

## **Impact of Perceived Diversity & Organizational Justice on Employee Well-Being: Mediating Role of Inclusion**

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### **Abstract**

*The study investigates the impact of perceived diversity and organizational justice on employee well-being, mediating the role of inclusion from the perspective of the Board of Revenue Sindh. The data is gathered from 213 respondents, which are employees working in the public sector in Pakistan. Purposive random sampling was employed for data collection. The data is collected by floating the questionnaires. Four hypotheses were drawn from the literature. The SPSS software is used to test the hypotheses. The finding suggests that perceived diversity has an insignificant negative impact on employee well-being. However, organizational justice has a significant positive impact on employee well-being. Inclusion is mediating the relationship between the dependent and independent variables. It is recommended that several other factors can affect employee well-being in the public sector; further research can be conducted by considering the same. The practical implication is that the current study helps the management of the public sector to make effective decision-making in favor of employee well-being. The employee performance will be improved, and the public will be served at best in the end.*

**Keywords:** *Perceived Diversity, Organizational Justice, Employee Well-Being.*

## **Introduction**

The workforce diversity of today's enterprises are constantly shifting. Today's workforce reflects various characteristics, including generation, ethnicity, and job function. Due to various types of diversity unevenly affecting employee, managing this heterogeneous workforce poses unprecedented challenges for leaders and followers around the globe. While businesses promote variety to increase production and innovation, diversity has eroded interpersonal trust, integration, and well-being-this phenomenon is a "double-edged sword," to Milliken and Martins (1996). Diversity is a complicated phenomenon, and having a broad representation is not enough to reap the benefits of diversity (Jaiswal et al., 2019; Guerrero, 2022). The existing literature shows that the affective impacts of diversity have gotten little scholarly attention. Previous research on diversity and affect-related outcomes has found negative consequences such as diminished employee job satisfaction and well-being. These negative results directly oppose the goal with which diversity is frequently instilled in businesses. The current study is based on a discrepancy between the diversity purpose and effects (Gurtoo et al., 2016; Bright et al., 2022). Employee well-being is mentioned not only as something that employee's desire but also as something that helps firms improve employee performance and overall productivity. The negative relationship between diversity and the well-being of employees is a big challenge for the management of human resources, determining how diversity might improve the well-being of the employees. Aside from the double-edged nature of diversity effects, the previous studies regarding diversity contain a profusion of mixed outcomes (Huong et al., 2016; Pradhan & Hati, 2022). Studies have steadily shifted away from the primary effect of techniques in favor of examining variables that contextualize these effects. While thorough literature addresses the circumstances in which diversity leads to favorable or unfavorable consequences, the effect of perceived diversity and organizational justice on employee well-being is not found (Dwertmann et al., 2016; Nuttall et al., 2022). The researchers also look into the mediating role of inclusion, subsidizing the little but growing literature on diversity and organizational justice in the Board of Revenue Sindh. We briefly summarize our hypothesis's theoretical foundations in the following sections, analyze our outcomes' inferences for theory and practice, and look ahead to future study topics in this area. Our research contributes in three ways. First, our research looks into the link between perceived diversity and the well-being of the Board of Revenue Sindh employees.

Second, research into the relationship between organizational justice and the well-being of employees provides a fresh approach to effective organizational management in multicultural countries with different workforces. Finally, this work contributes to a deeper understanding of the role of inclusion as a mediating variable between Perceived Diversity and Employee Well-Being & Organizational Justice, and Employee Well-Being by responding to the study questions. As a result, the findings have practical implications for businesses in helping them devise effective approaches to improving employee well-being (Huong et al., 2016; Pradhan & Hati, 2022).

The existing literature shows that the affective impacts of diversity have gotten little scholarly attention. Previous research on diversity and affect-related outcomes has found negative consequences such as diminished employee job satisfaction and well-being (Van Knippenberg et al., 2007). These negative results directly oppose the goal with which diversity is frequently instilled in businesses. Employee well-being is mentioned not only as something that employees desire but also as something that helps firms improve overall productivity and performance (Huong et al., 2016). How diversity might increase employee well-being is a big challenge for management and how it deals with it (Jaiswal et al., 2019).

This paper sought to answer two research questions: What is the influence of perceived diversity on employee well-being? What is the influence of organizational justice on employee well-being? Does the inclusion mediate the relationship between dependent and independent variables? Does the perception of inclusion mediate the relationship between perceived diversity and employee well-being? Does the perception of inclusion mediate the relationship between organizational justice and employee well-being? The research objective is to investigate the effect of perceived diversity and organizational justice on the well-being of employees of the Board of Revenue Sindh and to study the perception of inclusion that mediates the relationship between the constructs.

