

Diversity and Inclusion in Psychology in the Organization: A Literature Review

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Abstract

This study aims to evaluate the numerous studies undertaken in the areas of diversity, inclusion, and the effect on firm performance. The research is predicated on a review of existing prose on the theme of diversity and inclusion. Only scholarly articles from the years 1999 to 2021 are examined for this study. The articles chosen for this review effort are those that primarily focus on the author's critical stance. As a result, this study not only explains diversity and inclusion, but also its effect on firm performance. Thirty-seven papers are examined that are closely relevant to the context of this study, laying the path for further research in this field.

Keywords: Diversity, Inclusion, firm performance

Introduction

In this day and age, the business sector has placed a greater emphasis on diversity and inclusion in its operations. The primary factors that led to this shift include a rise in the amount of contribution made by female workers, as well as the inclusion of individuals from a diverse range of generations and backgrounds (Garg & Sangwan, 2021). In addition, according (Ortlieb & Sieben, 2014), the incorporation of immigrant workers has been given a fresh impetus in the area of worker diversity. Diversity in the workplace is gradually becoming recognised as an effective step in improving business performance, as well as an essential component that companies can no longer afford to ignore. This is because diversity in the workplace is increasingly becoming recognised as an essential component. Even though it may be necessary to handle the difficulties and additional costs that may at times be associated with it, it is now generally accepted as a fact that diversity delivers both tangible and intangible value to an organisation (Nair & Vohra, n.d.).

According to a study that was carried out by (Miller & Katz, 2002), simply adopting practises to manage a diverse labour force will not be sufficient; instead, organisations should take initiative and implement them that support companies in establishing diversity in order to achieve higher performance. In other words, organisations should go beyond simply adopting practises to manage a diverse workforce. We are currently witnessing a shift in the language away from diversity and toward inclusion. This shift is exactly what we were expecting to see today (Nair & Vohra, n.d.). It has been asserted explicitly by a number of other academics that the primary emphasis of recent diversity initiatives has been placed on the formulation of the principle of inclusion (Sabharwal, 2015). As a direct consequence of this, the term "diversity" became synonymous with "inclusion" in the 1990s (Holvino et al., 2004).

This study provides some support for the hypothesis that an association exists between company diversity and financial success. (Hannon & Milkovich, 1996), for example, discovered a correlation between the quality of a company's announcement and its stock price. Obviously, this is a major discovery. Shareholder returns for companies who won the "Best Company for Working Mothers" award were typically higher in the period immediately after the award's announcement. Similarly, a study that looked at how diversity programmes affected the value of companies' stock revealed that affirmative action victories were linked to a rise in share price whereas screening clearances were linked to a fall in price (Wright et al., 1995).

Nevertheless, only a small number of studies have investigated diversity and inclusion together, in addition to their impact on the firm performance. In addition to a few research projects, there are very few empirical studies available for the many different inclusion practise (Ortlieb & Sieben, 2014; Zanoni & Janssens, 2007). The vast majority of inclusion practises are connected with activities such as recruitment, training, and socialisation events such as meals and practises. There is currently a significant gap in the availability of a more comprehensive analysis of long-term inclusive behaviours, methodology, and metrics (Ortlieb & Sieben, 2014). This study will help scholars gain a better understanding of diversity and inclusion and their impact on firm performance. This article also includes a list of authors and their paper titles, as well as their research findings, focus of study, and study approaches, which will help researchers and practitioners obtain a better understanding of the emerging research trend in the area of diversity and inclusion.

Method

The keywords Diversity and Inclusion, "Board diversity and inclusion," "Diversity, inclusion, and firm performance," and "Inclusion and firm performance" were used to search the online databases of EBSCO and Google Scholar. Only articles published between 1999 and 2021 were chosen for this review. The keyword search yielded a large number of articles on the topic of diversity and inclusion; however, the primary attention was placed on the specific topic, and only relevant articles were chosen. Thirty-seven publications from EBSCO and Google scholar that were closely related to the subject were chosen. The review approach is depicted in Figure 1. The articles that were discovered to be redundant in the chosen databases were removed. The papers concentrating on board diversity, inclusion, and its impact on business performance were selected for the study. Figure 2 depicts a year-by-year breakdown of papers. The research indicates a significant increase in diversity and inclusion publications after 2015, indicating that this topic is gaining prominence day by day, particularly in the last seven years. The pool of articles gathered for the study is exclusively applicable for this study/review.

