Diversity Management Practices and Inclusive Work Environment: A Study of Employees Working in Banking and IT Sectors

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Abstract:

Diversity management practices are deliberate tactics, guidelines and programs that organizations implement to successfully manage employee diversity and foster inclusive work environments. Inclusive work environment is essential for developing diversity and equality at workplace where employees of different gender, age, race and backgrounds feel valued and respected. In order to better understand how diversity management practices, affect inclusive work climate, this study aims to find association between diversity management practices and inclusive work environment for employees working in IT and banking sectors. Respondents were chosen by convenience sampling and the instrument used for data collection was the questionnaire. The survey was methodical in nature asking participants to select the option that best reflected their response to each of the questions on a 5-point Likert scale. 241 completed questionnaires out of the 350 that were distributed were returned by respondents and included for data analysis. We used PLS-SEM and SPS for the data analysis. The hypothesis was accepted and significant positive association was found between diversity management practices and inclusive work environment. Trainings for enhancing awareness about diversity are essential for fostering an inclusive work environment that will promote equal employment opportunities, career growth and developmental opportunities and recognition and appreciation for employees of different gender, age and backgrounds.

Key Words: Diversity Management Practices, Inclusive Work Climate, Equality, Equal Employment Opportunities, Organizational Performance
Introduction

The term workforce diversity was first used in the 1990s and was motivated by socioeconomic developments that altered the composition and demographics of an organization’s workforce (Mor Barak et al., 2013). Carell et al. (2006) described workforce diversity on the basis of age, gender, ethnicity, religion, race, color, culture, language and national origin. For instance, during the course of several decades, advancements in women’s civil and human rights have made it necessary for members of historically marginalized groups to participate in the workforce. At the same time managing a workforce that is diverse in terms of individuality, effectiveness, background and experience has become more important (Zeb et al., 2021; Ahmad, Mankash, & Sewani, 2024). Global markets are now more interconnected and trade barriers have decreased as a result of technological advancements and economic policy. Businesses now face more challenges due to cultural differences in norms, values and languages. Examples of these challenges include the increasing free movement of information, resources, human resources and goods and services across geographic boundaries (Murswieck, 2021). The aforementioned issues are made worse by additional trends such as variations in population growth throughout the world and an aging labor force which highlights the necessity for businesses to handle workforce diversity responsibly (Mendoza-Silva 2021). Globalization and competition make innovation crucial to a company’s ability to survive. A company’s competitiveness and innovation are also factors that determine its market inclusion in global value chains. Companies now have to make their workforces more modern competitive and diverse due to the socio-cultural and economic revolutions, economic liberalization, globalization and shifting consumer preferences that have greatly increased workforce diversity (Hudson, 2021). Talent from a variety of backgrounds can be hired to ensure workforce excellence and provide better goods and services to the customers (Tian et al., 2021).

Diversity management practices are intended to improve the performance of a heterogeneous workforce and to foster the inclusive development of individuals with varying gender identities, national and ethnic backgrounds and cultural and educational backgrounds. The recruitment of women underrepresented groups, racial minorities and individuals migrating in search of employment opportunities are the main causes of the heterogeneity of the workforce (Tsui et al., 1992; Thomas, Khan, & Ahmad, 2022). For the organization to grow holistically, each employee possesses unique knowledge. In order to facilitate information sharing and for the inclusive
growth of the business, diversity management practices are essential. The connection between organizational performance and diversity management practices has been the subject of numerous studies. In order to comprehend and regulate the dynamics of diversity in the workforce, scholars have examined the effects of diversity on an individual level (Chatman & Choi, 2021), group level (Schippers et al., 2003; Leslie, 2017) as well as at the organizational level (Armstrong et al., 2010; Richard & Johnson, 2001). Individual-level results include job satisfaction, commitment, creativity and outstanding performance. By defining the skills required to function well in a diverse environment employee performance can be enhanced. Cohesiveness, creativity, group effectiveness and idea generation are examples of group-level outcomes (Williams & O’Reilly, 1998). According to (Cox & Blake, 1991) and (Richard, 2000) firm competitiveness, efficiency and financial performance are the organizational-level outcomes of workplace diversity. Offering all employees the chance to utilize their full potential in order to accomplish the mission of the company is the aim of organizational diversity management. In contrast other research indicates that diversity management practices can have negative consequences like conflict, social exclusion, poor communication and employee turnover (Williams & O’Reilly 1998).