The existing literature shows that the affective impacts of diversity have gotten little scholarly attention. Previous research on diversity and affect-related outcomes has found negative consequences such as diminished employee job satisfaction and well-being (Ananthram et al., 2018). These negative results directly oppose the goal with which diversity is frequently instilled in businesses. The current study is based on a discrepancy between the diversity purpose and effects. Employee well-being is mentioned not only as something that employee's desire but also

as something that helps firms improve employee performance and overall productivity (Jaiswal et al., 2019). Studies have steadily shifted away from simple primary effect methodologies & toward constructing and contextualizing these effects (Le et al., 2018).

The study's primary goal is to assist management in determining how to improve the management of diversity in an environment, as well as what impact perceived diversity and organizational justice have on employee well-being in a public organization. The study will also assist the public organization in determining how to motivate employees to improve their performance and achieve their goals (Huong et al., 2016). Furthermore, this study looks into the relationship between the constructs. Furthermore, the findings of this study will assist managers in various industries in improving employee well-being. Furthermore, this research will benefit internal and external players in Pakistan's business sector.

The study examines the link between the constructs and the mediating influence of inclusion on perceived diversity and organizational fairness. The study's focus is limited to the public sector in Sindh, Pakistan; other public organizations should be taken into account because the data is collected from the public sector exclusively (Huong et al., 2016). The current research relies on primary data. The data will be collected from the Board of Revenue Sindh employees in Karachi, with questionnaires serving as the primary source of information. According to previous studies, the quality of data used determines the quality of the results obtained. The limitations, on the other hand, do not cast doubt on the study's findings and conclusions.

### **Literature Review**

National Pledge, cultural diversity, and heritage contribute to an individual's well-being. Despite the well-known impact of multiculturalism on individual well-being, scholarly research on diversity and well-being is sparse (Jaiswal et al., 2019). Even though corporate enlargement has subsidized the country's economic success & country well-being, significant socio-economic discrepancies still exist. Many modern Pakistani domestic and international companies are steering diversity agendas to fulfill human and business demands from social and diversity concerns, not only to exploit a large talent pool (Das, 2014). As a result, researching the intrapersonal processes of Asian cultures could help us better understand the driving roots in emerging economies of employee work attitudes. Furthermore, experts have increasingly

highlighted the limitations of the widespread adoption of western management ideas & practices (Ashikali et al., 2015). While human resource management research has focused on diversity and its consequences, a study on the well-being of employees and workforce diversity conducted by the Board of Revenue Sindh addresses the necessity for high-quality research to produce authentic information for diversity management. According to Roberson (2006), employees should focus on resolving the issue of inclusion in successful management as the employees of the twenty-first century grow increasingly diverse, as the participation of women and people from different ethnic backgrounds and minorities is increasing daily. This perspective emphasizes a shift away from extending organizational demographics and toward reducing any barriers to enhancing individual employees' contributions to the skills and competencies of organizations (Majumdar et al., 2022).

As a result, the term "diversity" is substituted with "inclusion" to signify a new workplace diversity management approach targeted at supporting organizations in coping with several difficulties, as Roberson points out. Inclusion means the degree to which an employee is accepted and treated as an insider by others in a working system (Kroeper et al., 2022). Although there is much study on inclusion in the domains of psychology and social work, few studies specifically look at employee well-being in the public sector in Karachi via the theoretical lens of inclusion and organizational justice. The link between employees' perceptions of organizational fairness and workplace well-being has gotten less attention. Justice research and its impact on employee well-being in the public sector are tangentially addressed in the literature. Employee well-being and organizational justice are linked in several sectors, such as health and safety, psychology, and business. In this study, employee well-being is defined as an employee's overall health, including physical and emotional well-being (Huong et al., 2016). Numerous studies have linked a lack of perceived organizational justice to poor employee health. As a result of work-related stress, employees' performance, absenteeism, and motivation suffer. Workplace stress impacts job satisfaction, engagement, and overall organizational commitment. However, organizational justice and employee well-being have received scant attention in the public sector. As a result, long-term human resource management is essential for a company's sustainability (Jaiswal et al., 2019).

