

## IMPACT OF WORKPLACE DIVERSITY DIMENSIONS ON ORGANIZATIONAL PERFORMANCE AND PRODUCT INNOVATION

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### Abstract

In the modern global business environment, organizations are increasingly composed of employees from diverse genders, cultures, and social backgrounds. This growing diversity has the potential to improve creativity, product innovation, and overall organizational effectiveness. However, diversity alone does not guarantee positive outcomes. When diversity is not managed properly, it can lead to challenges such as gender inequality, lack of inclusion, workplace conflict, and reduced employee morale. These issues may negatively affect organizational performance and employee-related outcomes such as product innovation, productivity, and job satisfaction. Therefore, it is important to understand how diversity and gender-related issues influence organizational success. This study aims to examine the impact of workplace diversity and gender inequality on product innovation, productivity, and employee satisfaction, while also exploring the mediating role of organizational performance. The research follows a quantitative research design based on the positive research philosophy. Data was collected through a structured questionnaire distributed to 150 employees working in different organizational settings. The use of quantitative methods allows the study to analyze real workplace conditions through measurable and objective data. The study proposes that inclusive leadership and fair workplace practices play a crucial role in improving organizational performance. When organizations actively promote inclusion, reduce gender bias, and provide equal opportunities, they create a supportive work environment that enhances overall performance. Improved organizational performance, in turn, positively influences employee product innovation, productivity, and satisfaction. The findings of this study suggest that managing diversity effectively is not only a social or ethical responsibility but also a strategic requirement for organizations seeking long-term sustainability and competitive advantage. By fostering an inclusive culture, organizations can achieve better employee outcomes and improved overall performance.



## Introduction

The globalisation, technological development, demographic shifts and staff participation of citizens from diverse cultural, social and professional backgrounds are driving an increasing diversity of organisations in today's dynamic business environment. Workplace Diversity is the difference between the various employees in the workplace in relation to their gender, age, ethnicity, culture, education, skills, experiences and perspectives. In today's organisations, diversity is acknowledged as a valuable asset of the organisation which can have a significant impact on organisational performance, competitiveness and sustainability. Organisations can benefit from a diverse workforce, as they gain access to more ideas, knowledge, and methods for solving problems, which can lead to product innovation and creativity, and improve decision making processes (Østergaard & Timmermans, 2023).

As diversity becomes increasingly important, more are turning to more inclusive workplace practices to put in place measures that promote equality, employee engagement and fair treatment. Based on the literature, high employee engagement, increased productivity, and better organizational performance are a few benefits of good diversity management in the organization (Ashikali & Groeneveld, 2021), Likewise, workplaces that promote diversity will foster a more innovative and productive culture as employees bring their own ideas and viewpoints into the workplace. Diversity workplaces, in turn, will lead to better organizational outcomes and product innovation potential as employees will share their unique perspectives and collaborate more effectively (Wallrich et al., 2024). The positive impacts of inclusive leadership are also enhanced by the aspects of

belongingness, trust, and equal opportunities among workers (Korkmaz et al., 2022;Guo et al., 2023).

Yet, racism and discrimination in the workplace remain a major managerial and organizational challenge. Gender equality, discrimination, unequal pay, lack of representation in leadership positions, and lack of representation of minorities remain a problem for many organizations. These inequities have a negative impact on employee morale, job satisfaction, and commitment to the job (Stamarski & Son Hing, 2015). When employees feel that they are being treated unfairly or excluded, they may become dissatisfied, lose motivation and engagement and be less committed to the organization, and this can lead to a decrease in organizational performance (Madera et al., 2021). In addition, poor diversity management can lead to communication problems,

interpersonal conflict and opposition among workers, which can lower team spirit and efficiency at work (Brimhall et al., 2019).

Especially in developing countries, traditional culture, access to opportunities, and traditional leadership practices are creating barriers to gender equality and to inclusion in the workplace. Women and Māori are often underrepresented in leadership, development and decision making, limiting opportunities for them to contribute to the success of their organisations (Meena, 2015; National Council of Women of New Zealand, 2017).It has been found that organizational structures and managerial practices which accept inequality can perpetuate discrimination and impact employee well-being and organizational performance negatively (Stamarski & Son Hing, 2015). As a result, organisations that do not promote equality of opportunity and



inclusion may be unable to tap their human capital resources fully.

Diversity management has become more than a social responsibility question and is now a strategic need for the organisation in recent years. The understanding that inclusive workplaces create moral, social ends and at the same time organizational performance and sustainable competitive advantage is growing (Patel & Desai, 2026). Diversity management means having fair hiring practices, equal pay policies, leadership strategies that embrace diversity, and organizational policies that foster an inclusive work environment for all employees (Alghofeli et al., 2024). Research also indicates that workers in inclusive work climates exhibit increased levels of engagement, commitment, and job satisfaction, positively impacting organizational performance and outcomes (Moon, 2024; Li et al., 2025).