A work environment that is inclusive is characterized by a high degree of employee belonging and a sense of community within the organization. It is essential to diversity management strategies because it fosters individuals from different backgrounds to feel valued, respected and empowered (Shore et al., 2011). Employee engagement boosts creativity, innovation and productivity because motivated workers are more likely to contribute their special skills and viewpoints (Hunt et al., 2015). But putting inclusion into practice and handling diversity management strategies well can be challenging and thought-provoking. This calls for the elimination of structural obstacles that impede inequality in areas like compensation, employment prospects and advancement as well as the fight against prejudice and stereotypes that affect people differently based on their gender ethnicity, appearance, sexual orientation, age, country of origin and religion. An inclusive workplace acknowledges that workers have varying methods for taking in information, communicating with one another and accomplishing objectives (Ma et al., 2022). A more inclusive workplace would lessen unfavorable attitudes and actions like stress, social disintegration, low trust, isolation and high levels of conflict (Nishii, 2013). In order to optimize the potential advantages of diversity management practices while
mitigating their adverse effects, we contend that a thorough understanding of organizational justice ought to be ingrained in work procedures to methodically create HR policies devoid of prejudice and discrimination (Legendre et al., 2022).

Studies that monitor the effects of diversity management strategies on outcomes and interventions aimed at fostering an inclusive work environment might be lacking in the literature (Park, 2020). The problem statement is ‘This study identifies that how diversity management practices are related to an inclusive work climate that leads the employees of banking and IT sectors towards organizational success. Therefore, this research paper aims to find the impact of diversity management practices on the inclusive work environment in banking and IT sectors of Pakistan.

**Literature Review**

**Diversity Management Practices**
The term workforce diversity describes the variations in the personal traits of employees who are employed by the same company. Typically these attributes comprise culture, ethnicity, nationality and demographic traits like age, gender, religion, marital status and educational attainment (Hardin-Ramanan, 2018; Shanker-Ardakani et al., 2016). Numerous researchers have described diversity management practices in different ways. Some have focused on specific traits and examined workforce diversity using observable traits like age, gender, religion, education, equality and respect while others have examined diversity by classifying it into two dimensions: highly visible (e.g. age, gender, ethnicity, equality and respect) as well as less obvious (e.g. training and experience) individual traits. Hobman et al. (2003) divided workforce diversity into three categories: job diversity (such as experience and education) perceived diversity (such as age and gender) and value-based diversity (such as ethics, religion, equality and respect and beliefs). The 1950s saw the recognition of gender diversity but in 1980s and 1990s, it became a significant variable in organizational and management research. Hearn & Parkin (1987) looked at women in businesses with a male domination during these two decades. Businesses that have successfully attained gender diversity particularly in management have seen improved performance and notable profit growth according to the most recent report (Employers Activities Bureau of the International Labor Organization, 2019). Participation of women should be increased in workplace and they should be treated equally like men. Some policies like maternity
leave and flexible work schedules can help balance work-life balance (Employers Activity Bureau, 2019). Ma et al. (2022) argued that gender diversity needs a society with equal rights, obligations and opportunities for men and women in all spheres of life. It is believed that men are more resilient, dynamic and fit to work in environments with safety pitfalls. While women are struggling for equality, gender bias is still prevalent in Muslim nations (Salem & Shaheen, 2021). According to Rizzo et al. (2007), non-Muslim nations actually support gender democracy and women’s rights at higher levels than do Muslim nations. Koburtay et al. (2018) described Islamic patriarchy cultures limiting women’s employment opportunities. Moreover, female workers typically have fewer job openings than male workers.

Robbins & Judge (2017) described older workers as members of the working elite who possess extensive experience, sharp judgment, an upwardly focused attitude, strong professional ethics and quality control. But mature workers are typically thought to be less flexible and less capable of learning new skills. Bersin & Chamorro-Premuzic (2019) reported that older workers continue to face exclusion despite company’s efforts to support them. Young evaluators are prone to bias and may overlook older employees when making decisions about hiring, promotion, skill evaluation and other related matters without guidelines or policies (Finkelstein et al., 1995). To enhance HR effectiveness, organizations must acknowledge the age differences and profound value differences due to age issues (Chen et al., 2017; Ahmad, Noorani, & Ali, 2024). Disparities in religion language and cultural background are referred to as ethnic diversity. Diverse backgrounds of employees within an organization can potentially enhance strategic decision-making due to their diverse lifestyles, cultures, beliefs and skill sets (Dahanayake, Selvarajah, Rajendran & Ballantyne, 2018). Organizations employ diverse workforce due to these perceived traits and globalization, however, many find it difficult to develop and execute policies that lessen ethnic discrimination which has a detrimental impact on organizational performance (Khan et al., 2019; Hsiao, 2019).