## **Perceived Diversity and Well-Being of Employees**

Diversity can be characterized as distinctions based on any characteristic that separates employees from their coworkers or how they perceive themselves to be different. Diversity typologies classify demographic diversity as surface level because of visible qualities such as age, gender, and ethnicity. Task-related diversity, also known as knowledge diversity, refers to differences in knowledge, experience, and functional background among staff, and it is an essential type of diversity in companies (Williams et al., 1998). Most scientists investigate diversity through alterations in actual attributes and explain apparent diversity impacts through fundamental perceptual inconsistencies rather than directly assessing such discernments. Only a few studies have looked at real and perceived diversity and found that perceptions of diversity predict diversity impacts better than actual diversity (Kirchmeyer, 1995). Employee impressions of surface and knowledge-level differences with their counterparts are utilized to operationalize workforce diversity (Huong et al., 2016). Well-being refers to a person's overall positive state in terms of mental, physical, and social dimensions, with one category frequently spilling over into another. Employers must demonstrate dedication to their employees' health and well-being, as most individuals spend more time on work-related activities. High levels of happiness have been shown to have measurable effects on individual and organizational outcomes (Jaiswal et al., 2019). The study revealed several elements influencing employee well-being, including expressive work, enriched jobs, and positive business culture (Kowalski et al., 2017). EWB is based on the work environment and personnel attributes. The nature of work reflects the work qualities, whereas the work environment is defined by the quality of interpersonal interactions and working conditions (Ananthram et al., 2018).

## **Organizational Justice and Employee Well-Being**

According to researchers, "The notion of fairness, or justice, has become an increasingly visible construct in the social sciences during the previous three decades." Despite this, the link between organizational justice and employee satisfaction has recently come to light. Organizational justice is recognized as crucial for workers' health and well-being, with a lack of justice having a negative impact. According to previous studies, employee perceptions of organizational fairness have also been linked to several health issues. The four organizational justice perspectives are procedural, distributive, informational, and interactional justice (Lönnqvist et al., 2022; Mulang, 2022). Employees' perceptions of procedural justice in the workplace impact employment

outcomes, including decision-making and organizational procedures. Distributive justice refers to a worker's sense of distributive fairness about decision outcomes. Interactional justice refers to employees interacting with their direct managers or authoritative people. Informational justice refers to the clarity with which organizational management communicates decision-making procedures to employees.

### **Inclusion, Perceived Diversity & Employee Well-Being**

Because diversity research is unclear and uneven, the author looks at the impact of situational factors and underlying mechanisms in predicting diversity results. We examine employee perceptions of inclusion as a crucial mechanism to explain the impact of perceived diversity on employees' well-being (Jaiswal et al., 2019). According to Oswick and Noon (2014), diversity and inclusion are intimately intertwined, with diversity as a prerequisite for inclusion and inclusion as a prerequisite for diversity. While previous studies focus on organizational climate as a more comprehensive construct for managing diversity, current studies have focused on a more particular diversity climate and climate for inclusion. Individual inclusion is defined by an employee's opinion of the organization's fair procedures and an appreciation of the individual's uniqueness and belongingness (Jaiswal et al., 2019; Singh et al., 2013). Although creating an environment conducive to inclusion is primarily an organizational effort, individual inclusion is defined by an employee's opinion of the organization's fair procedures and appreciation of the employees (Boone et al., 2009; Simons et al., 1999). While inclusion is commonly credited with breaking down demographic & social barriers, few studies have looked at the fundamental mechanisms that explain how diversity affects people.

### **Inclusion, Organizational Justice & Employee Well Being**

The literature on workplace inclusion is currently developing and is relatively limited. Creating organizational settings where employees feel included is one research subject developing in this sector (Shore et al., 2011). Ross (2005) contextualizes the issue in the public sector workplace by stating that to reap the benefits of inclusive workplaces. Public institutions must embrace diversity, anti-discrimination policies, and practices (Huong et al., 2016). As a result, non-discriminatory and inclusive policies are becoming increasingly crucial in the government sector (Jaiswal et al., 2019). There have been few studies that have looked into workplace difficulties in the public sector. Turnover intention, organizational commitment, work satisfaction, and organizational justice are among the elements and interactions between constructs that have been