Accordingly, in this study, the effect of workplace diversity on organizational performance is explored through the influence of inclusion in the workplace, equal opportunities and diversity-oriented practices in the workplace on employee satisfaction, productivity and organizational outcomes. The study will help provide insights for organisations that wish to enhance their performance by effective diversity management and inclusive organisational practices. This work builds on existing literature on diversity and organizational performance to show how diversity relates to modern organizational performance and the significance of equality and diversity.

## Research Objectives

To investigate the association between gender diversity and product innovation?



To evaluate the relationship between workplace cultural diversity and product innovation?

To estimate the association between workplace moral diversity and product innovation?

To investigate the relationship between gender inequality and product innovation?

To evaluate the relationship between organizational performance and product innovation?

To investigate the mediating role of organizational performance between workplace dimensions, gender inequality, and product innovation?

## Research Questions

Does gender diversity significantly influence product innovation?

Does workplace cultural diversity significantly influence product innovation?

Does workplace moral diversity significantly predict product innovation?

Does gender inequality significantly and positively influence product innovation?

Does organization performance significantly and positively influence the relationship between workplace dimensions, gender inequality, and product innovation?

## Literature Review

Workplace diversity has been found to influence employee behaviors and organizational outcomes in previous studies. Diversity is when there is variation in staff members with respect to gender, culture, age, education and background. When diversity is managed appropriately, organizations with mixed workforces can get competitive benefits (Cox, 1993). Having different perspectives and experiences in a team can lead to greater creativity, problem-solving



capacity and product innovation. Research has shown that diversity and organizational performance are correlated, that is, diversity has a positive impact on organizational performance (Richard, 2000) stated that workforce diversity can enhance product innovation and productivity, particularly if workforce diversity is integrated into organizational management practices. Another study put forward by Charles O'Reilly indicated that diversity within a team helps in broader thinking and good decision making in a team (Elamin et al., 2024). But it should be noted that in the absence of inclusion diversity can pose problems as well, according to the literature.

A lack of effective management of diversity can result in employee misunderstanding, conflict and decreased employee satisfaction. Lynn M. Shore's research highlights that the benefits of diversity are realised in the

process of inclusion (Shore et al., 2011). Employees feel valued and respected through the practice of inclusive leadership, equal opportunity and fair treatment. The practices improve employee satisfaction and organizational commitment. There is existing literature that indicates that with inclusive leadership and effective organisation policies, diversity has a positive impact on the outcomes of workplaces.

### **Workplace diversity influences product innovation, productivity and employee satisfaction?**

There is empirical evidence that diversity in the workplace, along with age, culture, gender and skills can improve an organisation's performance and effectiveness. Previous research has shown, for instance, that workplace diversity and product innovation are positively associated. The younger generation of individuals from different backgrounds can be



expected to produce more creative ideas and innovative solutions than the younger generation of individuals from similar backgrounds (Richard et al., 2022; Williams & O'Reilly, 1998). In addition, diversity management that is done in an effective manner and based on inclusiveness, fair treatment, and mutual respect leads to greater satisfaction and engagement among employees. Likewise, ScienceDirect's (2018) study showed that diversity management is important in shaping the workplace diversity into better organizational performance. The results indicated that there was a positive correlation between the well-management of diversity and employee productivity and satisfaction. With employees respecting, inclusion and treating fairly in the workplace will lead to more motivation and commitment in the workplace, thereby decreasing intentions to leave and enhancing overall employee performance.

The study also talked about the cultural values and organizational learning as the factors which assist employees to adjust in a diversified organizational environment. This study also showed that a high level of workplace diversity, when managed properly, can propel the organization to improved performance and increased productivity. In other words, diversity by itself is not enough; how diversity is managed can have a significant impact on product innovation, productivity and employee satisfaction. This is despite the fact that both studies reach a positive conclusion about the impact of workplace diversity and effective diversity management on product innovation, productivity and employee satisfaction.

## Hypothesis

*Workplace diversity, when combined with effective diversity management, has a positive effect on production, product*

*innovation, and employee satisfaction, which helps the organization achieve good performance.*

## **Gender inequality, product innovation, productivity, and employee satisfaction**

Research has shown that gender inequality in the workplace strongly affects how an organization functions. This article shows that gender inequality has a strong effect on organizational structures and practices. For example, the way companies do hiring, training, pay, promotions, and decision-making processes should not be biased. In most organizations, these practices are biased, and women often face disadvantages in pay, promotions, and other opportunities, meaning the organization is missing out on women's talent, ideas, and perspectives. So, such systemic inequality can create a system rife with biased practices and harm overall organizational

performance(Stamarski & Son Hing, 2015; Wang, 2025)

Similarly, research on gender equity and performance highlights that gender equality supports better product innovation and productivity because workplaces that reduce gender bias, promote equal opportunities, value diverse contributions create more inclusive climates that help to engage all employees, generate new ideas, and perform well. According to a review, gender equity in human resource management is linked to improved organizational performance and innovative capabilities, and it also positively influences job satisfaction and employees' well-being at the organizational level(Elamin et al., 2024).