Individuals with different religious beliefs frequently engage in conflict not only with each other but also with each other’s belief systems. Workforce diversity teams encounter communication issues due to various reasons including religious beliefs (John, 2011). The existence of notable distinctions in religious practices and beliefs is known as religious diversity. Religion has always been a major factor in economic growth and human resource management. Handling religious disputes in the workplace is crucial (Imran & Akhtar, 2023). Employees from diverse religious
backgrounds may feel more comfortable at the workplace if their cultural differences are respected (Saxena, 2014). Respect is one of the three forms of social recognition that have psychological implications for people. The terms need-based care accomplishment-based social appreciation and recognition of equality as a person with equal basic rights and self-esteem all relate to the feeling of fulfillment that comes with accomplishing and making positive contributions in society (Renger, Mommert, Renger & Simon, 2016). Furthermore, equality and respect can function beyond the boundaries of groups (Simon, Mommert & Renger, 2015). Hanif et al. (2022) argued that a specific working environment is required to develop inclusive work climate for diversity management practices. Jiang, Davis and Borry (2022) found that teamwork and workplace voice are positively related to diversity climate whereas centralized decision making diminishes it. Men, Qin, Mitson and Thelen (2023) found that inclusive work climate positively related with employee cultural intelligence and organization’s diversity communication. Inclusive climate showed a much stronger effect on work engagement of minority group employees.

**Inclusive Work Climate**

Team climate is influenced by group structure and members’ differences and similarities shape how the group as a whole perceives its atmosphere (Ranger & Reese, 2017). Two perspectives on diversity including the knowledge/decision perspective and the social identity/category perspective are crucial to comprehend the process through which team diversity fosters an inclusive work environment (Mor Barak et al., 2016). Knowledge/decision perspective encompasses the sharing of various concepts and discussions and benefits of team diversity can be explained through viewpoints when addressing problems (Ashikali et al., 2020). Embracing the unique characteristics of group members is highly valued from a knowledge/decision-making perspective because it enhances the diversity of perspectives used in problem-solving thereby promoting the value of commitment to the uniqueness and belonging of group members. Though diverse employees can contribute more to organizational decision-making processes that impact the outcomes of their work, little consideration has been given to this possibility despite the advantages of an inclusive workplace (Fujimoto & Härtel, 2017). A more inclusive workplace would lessen unfavorable attitudes and actions like stress, social disintegration, low trust, isolation and high levels of conflict (Nishii, 2013).
In order to optimize the potential advantages of diversity management practices while mitigating their adverse effects we contend that a thorough understanding of organizational justice ought to be ingrained in work procedures to methodically create HR policies devoid of prejudice and discrimination. Supervisors who engage in participatory work performance facilitate decision-making. Participation in decision-making was based on the degree to which various employees’ opinions were actively sought out and how much weight was given to them during the process (Nishii, 2013). An inclusive and diverse workforce can foster creativity and innovation within your business. Employees are more likely to voice their distinct viewpoints when their individual histories and experiences are valued and celebrated. Innovative endeavors can result in business success by generating fresh concepts and optimizing operations. This dimension emphasizes whether or not employees were encouraged to voice their concerns and whether or not their voices were heard even though it supports fair labor practices (Ashikali et al., 2020). To experience inclusion individuals must feel that they belong to a group meaning that each group member is treated as an insider having the opportunity to preserve and express his unique individuality. This is an example of how inclusion is defined. The term culture of diversity refers to an intricate and multidimensional strategy that is typically associated with workers opinions of the workplaces equality, their self-concept, guidance, and opportunities for minorities and women (Holmes et al., 2021; Ahmad, et al., 2023; Ahmad, Sewani, & Khoso, 2024). An alternative definition of diversity climate is an understanding of organizational procedures that foster a diverse workforce.