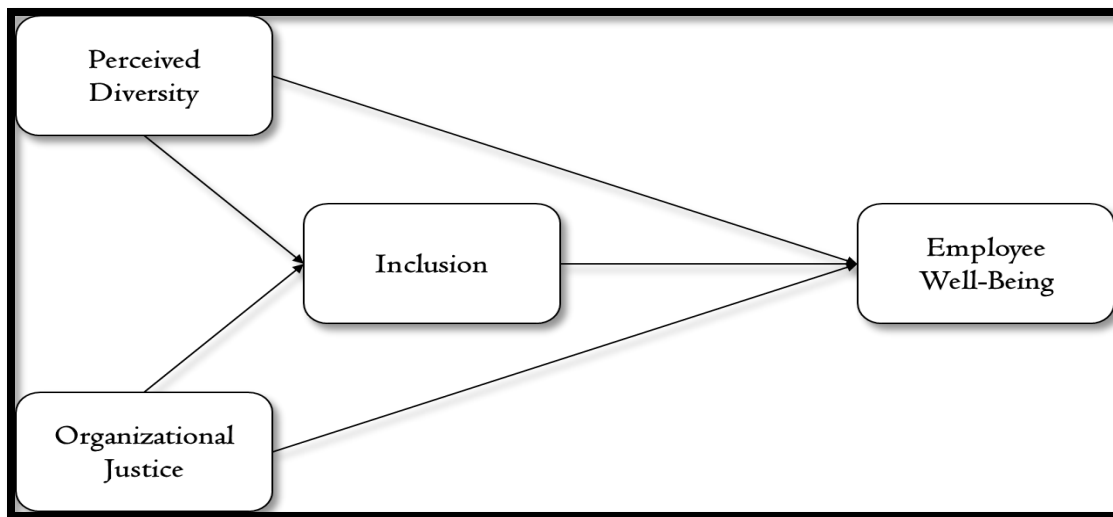
investigated. Employees' perceptions of fair treatment are linked to their readiness to work for the betterment of the public, institutions' commitment, and employees' satisfaction regarding jobs (Huong et al., 2016). Employee job satisfaction is linked with organizational success in any business, including tourism. Developing long-term HRM is critical. Tourism is a labor-intensive industry that relies mainly on its employees to keep the firm afloat to ensure the sector's viability in an increasingly competitive market. The literature underlines the significance of developing a deeper awareness of sustainable human resource management concerns (Fulford, 2005). The present study addresses organizational justice with considerations for creating sustainable human resource management policies and practices by examining the well-being of employees in the public sector (Huong et al., 2016).

### Theoretical Framework

Considering the theoretical and practical perspectives, the researcher developed a theoretical framework. Basically, this framework is developed by the author for the study in order to investigate the influence on employee's well-being of organization justice & perceived diversity; the theoretical framework is shown below:

Figure-1

*Theoretical framework*



The above-said theoretical framework is designed to limit the scope of relevant data. The Researcher focuses on the specific variables to define the specific viewpoint on the public sector in Karachi. The Researcher develops the model as mentioned earlier. This model has been used for different public and public sectors in different countries. The results of this framework differ



from industry to industry (Jaiswal et al., 2019). Specific variables are selected based on the requirement of the public sector. The above-mentioned theoretical framework is drawn after a thorough review of the literature. Figure 1 shows that the dependent variable or construct, i.e., employee well-being, and the independent variables or construct are the perceived diversity & organizational justice. The researchers use all the variables mentioned earlier as the primary variables; practitioners add or subtract the variables according to the scope of the study (Huong et al., 2016).

### **Hypotheses**

From the prior literature, the following research hypotheses are developed to achieve the research objectives, i.e., to examine the influence of perceived diversity & organizational justice on the well-being of the Board of Revenue Sindh employees, with a mediating effect of inclusion.

**H<sub>1</sub>:** Perceived Diversity is positively associated with the well-being of employees.

**H<sub>2</sub>:** Organizational Justice is positively associated with the employee well-being.

**H<sub>3</sub> (a):** Inclusion mediates the relationship between Perceived Diversity & Employee Well-being.

**H<sub>3</sub>(b):** Inclusion mediates the relationship between Organization Justice & Employee Well-being.

## **Research Methodology**

### **Research Design**

The study investigates the effect of perceived diversity and organizational justice on employee well-being, with a mediating effect of inclusion (Huong et al., 2016; Jaiswal et al., 2019). The quantitative research design is adopted to achieve the study's objectives, and cross-sectional data have been employed. Further, the Multiple Regression model was used to estimate the effect of independent variables on the dependent variable (Findler et al., 2007).

### **Population & Sampling Technique**

According to the data on the company website, more than 5000 employees are currently working in the Board of Revenue Sindh that is our population. The purposive sampling technique is a non-random sampling used for data collection (Gurtoo et al., 2016). Using the given technique, the results can be generalized to the population. The primary data will be collected to address the

research question and to attain the research objective. The research will be based on primary data. The data will be obtained using the data collection tool, which will be a questionnaire (Jaiswal et al., 2019). The questionnaire will be floated among the public sector employees. The dependent variable is employee well-being, the independent variables are perceived diversity and organizational justice, and mediating variable is inclusion. The recent data has been collected using the questionnaire, the study is based on cross-sectional data, and data is collected at one point (Jaiswal et al., 2019).

