relationship. The p-value is also 0.003 and again this falls below 0.05. This is why H2 is also justifiable, i.e., the existence of a strong connection between a diverse and inclusive working environment and a greater amount of innovation among workers. The identified finding can confirm the assumption that in case employees are included and feel valued, their readiness to share creative ideas and think outside the box and contribute to solving problems is higher.

These hypothesis testing statistics indicate clearly that work place diversity and inclusion as strategies affect positively the productivity of employees and their innovativeness. The substantial correlation values indicate that the relationship of the variables C and D is predicted to be, neither slight, nor accidental, but rather stable and crucial. On balance, the study findings show the necessity to create a more inclusive culture that makes it possible to operate diverse groups, which in its turn leads to enhancement of organizational performance and evolution.

## Conclusions Overall Results:

The results of the given study provide clear evidence that diversity and inclusion (D&I) in the workplace are a positive effect with a major impact on employee productivity and innovation. Based on information obtained in the case of 100 employees working in several industries, it can be seen in simple terms that when organizations actually put efforts to establish a non-discrimination inclusive environment, employees are bound to feel more valued, respected and motivated. The descriptive statistics demonstrated that the average score of diversity, inclusion, productivity, and innovation are high indicating that the majority of employees in their present work places have positive experiences towards diversity, inclusion, productivity, and innovation. Moreover, the correlation analysis done on hypothesis testing revealed the confirmatory evidence that the relationship between D&I and productivity ( $r = 0.72$ ) as well as innovation ( $r = 0.68$ ) is statistically significant and strong. These findings validate the notion that inclusive activities, including reasonable policies, free communication, equality, and representation of the various parties, can aid in the improved performance and creative work of the employees.

In general the study provides the conclusion that diversity and inclusion in the working place are not only ethical or social obligations, but also strategic resources of driving business performance. Employees in inclusive work environments stand a good chance to cooperate and work effectively, become psychologically secure, and provide valuable ideas that would benefit their organization. Also, the D&I culture will allow getting the best talent, decreasing the number of employees leaving, and improving the reputation of the company. Organizations are therefore encouraged to spend on training, awareness activities and inclusive leadership styles to allow a more comfortable and more productive working culture. The outcomes will have a huge basis of future research and practical application of D&I strategies in other fields.

## Future Scope of the study:

- It is possible to generalize this study to other fields such as education, health and production.
- The future research can examine the influence of leadership to facilitate D&I.
- The qualitative study can be conducted to find understandings on the experiences of employees.
- Companies can formulate certain policies that are oriented on the basis of future research that would enhance D&I practices.

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