Maybe the most obvious difference between diversity and inclusion is that the former is contingent upon legal requirements while the latter is the outcome of voluntary endeavors. In order to create an inclusive climate, it is necessary to level the playing field and create opportunities through managerial and organizational practices that give employees who belong to social identity groups that face more discrimination, a genuine chance at equal access to valued opportunities (Bell, Özbilgin, Beauregard & Sürgevil, 2011; Roberson, 2006). While diversity management strategies have mainly focused on attracting women of color and members of other marginalized groups into the workforce, inclusion strategies have attempted to give these people equitable access to resources, participation in decision-making processes and chances for career advancement. Comparably rather than focusing solely on the morality of advancing equal opportunity, many academics and professionals who study diversity and
inclusion have sought to emphasize the advantages that people with a variety of differences bring to the organization (Ferdman, 2014; Jabeen, Ali, & Ahmad, 2023). But diverse workplaces are not always productive (Mannix & Neale, 2005; Jackson & Joshi, 2011) and might even exacerbate the situation by increasing conflict and employee turnover while lowering cohesiveness and productivity. Emphasizing inclusionary practices, therefore, can draw attention to the potential advantages and opportunities that come with having a diverse workforce. In recent years there has been a greater effort made by academics and professionals in the field to distinguish between diversity management practices and inclusive work environment. Inclusive work environment is critical for diversity management practices. Deepak and Pervez (2023) suggested that diversity climate is developed in organizations when employees appreciate diversity related management policies, practices, and action plans aimed to accommodate everyone equally. Employees experience a sense of inclusion when their feelings of uniqueness and belongingness are addressed by the firm's inclusive initiatives making them contribute to the objectives of the organization. Park, Park and Shryack (2023) measured inclusive work climate with dimensions of fairness, uniqueness and belongingness. For creating inclusive work climate, individual differences should be perceived, accepted, and valued in organizations. Inclusive climate specifically emphasize on individuals sense of belongingness to their groups or organizations while still feeling free to maintain and express their differences and uniqueness.

Hypothesis: Diversity management practices positively related to inclusive work climate.

Methodology

The study used a descriptive quantitative research design to examine the relationship between the variables. With this design, data collection and analysis can be carried out methodically. A questionnaire based survey was conducted as the research strategy for data collection. Deductive research approach was applied with positivist research philosophy. The target population for this research study was employees working in banking and IT sectors of Pakistan. The sample size will be determined based on considerations of desired level of available resources. Sekaran & Bougie (2016) argue that for the majority of investigations, sample sizes bigger than 30 and smaller than 500 are appropriate. The sample size for this study was 241. Convenience sampling technique was applied and data was collected from the respondents who were easily accessible and were willing to participate in survey. Time horizon was cross-sectional providing a snapshot
of population or phenomenon at a specific time. In order to facilitate comprehensive statistical analysis, a structured survey instrument with quantifiable measures was employed with a focus on collecting numerical data. The questionnaire included items adopted from validated scales and published literature in order to ensure its validity and reliability. Demographic characteristics were also measured. The data was collected through online survey. SPSS and Partial Least Square Equation Modelling (PLS-SEM) was applied for analysis of data. For diversity management practices, a scale with dimensions of age, gender, educational background and equality and respect was used to measure responses. For measuring gender and age, a scale developed by Abbas and Hameed (2010) was used. It had total 14 items. Educational background was measured through a 6 items scale developed by Giles (2008) and equality and respect was measured through an 8 items instrument developed by (Porro, 2021). Inclusive work environment was measured through a 20 items scale, new inclusion quotient index (2015).

Data Analysis

Sample Demographics:

Demographic characteristics of gender, marital status, age, sector, income level, organizational tenure and qualification were also measured. Table 1 shows sample demographics.

Table 1
Sample Demographics

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Category</th>
<th>Frequency</th>
<th>%age%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>155</td>
<td>64.3</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>86</td>
<td>35.7</td>
</tr>
<tr>
<td>Marital status</td>
<td>Single</td>
<td>148</td>
<td>61.4</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>93</td>
<td>38.6</td>
</tr>
<tr>
<td>Age</td>
<td>18-30</td>
<td>166</td>
<td>68.9</td>
</tr>
<tr>
<td></td>
<td>31-40</td>
<td>45</td>
<td>18.7</td>
</tr>
<tr>
<td></td>
<td>41-50</td>
<td>23</td>
<td>9.5</td>
</tr>
<tr>
<td></td>
<td>51 or above</td>
<td>7</td>
<td>2.9</td>
</tr>
<tr>
<td>Sector</td>
<td>IT sector</td>
<td>63</td>
<td>26.1</td>
</tr>
<tr>
<td></td>
<td>Banking sector</td>
<td>178</td>
<td>73.9</td>
</tr>
<tr>
<td>Income level</td>
<td>less than 40000</td>
<td>44</td>
<td>18.3</td>
</tr>
<tr>
<td></td>
<td>41000-60000</td>
<td>54</td>
<td>22.4</td>
</tr>
</tbody>
</table>
Organizational tenure