### **Hypothesis:**

- *Workplace gender equality in terms of HR practices and leadership is positively related to organizational performance,*

*effective productivity and employee satisfaction.*

## **Leadership, employee productivity, product innovation, and employee satisfaction?**

Research shows that inclusive leadership has a strong positive relationship with employees' outcomes such as product innovation, productivity, and satisfaction. For example, a study published in a journal shows that inclusive leadership significantly increases employees' innovative work behavior, meaning that when leaders encourage participation, value new ideas, and support employees' contributions, employees are more likely to generate, share, and implement new ideas. This inclusive style helps people feel psychologically safe and valued, which encourages them to try new approaches and improve performance. Employees who feel supported and included are more confident in experimenting and

contributing creatively, which builds both individual and organizational product innovation performance (Naseer et al., 2023; Richard, 2000)

Another research article shows that inclusive leadership has a strong positive relationship with employee outcomes such as product innovation, productivity, and satisfaction, and is also linked to broader work outcomes such as employee performance and well-being (Wallrich et al., 2024). For example, a study found that inclusive leadership is positively related to employee job performance, meaning that when leaders listen, treat employees fairly, and support them, employees' work improves and they perform their jobs more effectively. The study also showed that the quality of the relationship between leaders and employees positively affects performance (Ali et al., 2023). This suggests that inclusive leadership improves

organizational performance outcomes, including productivity and employee satisfaction, because employees feel more supported, valued, and engaged at work.

## Hypothesis

- *Inclusive leadership positively affect employee job performance, productivity, product innovation and employee satisfaction and overall well-being.*

## **workplace diversity, product innovation, employee satisfaction, and organizational performance**

Many research studies show that workplace diversity is linked to higher levels of product innovation within organizations. For example, research by (Yang et al., 2011) found that workplace diversity increases organizational product innovation when employees are involved and supportive of diverse employees, bringing different experiences and skills that help generate new ideas and improve creative problem-solving. Similarly, a review article

summarizing evidence from multiple studies concluded that diversity is positively related with improvements in team communications, decision-making, and professional skills, which in turn supports product innovation and better outcomes at work. These findings shows that diversity when managed well, encourages employees to contribute new ideas, leading teams and organizations to become more innovative(Moon, 2024; Wallrich et al., 2024)

In addition to fostering product innovation, diversity also relates to employee outcomes such as satisfaction and engagement. While some research shows that diversity alone does not automatically create positive effects for employees, the inclusive environments where employees feel respected and valued allow diversity to promote both product innovation and better employee experiences.

For example, when diversity is combined with good workplace practices, it increases employee engagement and collaboration, helping workers feel more satisfied and creative in their roles. When employees see that their diverse backgrounds are welcomed and that they can contribute unique perspectives, they report higher motivation and a stronger sense of belonging, which supports both product innovation and positive employee outcomes(Saxena, 2014).

## Hypothesis

- *Workplace diversity improves product innovation and employee outcomes (such as satisfaction and engagement) by enhancing organizational processes and fostering an inclusive work environment.*

## Gender inequality, productivity, and better organization

Research on the article shows that gender equality and reduced gender inequality in organizations are

linked to stronger organizational performance, which in turn supports higher workplace productivity(Gomes & Bernet, 2019; Meena, 2015). For example, a study found that gender diversity means fair representation and inclusion of all genders increases employee commitment and engagement. This improved engagement and commitment is positively related to organizational performance outcomes such as efficiency, effectiveness, and goal achievements. When organizational systems support equal treatment of all genders, employees feel more included and motivated to contribute fully, which strengthens performance over time.

Another study, the influential gender inequality review published in *Frontiers in Psychology*, explains that gender inequalities in organizational structure, processes, and practices, such as hiring, pay, and promotion, create barriers that



harm employees and the organization. When these inequalities are reduced through equitable policies and inclusive cultures, the organizational performance improves because employees are less stressed, more engaged, and more productive. While this article explains how inequality operates, it also shows that reducing inequality through better organizational policies and practices leads to fair treatment, less discrimination, and improved employee outcomes, which together support higher productivity and organizational success (Elamin et al., 2024; Gomes & Bernet, 2019).

## Hypothesis

- *The effect of gender inequality on productivity is mediated by organizational performance meaning that reducing gender inequality improves organizational performance, which in turn enhances employee productivity.*

## Leadership, employee satisfaction, and organizational performance

Research shows that inclusive leadership contributes positively to employee satisfaction, and this link often operates through improved organizational performance. Inclusive leadership is a leadership style in which leaders actively include team members' voices, promote fairness, embrace differences, and support employees' contributions and growth. A review of inclusive leadership research published in *The Leaders Quarterly* explains that inclusive leaders help build an organizational environment in which employees feel valued and included. Inclusive leaders help employees experience higher job satisfaction and well-being, which is associated with better organizational performance outcomes (Wallrich et al., 2024; Zhao et al., 2025).