### **Econometric Model**

$$EWB_i = \beta_{0i} + \beta_1 PD_i + \beta_2 OJ_i + e_i$$

Where;

EWB	=	Employee Well-Being
$\beta_0$	=	Constant
PD	=	Perceived Diversity
OJ	=	Organizational Justice
e	=	Error Term

In the above-given equation, the EWB represents the employee well-being of the Board of Revenue Sindh,  $\beta_0$  is the constant, the PD represents the perceived diversity, and OJ represents organizational justice. There is no focus variable, as the topic is the impact of perceived diversity & organizational justice on well-being, with a mediating effect of inclusion (Huong et al., 2016). The author uses multiple regression techniques to predict the relationship between variables using IBM SPSS. The model selection was guided by empirical studies and theories for the model's estimation. The researcher has developed the estimation model for the current study. The multiple regression techniques used by the researcher to estimate the relation between the variables using IBM SPSS; for the model's estimation, the model selection was guided by empirical studies and theories.

## **Findings & Discussion**

### **Demographic Analysis:**

The current study is carried out to examine the impact of perceived diversity and organizational justice on the well-being of the employees of the Board of Revenue Sindh. The questionnaire was floated to the Board of Revenue Sindh employees using google forms; n=213 responses were received. The data is collected from the employees of the Board of Revenue Sindh. The

total number of Respondents is 213, out of which 31 were females and 182 were males, which shows that the number of male staff is more in the Board of Revenue Sindh than females.

Employees work in dignity, safety, and fairness conditions that are integral to human welfare (Huong et al., 2016). The Board of Revenue Sindh should give women access to this right. The results show a considerable gender gap, reducing gender gaps in the Board of Revenue Sindh.

Table-1

Demographics Analysis

		<b>Demographics</b>	
		Frequency	Percent
Gender	Female	31	14.6
	Male	182	85.4
	Total	213	100.0
Age	Upto 20 years	6	2.8
	21-30 Years	87	40.8
	31-40 Years	73	34.3
	41-50 Years	32	15.0
	Greater than 50 Years	15	7.0
	Total	213	100.0
Education	Graduate	120	56.3
	Masters	87	40.8
	Doctorate	6	2.8
	Total	213	100.
Experience	Less than 5 Years	50	23.5
	5-10 Years	36	16.9
	11-15 Years	51	23.9
	16-20 Years	37	17.4
	21-25 Years	27	12.7
	Greater than 25 Years	12	5.6
Total		213	100.0

The data is collected from the staff of the Board of Revenue Sindh. The total number of Respondents is 213, out of which 31 were females, which is only 14.6% of the total sample, and 182 were males, which represents 85.4% of the sample, which shows that the number of male staff is more in Board of Revenue Sindh as compared to females. Most participants are from the

age bracket of 21-30 Years, as several respondents 87 out of 213, which is 40.8%. 73 out of 213 were from 31-40 Years, which is 34.3%. Fifteen were from >50 Years, which is 7%, 32 were from 41-50 Years, which is 15%, and only six respondents were from the age bracket of <20 Years, which is 2.8%. The above-given Table 1 above shows the education of the respondents. Most of the Board of Revenue Sindh employees are Graduates in total, 120 out of 213, the number of respondents who have completed their Master's is 87 out of 213, and only six are enrolled in the doctorate program. Most of the employees are fresh employees having an experience of fewer than five years, which is 50 out of 213, 36 out of 213 having experience of 5-10 years, 51 have 11-15 years experience, 37 have 16-20 years of experience, 27 have 21-25 years experience, and only 12 respondents have greater than 25 years experience (Huong et al., 2016).

Table-2

Reliability Statistics

	Cronbach's Alpha	N of Items
Employee_Well_Being	0.893	9
Perceived_Diversity	0.770	6
Organizational_Justice	0.894	9
Inclusion	0.797	6

To measure the reliability and internal consistency of the variables. The Cronbach's Alpha test is run. The standard criteria for Cronbach Alpha are that results must be greater than 0.6, and the reliability statistics show the value of 0.893 for Employee Well-Being, which shows a high level of internal consistency. The perceived diversity is internally consistent as Cronbach's Alpha is 0.770, which shows that the data is reliable and consistent for the perceived diversity. The result of Cronbach's Alpha for organizational justice is 0.894, more significant than the standard criteria of 0.6, and represents a high internal consistency. The Cronbach's Alpha for mediating variable, i.e., inclusion, is 0.797, which is greater than the standard criteria and shows a high level of internal consistency (Huong et al., 2016).