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 year</td>
<td>51</td>
<td>21.2</td>
</tr>
<tr>
<td>less than 3 years</td>
<td>69</td>
<td>28.6</td>
</tr>
<tr>
<td>less than 6 years</td>
<td>45</td>
<td>18.7</td>
</tr>
<tr>
<td>less than 10 years</td>
<td>30</td>
<td>12.4</td>
</tr>
<tr>
<td>above 10 years</td>
<td>46</td>
<td>19.1</td>
</tr>
</tbody>
</table>

Qualification

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>16</td>
<td>6.6</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>108</td>
<td>44.8</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>97</td>
<td>40.2</td>
</tr>
<tr>
<td>Other</td>
<td>20</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Reliability and Validity Analysis:

Partial least Square Equation Modeling (PLS-SEM) was used for data analysis. We applied reflective measurement model to measure reliability and validity of data.

Reflective Measurement Model

Outer loadings:

We calculated outer loading for each item of both constructs. According to criteria, items with outer loading higher than 0.5 were included for final analysis. Remaining items were deleted. For diversity management practices, the items DM1, DM2, DM8, DM9, DM12, DM13, DM14, DM15, DM16, DM18, DM19, DM20, DM21 and DM 29 were deleted. For inclusive work environment, the items IWE1, IWE5, IWE 17 and IWE 18 were deleted.

Table 2: Outer Loadings

<table>
<thead>
<tr>
<th>Codes</th>
<th>Outer Loadings</th>
<th>Codes</th>
<th>Outer Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>DM3</td>
<td>0.754</td>
<td>IWC11</td>
<td>0.716</td>
</tr>
<tr>
<td>DM4</td>
<td>0.671</td>
<td>IWC19</td>
<td>0.735</td>
</tr>
<tr>
<td>DM5</td>
<td>0.680</td>
<td>IWC20</td>
<td>0.711</td>
</tr>
<tr>
<td>DM6</td>
<td>0.692</td>
<td>IWC2</td>
<td>0.650</td>
</tr>
<tr>
<td>DM7</td>
<td>0.662</td>
<td>IWC3</td>
<td>0.717</td>
</tr>
</tbody>
</table>
Construct Reliability and Convergent Validity:

Internal consistency and composite reliability were calculated for construct reliability. The values of Cronbach alpha for diversity management practices and inclusive work environment were 0.924 and 0.935 respectively showing good construct reliability. For both constructs, the values of composite reliability were greater than 0.90 showing reliability of the instrument used for data collection. Convergent validity was measured through the measures of Average Variance Extracted (AVE) for both constructs. The values of AVE for diversity management practices and inclusive work environment were 0.504, and 0.508 respectively. Table 3 shows construct reliability and convergent validity.

Table 3: Construct Reliability and Convergent Validity

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach Alpha</th>
<th>Composite Reliability (CR)</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity Management Practices (DM)</td>
<td>0.924</td>
<td>0.934</td>
<td>0.504</td>
</tr>
<tr>
<td>Inclusive Work Climate (IWC)</td>
<td>0.935</td>
<td>0.943</td>
<td>0.508</td>
</tr>
</tbody>
</table>

Discriminant Validity

The difference between the constructs was determined by discriminant validity. It shows the theoretical difference between constructs and determine that constructs are in fact unrelated to each other. Fornell-Larcker Criterion was used to measure discriminant validity that described that the correlation of a construct with other constructs should be less than square root of the
The results confirmed discriminant validity. Table 4 shows discriminant validity calculated according to Fornell-Larcker Criterion.