Table 1: Database Used for Review of Literature

| Database | No. of Articles reviewed | Frequency |
|----------------|--------------------------|-----------|
| EBSCO | 11 | 23.91% |
| Google Scholar | 35 | 76.09% |
| Total | 46 | 100% |

Figure 1
Research Method for selection of Research Papers

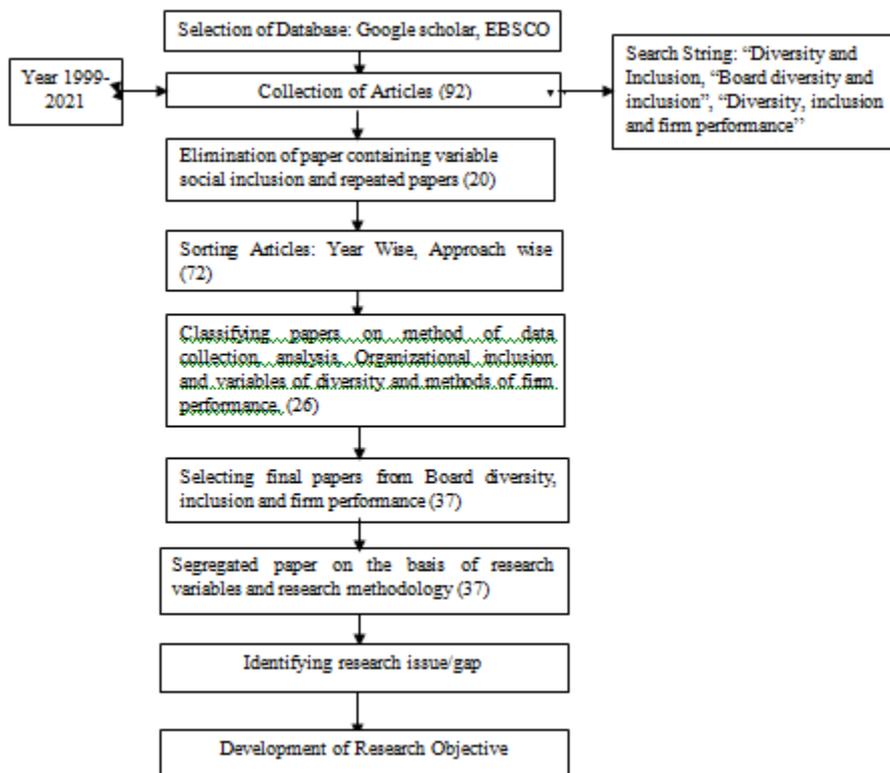


Figure 2 Year Wise Graphical Representation of Articles

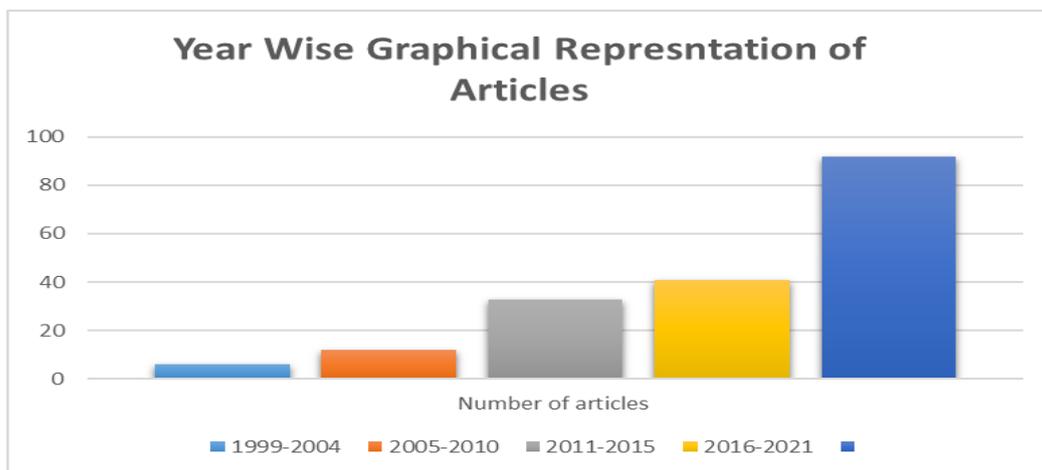


Table 3
Research findings

| Sr. no | Author | Findings of Research |
|--------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | (Jonsen et al., 2010) | The study demonstrates how assumptions about gender disparities and leadership influence diversity policies and activities in businesses. |
| 2 | (Shore et al., 2011) | In order to present notions of inclusion and future study paths in the field, the authors combed through the prevailing studies on diversity and inclusion and conducted a literature review on the subject. In addition to this, they suggested that in future studies, researchers should take into account concepts like uniqueness and belongingness. |
| 3 | (Tepper et al., 2011) | Researchers identify the predictors of abusive supervision and answer the question why supervisor abuses his subordinates? |
| 4 | (Muzio & Tomlinson, 2012) | Gender, diversity, and inclusion are examined in both industrialised and emerging economies in this article issue. |
| 5 | (Martín-Alcázar et al., 2012) | The main aim of this study is to examine how workforce diversity can be managed by strategic human resource management system. |
| 6 | (Goodman, 2013a) | To present conceptions of inclusion and future research directions in the field, the authors went through existing research on diversity and inclusion and conducted a literature review. In addition, they recommended that distinctiveness and belongingness be accounted for in future study. |
| 7 | (Nishii, 2013) | The author of this work offers climatic constructs for inclusion. |
| 8 | (Goodman, 2013b) | This paper addresses the various obstacles that arise when implementing diversity and inclusion programmes globally and provides guidance to leaders on how to successfully implement initiatives. |
| 9 | (Ghorashi & Sabelis, 2013) | The authors intend to suggest several strategies for coping with diversity to highlight the frequently unnoticed mechanisms of the power magnitudes involved. |
| 10 | (Cottrill et al., 2014) | This article examines how individuals perceive inclusion and the factors that drive it, as well as how organisations can encourage employees to engage fully. It suggests that working in an inclusive workplace increases the self-esteem and performance motivation of employees. |