Table-3  
 Descriptive Statistics

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Employee_Well_Being	213	3.4425	.86559	-.820	.167	-.100	.332
Perceived_Diversity	213	3.5025	.80926	-.795	.167	.335	.332
Organizational_Justice	213	3.5398	.87136	-.717	.167	-.560	.332
Inclusion	213	3.4405	.86881	-.631	.167	-.322	.332
Valid N (listwise)	213						

The mean of employee well-being is 3.4425, the standard deviation is 0.86559, the skewness is -0.820, and the Kurtosis is -0.100. The mean for perceived diversity is 3.5025, the standard deviation is 0.80926, the skewness is -0.795, and the Kurtosis is 0.335. The mean for organizational justice is 3.5398, the standard deviation is 0.87136, the skewness is -0.717, and the Kurtosis is -0.560. The mean for mediating variable, i.e., inclusion is 3.4405, the standard deviation is 0.86881, skewness is -0.631, and the Kurtosis is -0.322.

Table-4  
 Correlation Matrix

Correlations				
	Employee_Well_Being	Perceived_Diversity	Organizational_Justice	Inclusion
Employee_Well_Being	1			
Perceived_Diversity	.490**	1		
Organizational_Justice	.821**	.563**	1	
Inclusion	.780**	.553**	.703**	1

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

The findings of r-statistics are provided in the table above, with a range of perfect negative correlation when the result is -1 to +1, i.e., perfect positive correlation (Jaiswal et al., 2019). The relationship between perceived diversity and employee well-being reveals a positive correlation of 0.490, statistically significant at 0.01 significance level, and the relationship between organizational justice and employee well-being reveals a positive correlation of 0.821, significant at 0.01 significance level. The relation between inclusion and employee well-being

reveals 0.780, which shows a positive correlation between the variables (Huong et al., 2016). The relation between the independent variable perceived diversity and organizational justice shows a 0.563 positive correlation significant at a 0.01 level of significance. The relation between inclusion and perceived diversity shows a value of 0.553, which shows a positive correlation significance at a 0.05 level of significance, the relationship between inclusion and organizational justice reveals a value of 0.703, which shows a high positive correlation between the variables, significance at 0.01.

**Multiple Regression**

$$EWB = \beta_0 + \beta_1 PD + \beta_2 OJ$$

$$EWB = 0.255 - 0.060 PD + 0.554 OJ + 0.417 I$$

**Table-5**

Adjusted R-Square

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.870 <sup>a</sup>	.757	.753	.42986

a. Predictors: (Constant), Inclusion, Perceived\_Diversity, Organizational\_Justice

The model shows an adjusted r-square value is 0.753, indicating the explanatory factor, which means that the independent variable explains 75.7% variation in employee well-being, while the variation of 24.7% could be attributed to other factors.

**Table-6**

ANOVA

**ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	120.220	3	40.073	216.869	.000 <sup>b</sup>
	Residual	38.619	209	.185		
	Total	158.839	212			

a. Dependent Variable: Employee\_Well\_Being

b. Predictors: (Constant), Inclusion, Perceived\_Diversity, Organizational\_Justice

At a significance level of 0.05, results indicate that the real influence of the independent factors on employee well-being was statistically significant, and the whole model is fit.

Table-7

Multiple Regression

Model	Coefficients <sup>a</sup>			t	Sig.	Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients			Tolerance	VIF
	B	Std. Error	Beta				
(Constant)	.255	.146		1.747	.082		
1 Perceived_Diversity	-.060	.046	-.056	-1.304	.194	.634	1.578
Organizational_Justice	.554	.050	.558	11.127	.000	.462	2.162
Inclusion	.417	.050	.418	8.410	.000	.470	2.128

a. Dependent Variable: Employee\_Well\_Being

At a 0.05 significance level, the results of multiple regression reveal that if other things remain constant, the employee well-being equal to 0.255, the perceived diversity has an insignificant negative influence on the well-being of employees of the Board of Revenue Sindh, implying that perceived diversity negatively affects the employee well-being. Employee well-being decreased by 0.060 due to the change in perceived diversity, which led us to reject Hypothesis–1. Organizational justice significantly influences employees' well-being, which means that organizations bring a positive change of 0.554 on employee well-being, leading us to accept Hypotheses-2 (Huong et al., 2016). The mediating variable of inclusion has a significant positive impact on employee well-being, which means that a change of one unit in inclusion brings 0.417 positive changes in employee well-being. To check the problem of multi-collinearity, the author runs the test of VIF, which shows no problem of multi-collinearity in the model, as the values are <10.