There is also evidence that organizational systems, such as an inclusive climate, leader inclusivity,



member exchange, and psychological safety, serve as mediators through which inclusive leadership affects employees, job satisfaction, and job performance by improving interactions between leaders and employees. This improved social and relational processes not only increase employees' satisfaction at work but also strengthen organizational performance, which is employee satisfaction by creating a better performing organization environment, which supports the idea that organizational performance can be part of the line between leadership style and satisfaction (Guo et al., 2023; Alghofeli et al., 2024)

## Hypothesis

- *Inclusive leadership enhances employee satisfaction by strengthening organizational performance, meaning that the positive effect of inclusive leadership on employee satisfaction is explained through its positive effect on organizational performance.*

## Data and Research Methodology

The research philosophy is positivism because the study is based on observational facts and quantitative data rather than personal opinion. Positivism is the approach that holds that reality can be measured by a collection of data. Gender inequality in the workplace can be measured statistically through a survey. And the Research Approach we have is a deductive approach because it starts from existing theories, such as diversity management in organizational theory and gender roles in organizational performance theory. The deductive approach aligns with the positivist research philosophy because it starts with a theory and then tests it to arrive at a conclusion. Then, we use a survey as our research strategy because it allows us to collect quantitative data. Data can be collected through a questionnaire, which is given to employees across different

organizations, who then fill it out. As a Research choice, we go with quantitative data, as this research is based on statistical data and will use numerical measures, such as percentages and averages, to test the theory. This aligns perfectly with deductive research and positivist philosophy for determining the measurements. The time horizon we selected is cross-sectional because this approach is practical for research with limited time. Data will be collected only one time within a specific period. It's a short-term data collection approach. Our data collection Method is distributing the questionnaire or survey to employees and managers, as well as reviewing previous studies and reports of the particular company.

Our research design uses numerical data and is based on surveys. The aim is to collect data from employees' perceptions and experiences. The purpose of our

## Theoretical Framework

research is to examine how gender inequality and workplace diversity can affect organizational performance and how inclusivity can lead to improved performance. Our research method is a survey questionnaire, the main method of data collection, as it allows us to gather responses and information from participants on a large scale in a short period of time. In the data collection method, we use a survey questionnaire as the main instrument, divided into two main categories: workplace diversity factors and gender inequality. Then the distribution method is through the online platform only, and the sample size we have is 250. The sampling technique we use is to select employees working in environments where gender inequality and diversity are relevant issues. We measured our variables on a 5-point Likert scale, with 1 indicating strongly disagree and 5 indicating strongly agree.

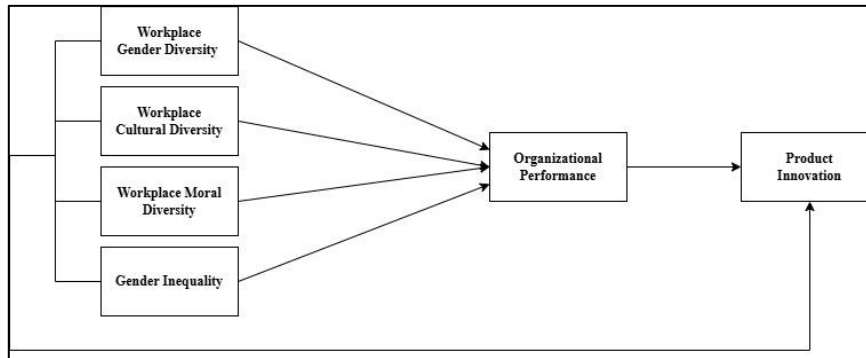


Figure 1: Theoretical Framework

**Descriptive Statistics**

Table 1 presents the demographic characteristics of the respondents included in the study. Out of the total 250 respondents, 145 (58.0%) were male and 105 (42.0%) were female, indicating a relatively balanced gender distribution with a slightly higher representation of male participants. Regarding age, the majority of respondents were in the 31-40 years age group, accounting for 94 participants (37.6%), followed by those aged 20-30 years, with 72 respondents (28.8%). Respondents aged 41-50 years accounted for 23.2% (n = 58) of the sample, while only 10.4% (n = 26) were aged 50 years or older. This

distribution suggests that most respondents were in their early and middle stages of professional careers.

In terms of educational qualifications, nearly half of the respondents possessed a Master's degree (49.6%, n = 124), followed by Bachelor's degree holders (30.4%, n = 76). Respondents holding MPhil/MS degrees constituted 14.0% (n = 35), while PhD holders represented 6.0% (n = 15) of the sample. The educational profile indicates that the respondents were well qualified and capable of providing informed responses regarding the study variables.