Table 4
Discriminant Validity

<table>
<thead>
<tr>
<th>Construct</th>
<th>DM</th>
<th>IWC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity Management Practices (DM)</td>
<td>0.710</td>
<td></td>
</tr>
<tr>
<td>Inclusive Work Environment (IWC)</td>
<td>0.789</td>
<td>0.713</td>
</tr>
</tbody>
</table>

Structural Equation Model

Variance Inflation Factor (VIF)

In order to address the issue of multicollinearity among latent variables, the values of Variance Inflation Factor (VIF) were calculated. According to Hair, Ringle, Gudergan, & Fischer (2018), the VIF values close to 1 and less than 5 are acceptable. The VIF values were calculated for all constructs and all items had VIF values within acceptable range.

Path Coefficients

Path coefficients were measured for testing hypotheses. To find association between study variables, the values of beta coefficient, T-statistic and p-values were calculated. The hypothesis was accepted and significant relationships was found between diversity management practices and inclusive work environment as p-value<0.000.

Table 5
Path Coefficients

<table>
<thead>
<tr>
<th>Paths</th>
<th>Beta</th>
<th>T-Statistic</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMP -&gt; IWC</td>
<td>0.789</td>
<td>26.530</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Coefficient of Determination R2 and f2 Effect Size:

Variation in the dependent variable explained by the independent variable is measured through co-efficient of determination R2. It determines how independent variable cause change in dependent variable. The value of R2 for diversity management practices showing 62% variation in inclusive work environment. The value of f2 effect size for inclusive work environment was 0.063. F2 effect size determines the impact of other variables on dependent variable when the exogenous variables have been eliminated.
Discussion and Conclusion

It has been demonstrated that diversity fosters creativity and innovation and allows for a broader and deeper understanding of various customer segments. The next best thing to diversity is inclusion which is essential to a healthy workplace culture that greatly influences employee commitment, talent attraction and job satisfaction. Furthermore, in addition to developing corporate cultures, Banerjee (2020) contends that diversity and inclusion could significantly advance corporate social responsibility. Diversity and inclusion have been shown to have tangible business benefits as numerous studies have demonstrated. Scientific validation has been provided for these benefits. Based on the results of hypothesis, which states that diversity management practices and an inclusive work environment have a significant impact on each other has been accepted. This is because top management and employees of the organization work together efficiently and effectively to produce results. Diversity management practices can only be successful when employees perceive inclusion. Role of top management is critical for understanding of diversity management policies and in creating inclusive work environment for employees. For this purpose, organizations need inclusive leadership where the accessibility, openness and availability of leaders increase positive outcomes of diversity management practices. Inclusive leadership promotes social integration, work engagement and wellness of employees (Jerónimo., Henriques & Carvalho, 2022; Ahmad, Ali, & Sewani, 2021; Imran, et al, 2023). Diversity training programs and effectiveness of fostering inclusive work environment are the main challenges for the organizations. It is the duty of the leaders to understand similarities and differences between employees and create work teams, leadership, committees or employee groups and social opportunities that allow employees to understand and adapt to the diverse cultural traits (Royall, McCarthy & Miller, 2022; Ali, Shah, & Ahmad, 2023; Khoso, Oad, & Ahmad, 2023). Inclusive and fair human resource management practices play a pivotal role in developing diversity and equality at workplace. Inclusive work environment can be created through detailed evaluation of policies and active participation of employees in improvement process. A more equitable and inclusive work environment will have positive influence on organization’s performance. Trainings to increase awareness of diversity, respect for contributions of employees from diverse backgrounds, consideration of expectations and needs of different employee groups and facilitating employees to voice their issues will have positive impact on organizations’ overall performance (Faruk, 2024; Raza & Ahmed, 2017). Developing
diversity and equality at work environment is ingrained in inclusive work environment that promotes equal employment opportunities, career development and progression opportunities, appreciation and recognition of individual differences (Samašonok et al., 2023; Ahmad, Bibi, & Imran, 2023). Organizations can cultivate inclusive environments through effective diversity management practices, comprehensive diversity training, establishing inclusive policies and procedures, fostering dialogue and open communication and creating opportunities for collaboration Ahmad & Adams, 2023).

**Recommendations and Implications**

This study recommends that companies actively create an inclusive work environment where workers from all different backgrounds can benefit from initiatives to promote workers’ creativity and where inclusion is crucial in creating this environment. This study also urges practitioners to take into account the fact that inclusive work environments and diversity management strategies can create fair and equitable workplace for innovative employees. It is imperative for upper management to guarantee that all staff members have equal access to innovative learning opportunities in their respective organizations as well as opportunities to become familiar with the diverse cultures that are represented and possibly not within the organization.

**References**