**Mediation Analysis**

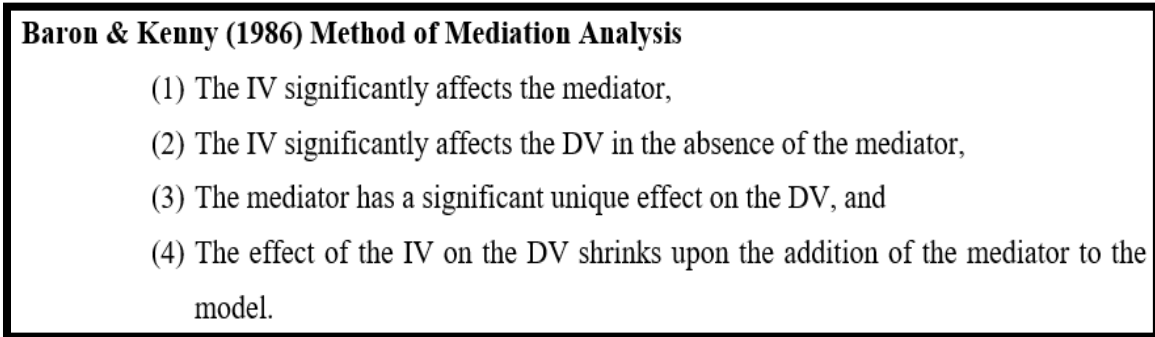
According to Baron & Kenny (1986) method of mediation analysis, we can do mediation analysis to check whether the mediator is mediating between the variables. The researcher adopts Baron & Kenny (1986) method of mediation analysis; it is an analysis strategy for testing the mediation hypotheses. In this mediation method, four assumptions need to be fulfilled. If they do so, it means that inclusion is mediating between the perceived diversity & employee well-being and between organizational justice and employee well-being (Jaiswal et al., 2019).

## Assumptions

The following are the four assumptions given by Baron & Kenny (1986) that needs to be fulfilled for mediation analysis, which includes the following;

Figure-2

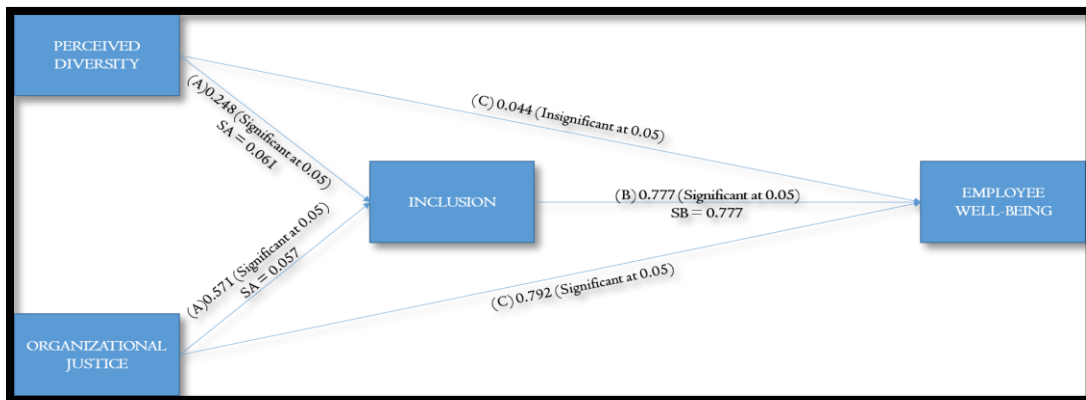
*Baron & Kenny (1986) Method of Mediation Analysis*



According to MacKinnon et al., (1993) & (1995), if the above four assumptions are fulfilled, it means that the mediating effect is occurring. The said method is developed to check the mediating effect by using the IBM-SPSS software (Jaiswal et al., 2019).

Figure-3

*Mediation Analysis*



For the mediation analysis, the author does the following steps to check the mediating effect of Inclusion between perceived diversity, organizational justice, and employee well-being.

1. Firstly, the author takes perceived diversity and organization justice as the independent variable and mediator as the dependent variable, which gives the coefficient of A = 0.248 significant at a 0.05 level of significance and the standard error is SA = 0.061 for Perceived Diversity and Inclusion. Organizational justice and well-being of the



employees give the coefficient of  $A = 0.571$  significant at 0.05 level, and the standard error is  $SA = 0.057$ , as shown in the above figure.

2. Secondly, the author, in order to fulfill the second assumption, takes the perceived diversity and organizational justice as independent variables and employee well-being as the dependent variable, excluding the Inclusion from the equation, which gives the coefficient of  $C = 0.044$  insignificant at a 0.05 level of significance for perceived diversity and well-being of the employees, and for organizational justice and well-being of the employees gives the coefficient of  $C = 0.792$  significant at 0.05 level of significance.
3. Thirdly, the author takes the mediator of Inclusion as the independent variable and the well-being of employees as the dependent variable, which gives the coefficient of  $B = 0.777$  significant at a 0.05 level.
4. Lastly, the author runs the multiple regression by taking perceived diversity, organization justice, and Inclusion as the independent variable and employee well-being as the dependent variable, which gives the coefficients of perceived diversity = -0.060, organizational justice = 0.554, and Inclusion = 0.417.