With respect to work experience, the largest proportion of respondents had between 5 and 10 years (36.4%, n = 91), followed by those with less than 5 years (25.2%, n = 63). Respondents with 11–15 years of experience accounted for 21.6% (n = 54), whereas those with more than 15 years of experience represented 16.8% (n = 42). This demonstrates that the sample comprised individuals with substantial professional experience.

Regarding organizational affiliation, the largest share of respondents worked in service-sector organizations (38.0%, n = 95), followed by manufacturing firms (34.0%, n = 85). Respondents from IT and technology organizations accounted for 16.0% (n = 40), while 12.0% (n = 30) belonged to other sectors. The diversity of organizational representation enhances the generalizability of the study findings across different industries.

**Table 1:** Descriptive Statistics of Respondents

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	145	58
	Female	105	42
Age	20–30 Years	72	28.8
	31–40 Years	94	37.6
	41–50 Years	58	23.2
	Above 50 Years	26	10.4
Education	Bachelor's Degree	76	30.4



	Master's Degree	124	49.6
	MPhil/MS	35	14
	PhD	15	6
Experience	Less than 5 Years	63	25.2
	5-10 Years	91	36.4
	11-15 Years	54	21.6
	Above 15 Years	42	16.8
Organization Type	Manufacturing	85	34
	Services	95	38
	IT/Technology	40	16
	Other	30	12

Table 2 presents the descriptive statistics of the study variables. The findings indicate that respondents generally perceived a favorable level of diversity and organizational effectiveness within their organizations. Among the independent variables, Workplace Moral Diversity had the highest mean score (M = 4.02, SD = 0.68),

suggesting that employees perceived ethical values and moral principles as highly respected and integrated within their workplaces. This was followed by Product innovation (M = 3.95, SD = 0.70) and Workplace Cultural Diversity (M = 3.91, SD = 0.74), indicating positive perceptions regarding diversity practices and innovative organizational behavior.



Workplace Gender Diversity demonstrated a relatively high mean score ( $M = 3.84, SD = 0.71$ ), reflecting employees' favorable perceptions regarding gender representation and inclusiveness in organizational settings.

Organizational Performance recorded a high mean value ( $M = 4.08, SD = 0.63$ ), indicating that respondents perceived their organizations as performing effectively in productivity, competitiveness, and overall success. Gender Inequality exhibited a comparatively lower mean score ( $M = 2.71, SD = 0.89$ ), indicating that respondents generally perceived lower levels of gender-based discrimination and unequal treatment within their organizations. However, the relatively high standard deviation for this construct suggests some

variation in respondents' perceptions.

The standard deviation values ranged from 0.63 to 0.89, indicating moderate variability in responses and suggesting a reasonable level of agreement among participants. Furthermore, the skewness and kurtosis values for all constructs were within the acceptable  $\pm 2$  threshold, confirming that the data were approximately normally distributed and suitable for subsequent multivariate analyses. These findings provide preliminary evidence that the sampled organizations exhibit favorable diversity practices and organizational outcomes, thereby supporting further examination of the hypothesized relationships among the study variables.

**Table 2:** Descriptive Statistics of Variables

Construct	Items	Mean	SD	Minimum	Maximum
Workplace Cultural Diversity	4	3.91	0.74	1	5



Workplace Gender Diversity	4	3.84	0.71	1	5
Workplace Moral Diversity	4	4.02	0.68	1	5
Gender Inequality	4	2.71	0.89	1	5
Organizational Performance	8	4.08	0.63	1	5
Product Innovation	6	3.95	0.7	1	5

**Reliability and Validity**

Table 3 presents the results of the reliability and convergent validity assessment for all latent constructs included in the measurement model. Internal consistency reliability was evaluated using Cronbach’s Alpha, rho\_A, and CR. The findings indicate that all constructs meet the recommended threshold values, confirming satisfactory reliability. Specifically, Cronbach’s Alpha values range from 0.784 to 0.887, exceeding the minimum. An acceptable level of 0.70, which demonstrates strong internal consistency among the measurement items. Similarly, rho\_A values for all

constructs are above 0.80, further reinforcing the reliability of the constructs. Composite Reliability values range from 0.861 to 0.910, indicating a high degree of construct reliability and confirming that the indicators consistently measure their respective latent variables. These values exceed the recommended criterion of 0.70, suggesting that the constructs are measured with adequate precision and stability. The AVE values for all constructs range from 0.553 to 0.671, surpassing the minimum threshold of 0.50. This indicates that each construct explains more than 50% of the



variance in its associated indicators, thereby confirming adequate convergent validity. Additionally, individual item loadings are predominantly above 0.70, with a few indicators marginally below this threshold; however, these items remain acceptable as the overall reliability and AVE values are well within recommended limits. The **Table 3: Reliability and Validity**

results demonstrate that the measurement model exhibits strong internal consistency, reliability, and convergent validity. Therefore, the constructs employed in this study are measured accurately and reliably, providing a robust foundation for subsequent structural model analysis.

	Loadings	CA	rho_A	CR	AVE
GI1	0.800	0.865	0.872	0.902	0.648
GI2	0.824				
GI3	0.839				
GI4	0.778				
GI5	0.782				
IN1	0.708	0.838	0.839	0.881	0.553
IN2	0.702				
IN3	0.810				
IN4	0.759				
IN5	0.754				



IN6	0.724				
OP1	0.736	0.887	0.889	0.91	0.558
OP2	0.688				
OP3	0.778				
OP4	0.735				
OP5	0.748				
OP6	0.748				
OP7	0.786				
OP8	0.755				
WPCC4	0.711	0.784	0.796	0.861	0.608
WPDC1	0.756				
WPDC2	0.839				
WPDC3	0.805				
WPDG1	0.828	0.834	0.835	0.889	0.668
WPDG2	0.834				
WPDG3	0.812				
WPDG4	0.794				
WPDM1	0.816	0.837	0.84	0.891	0.671



WPDM2	0.843			
WPDM3	0.818			
WPDM4	0.799			

Table 4 presents the Heterotrait-Monotrait Ratio (HTMT) values used to assess discriminant validity among the study constructs. According to Henseler et al. (2015), discriminant validity is established when HTMT values are below the recommended threshold of 0.85 (strict criterion) or 0.90 (liberal criterion). Since all HTMT values are

below the conservative threshold of 0.85, the results provide strong evidence of discriminant validity. Therefore, the measurement model demonstrates adequate construct distinctiveness, indicating that each construct captures a unique conceptual phenomenon and can be reliably used for subsequent structural model analysis.

**Table 4:** Discriminant Validity

		1	2	3	4	5	6
1	Gender Inequality	0.805					
2	Product innovation	0.397	0.744				
3	Organizational Performance	0.391	0.813	0.747			
4	Workplace Cultural Diversity	0.304	0.705	0.723	0.779		
5	Workplace Gender Diversity	0.414	0.657	0.725	0.689	0.817	
6	Workplace Moral Diversity_	0.356	0.779	0.769	0.757	0.746	0.819



## Testing of Hypothesis

Table 5 presents the results of the direct relationships among gender inequality, workplace diversity dimensions, organizational performance with product innovation. The interpretation is based on the coefficients, t-statistics, and p-values obtained from the structural model. Gender inequality in product innovation reports a coefficient of 0.077, a t-value of 1.318, and a p-value of 0.188, indicating a positive yet insignificant association between gender inequality and product innovation. The findings show that organizational performance has a strong and statistically significant positive effect on product innovation, with an original sample coefficient of 0.478, a t-value of 4.641, and a p-value of 0.000. This result indicates that improvements in organizational performance directly enhance product innovation outcomes,

highlighting organizational performance as a critical driver of product innovation.

However, its direct relationship with product innovation remains positive but insignificant ( $\beta = 0.121$ ,  $t = 1.541$ ,  $p = 0.124$ ), suggesting that cultural diversity may influence product innovation indirectly through organizational performance. In contrast, the direct effect of workplace gender diversity on product innovation is negative and statistically insignificant ( $\beta = -0.052$ ,  $t = 0.525$ ,  $p = 0.600$ ), indicating no direct contribution to product innovation. Workplace moral diversity shows a positive and significant association with product innovation ( $\beta = 0.331$ ,  $t = 2.831$ ,  $p = 0.005$ ). These results suggest that ethical and moral diversity within organizations plays an important role in enhancing both product innovation capabilities.



Table 5: Direct Hypothesis

	Coef f.	S.D	T- Values	P- Values
Gender Inequality -> Product Innovation	0.077	0.058	1.318	0.188
Organizational Performance -> Product Innovation	0.478	0.103	4.641	0.000
Workplace cultural diversity -> Product Innovation	0.121	0.079	1.541	0.124
Workplace gender diversity -> Product Innovation	-0.052	0.100	0.525	0.600
Workplace moral diversity -> Product Innovation	0.331	0.117	2.831	0.005

With respect to gender inequality, the results reveal positive but statistically insignificant relationships with organizational performance. The path from gender inequality to organizational performance shows a coefficient of 0.083, a t-value of 1.435, and a p-value of 0.151. These findings suggest that gender inequality does

not exert a meaningful direct influence on organizational performance within the current model. The analysis further indicates that workplace cultural diversity has a statistically significant positive effect on organizational performance, as reflected by a coefficient of 0.253, a t-value of 3.071, and a p-value of 0.002. This result implies that



cultural diversity within the workplace contributes positively to organizational effectiveness.

Similarly, workplace gender diversity demonstrates a significant positive association with organizational performance, with a coefficient of 0.244, a t-value of 2.709, and a p-value of 0.007. This finding supports the view that gender-diverse workplaces are more likely to achieve improved performance outcomes. The empirical findings indicate that workplace moral diversity is significantly and positively associated with organizational performance, with a coefficient value of 0.366, a t-value of 4.190, and a p-value of 0.000. In contrast to the other diversity

dimensions, workplace moral diversity shows a strong and statistically significant positive relationship with organizational performance.