### **Sobel Test**

After fulfilling the assumptions of Baron & Kenny (1986) method of mediation analysis, the results are entered into the online calculator of Sobel Test to test the significance, the values of A, B, C, SA, and SB are entered into online calculator. Basically, the Sobel test works well when there is a large pool of sample data. In order to run the Sobel test, the details work has been done in the context by the Goodman (1960), Sobel (1982), Baron and Kenny (1986), and MacKinnon et al., (1995) in their research work. The author inserts the values of A, B, C, SA, and SB into the online calculators and it will estimate the role of mediator whether the indirect effect exist or not between the variables. The below results are for the mediating impact between the perceived diversity and employee well-being. All results of t-stats are significant at 1.96 standard criteria, and the p-values are also significant at 5% significance level for sobel, aroian & goodman test.

Table-8

Sobel Test

Variables	Test	Test Statistics	Std. Error	P-Values
A = 0.248	Sobel Test	3.966	0.048	0.000
B = 0.777	Aroian Test	3.960	0.048	0.000
SA = 0.061	Goodman Test	3.972	0.048	0.000
SB = 0.043				

The results below show the mediating effect between organizational justice and employee well-being. All results of t-stats are significant at 1.96 of standard criteria, and the p-values are also significant at a 5% significance level for Sobel and other tests.

Table-9

Sobel Test

Variables	Test	Sobel Test		
		Test Statistics	Std. Error	P-Values
A = 0.571	Sobel Test	8.761	0.050	0.000
B = 0.777	Aroian Test	8.751	0.050	0.000
SA = 0.057	Goodman Test	8.771	0.050	0.000
SB = 0.043				

The mediation analysis shows that after fulfilling the above four assumptions of Baron & Kenny (1986), and the Sobel test, the coefficients of perceived diversity, organization justice, and inclusion shrink, as mentioned in assumption four of Baron & Kenny (1986) method of mediation analysis, which means that the inclusion is mediating the effect between the perceived diversity & employee well-being. Inclusion is also mediating the effect of organizational justice and employee well-being, leading us to accept Hypotheses 3(a) and 3(b) (Jaiswal et al., 2019).

**Conclusion & Recommendations**

According to academic research, diversity management practices created in one country may not be acceptable for other countries. As a result, the current research investigates the effect of perceived diversity and organizational fairness on the well-being of the Board of Revenue Sindh employees. The perceived diversity has an insignificant negative effect on employee well-being; on the contrary, organizational justice has a significant positive impact on the well-being of employees. Inclusion mediates the impact between perceived diversity and employee well-being

and the effect between organizational justice and employee well-being. We also emphasize the importance of contextual elements in tying the findings together, as we found little evidence that perceptions of inclusion benefit varied demographics (Huong et al., 2016). As a result, unless policies and practices in the public sector in Karachi, Pakistan, consider socio-historical power disparities, Diversity management solutions have a local impact that fragments the greater goal of inclusivity. While examining diversity effects, we expect that more academics explicitly mention the economic, legal, and political environment. Sensitivity and awareness of domestic and subcultural differences will aid in implementing effective global diversity management, which will help establish cohesive entities and rise beyond inequities (Huong et al., 2016). Future researchers may consider modern techniques, even if decision-making theories give a good hypothetical foundation for the current study. The study will address diversity issues and restrict over-reliance on conservative ideas. While we look into the impact of organizational justice and perceived diversity on employee well-being in the Board of Revenue Sindh and the mediating effect of inclusion, future research should use both actual and perceived diversity measures (Huong et al., 2016). The current study has looked at a few different diversity and features relevant to the Pakistani context. Other relevant diversity factors, such as tribe, handicap, and economic position, may be included in future research to determine the well-being of public sector personnel in Karachi. The current study only looks at one mediating element: inclusion (Jaiswal et al., 2019).

Diversity is a phenomenon that affects individuals, teams, organizations, and society on many levels. It draws a variety of surrounding elements that interact with one another. The future study could be the subject of future research to test the moderating effect of age, gender, industry environment, education, occupational demographics, and work interdependence. Furthermore, even though the current study used SPSS to evaluate latent correlations, our ability to prove causation is limited because of the cross-sectional data. By using the PLS-SEM, a better model can be created. There are several factors that affect employee well-being, and future research can be conducted on the impact of those factors on employee well-being in developing countries like Bangladesh, Nepal, Srilanka, and others. The practical implication is that this research can help the management of public sector institutions to make effective decision-making for employee well-being as employee performance directly affects customer service.

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