The direct and indirect association analysis highlights that organizational performance is a key predictor of product innovation, while the dimensions of workplace diversity influence outcomes in different ways. Cultural, gender, and moral diversity contribute significantly to organizational performance, whereas product innovation is directly driven by organizational performance and moral diversity. Gender inequality, however, does not have a significant direct effect on either outcome in this study.

**Table 6:** Indirect Hypothesis

	Coef f.	S.D	T- Values	P- Values
gender inequality -> organizational performance	0.08 3	0.05 8	1.435	0.151



workplace cultural diversity -> organizational performance	0.25 3	0.08 2	3.071	0.002
workplace gender diversity -> organizational performance	0.24 4	0.09 0	2.709	0.007
workplace moral diversity -> organizational performance	0.36 6	0.08 7	4.190	0.000

The table presents the results of the mediating effects of organizational performance between gender inequality, workplace diversity dimensions, and product innovation. The interpretation is based on the original sample estimates, t-statistics, and p-values derived from the structural model. The findings indicate that the indirect effect of gender inequality on product innovation through organizational performance is positive but statistically insignificant, with a coefficient of 0.040, a t-value of 1.433, and a p-value of 0.152. This result suggests that organizational performance does not significantly mediate the relationship between gender

inequality and product innovation within the current model.

In contrast, workplace cultural diversity exhibits a statistically significant indirect effect on product innovation through organizational performance. The path coefficient of 0.121, along with a t-value of 2.458 and a p-value of 0.014, indicates that cultural diversity indirectly enhances product innovation by improving organizational performance. This finding highlights the mediating role of organizational performance in translating cultural diversity into product innovative outcomes. Similarly, workplace gender diversity demonstrates a significant indirect relationship with product



innovation via organizational performance, as reflected by an original coefficient of 0.117, a t-value of 2.248, and a p-value of 0.025. Although the direct effect of gender diversity on product innovation is insignificant, the mediation results suggest that gender diversity contributes to product innovation by strengthening organizational performance.

The strongest indirect effect is observed for workplace moral diversity, which shows a significant and positive mediated effect on product innovation. The indirect path reports a coefficient of 0.175, a t-value of 3.308, and a p-value of 0.001, indicating that moral diversity substantially enhances

**Table 7:** Mediation Analysis

product innovation by positively impacting organizational performance.

The mediation analysis confirms that organizational performance plays a crucial mediating role in the relationship between workplace diversity dimensions and product innovation. While gender inequality does not exert significant indirect influence, cultural, gender, and moral diversity significantly influence product innovation by improving organizational performance. These findings underscore the importance of organizational performance as a key mechanism through which diversity-related factors translate into innovative outcomes.

	Co eff.	S. D	T- Valu es	P- Valu es
Gender Inequality -> Organizational Performance - > Product Innovation	0.0 41	0.0 28	1.433	0.152

Workplace Cultural Diversity -> Organizational Performance -> Product Innovation	0.1 21	0.0 49	2.458	0.014
Workplace Gender Diversity -> Organizational Performance -> Product Innovation	0.1 17	0.0 52	2.248	0.025
Workplace Moral Diversity -> Organizational Performance -> Product Innovation	0.1 75	0.0 53	3.308	0.001

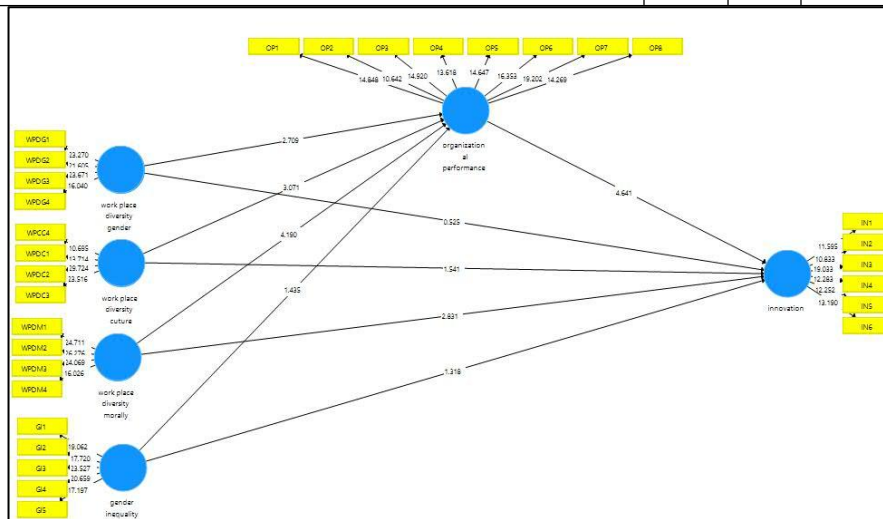


Figure 2: Structural Model

Discussion and Conclusion

This study aimed to explore the influence of workplace diversity on organizational performance, specifically the effects of workplace diversity culture, gender inequality, workplace gender diversity, and inclusive moral diversity practices on product innovation, productivity,

and employee-related outcomes. The study also examined the link between organizational performance and diversity-related practices and organizational outcomes. In modern business context, the importance of diversity and inclusion as a strategic aspect to ensure the long-term effectiveness of organizations,



employee wellbeing, and sustainable competitive advantage (SCA) is increasingly understood (Gomes & Bernet, 2019; Patel & Desai, 2026).

The study results offer significant insight into diversity-performance linkages. The results show that there is a significant and positive relationship between organizational performance and product innovation  $\beta = 0.478$ ,  $p < 0.001$ . The discovery suggests that those firms that are more operationally successful are more likely to foster creativity, innovative thinking and collaboration to solve problems among their own workers. An organisation that is performing well is likely to be better able to harness multiple employee perspectives to turn them into new organisational practice (Østergaard & Timmermans, 2023).

The study also found that the workplace diversity culture had a significant and positive effect on organizational performance ( $\beta =$

0.253,  $p = 0.002$ ). This indicates that organisations that use diversity friendly cultures, equal participation and inclusive workplace environments are likely to have better organisational outcomes (Ashikali & Groeneveld, 2021). The direct relationship between workplace diversity culture and product innovation was statistically insignificant, however, ( $\beta = 0.121$ ,  $p = 0.124$ ). This suggests that simply an environment that embraces the diversity culture is not sufficient to boost product innovation unless organizations lead with employee engagement, offer support, and communication that encourages employees to share their knowledge and ideas (Wallrich et al., 2024).

Workplace gender diversity was found to be positively related with organizational performance ( $\beta = 0.244$ ,  $p = 0.007$ ), meaning that organizations with more diverse employees had greater organizational performance because



they could benefit from having diverse perspectives, decision-making and better collaborative efforts (Richard et al., 2022). However, the correlation between the diversity of the workplace and product innovation was not statistically significant ( $\beta = -0.052$ ,  $p = 0.600$ ). This result indicates that just adding female employees will not automatically lead to better product innovation, as women's labor needs to be supported and included in the organisation's system and activities to enable them to participate equally in organizational processes and decision-making activities (Guo et al., 2023).

One of the most impactful findings of the study is the importance of the practices of moral diversity in the workplace in both stimulating product innovation and organizational performance. The results found that the workplace diversity morality positively

influenced the product innovation ( $\beta = 0.331$ ,  $p = 0.005$ ) and organizational performance ( $\beta = 0.366$ ,  $p < 0.001$ ). The results underscore the crucial role of fairness, ethical treatment, respect, and inclusion for building effective working cultures. Organizations that advocate for ethical diversity are more likely to establish positive work climates that foster employee value, respect, and motivation to participate effectively in meeting organizational objectives (Brimhall et al., 2019; Moon, 2024).

In contrast, gender inequality had statistically insignificant relationship with product innovation ( $\beta = 0.077$ ,  $p = 0.188$ ) and organizational performance ( $\beta = 0.083$ ,  $p = 0.151$ ). Previous research has highlighted that gender inequality has negative effects on employee wellbeing and organizational outcomes (Stamarski & Son Hing, 2015; Meena, 2015); however, this study suggests that



the direct link between gender inequality to employee wellbeing and organizational outcomes may be contingent on organizational policies, cultural factors, and equality initiatives in the workplace. This could indicate that some organisations are taking steps to challenge the stereotypes of an impact of gender inequality that shows up in performance outcomes, but is not actually present. (National Council of Women of New Zealand, 2017). The study results indicate that workplace diversity has a positive effect on organization performance, especially if it is backed by inclusion in the workplace and ethical diversity practices. The results partially confirm the research goals in the dimensions of diversity and organizational performance, and certain dimensions of diversity did not have significant direct effects on product innovation. The findings also highlight that organizational performance is a major contributing

factor to improve organizational innovations (Saxena, 2014).

The study also finds that the inclusive working practices and diversity management policies are crucial to the development of employee productivity, product innovation and satisfaction. Inclusive leadership and inclusive organizations are associated with higher employee commitment, increased team collaboration and sustained organizational growth (Alghofeli et al., 2024; Li et al., 2025). The practices of inclusive leadership foster positive organizational atmospheres that boost employee belonging, positive work environment, and organizational participation (Korkmaz et al., 2022; Naseer et al., 2023).

Overall, this study adds to the existing body of literature on workplace diversity and organizational performance, by presenting empirical evidence of the importance of diversity management,



ethical workplace practices and inclusive organizational environments in influencing organizational performance. The findings have significant implications for organizations aiming to enhance their product innovation efforts and employee well-being, as well as maintain the sustainability of the organization, through deliberate diversity and inclusion initiatives.

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