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| 11 | (Boesby, 2014) | In this study, author investigate the consequences of managing diversity and inclusion on day-to-day activities and organisational procedures. |
| 12 | (Sabharwal, 2014) | This study demonstrates that diversity management alone is insufficient; inclusion activities are also required to improve work performance. |
| 13 | (Derven, 2014) | The author has presented six worldwide firms' best practises for diversity and inclusion, which can be applied to other organisations. |
| 14 | (Daya, 2014) | The article outlines crucial aspects that must be addressed in order to foster a more diverse and inclusive culture in a company. |
| 15 | (Ortlieb & Sieben, 2014) | The authors of this paper present a theoretical and empirical review of how organisations might become more inclusive. |
| 16 | (Brimhall et al., 2014) | This study demonstrates how diversity and inclusion lead to increased job satisfaction as well as decreased likelihood of quitting, particularly in the field of child welfare. |
| 17 | (Priola et al., 2014) | The study examines how organisations employ and manage LGBT workers in Italian social cooperatives. |
| 18 | (Nair & Vohra, n.d.) | This article gives a definition of the terms diversity and inclusion, as well as various ways in which these concepts can be interpreted. |
| 19 | (Downey et al., 2015) | This research investigates the relationship between diversity practises and work happiness and engagement, over and above the restraining impact of inclusion. |
| 20 | (Davis et al., 2016) | The research examines managers' attitudes and perceptions of workforce diversity management in Australia. |
| 21 | (Donnelly, 2015) | The study looks at the difficulties and challenges that a variety of Indian businesses experience as a result of aspects including age, gender, and intra- and international diversity. |
| 22 | (Farndale et al., 2015) | Authors investigate gender, age, and nationality diversity and inclusion and future research objectives from a global viewpoint. |
| 23 | (Theodorakopoulos & Budhwar, 2015) | The essay examines and emphasises recent breakthroughs of diversity and inclusion research. |
| 24 | (Boekhorst, 2015) | The research reveals various mutually reinforcing mechanisms for fostering an comprehensive setting at work besides the significance of real leadership in doing so. |
| 25 | (Sabharwal, 2015) | According to the findings of the research, the most likely women to experience glass cliffs are those who work in senior executive positions for organisations that have policies around constituency distribution and distribution of resources. The likelihood of women jumping from a cliff is reduced when they have a say in the legislation that affects them, when they experience empowerment, and when they come into contact with organisational injustice. |

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| 26 | (Brown, 2015) | The study undertakes a literature review to examine the importance of identity in organisations and to suggest future study directions on the topic of identity work. |
| 27 | (Paolillo et al., 2016) | The author investigates how inclusiveness and diversity affect safety engagement behaviours, and finds that the drive to work safely plays a mediating function. |
| 28 | (Fredette et al., 2016) | Topic of diversity and inclusion on boards members for non-profit organisations is investigated in depth throughout this article. |
| 29 | (Ozturk & Tatli, 2016) | The study examines transgender people's professional experiences in the context of working in the United Kingdom. |
| 30 | (Pleasant, 2017) | The confluence of employee satisfaction with workplace diversity and inclusion is demonstrated in this study. |
| 31 | (Jin et al., 2017) | Managerial approaches to diversity management and the impact of shared leadership on staff output were investigated. |
| 32 | (Ferdman, 2017) | The article focuses on the three main paradoxes of inclusion: those involving freedom of expression and individuality, limits and expectations, and security and well-being. Each apparent conflict is dissected, and solutions are discussed. |
| 33 | (Jaiswal & Dyaram, 2019) | This study looks at how employees' perceptions of diversity affect their well-being, and how perceptions of inclusion play a role in mediating the relationship. |
| 34 | (Vohra et al., 2020) | A study on how Indian organisations foster diversity and inclusion has been published by the authors. In addition, the essay highlights the diversity and inclusion practises and processes of Indian organisations. |
| 35 | (Kuknor & Bhattacharya, 2020) | This article explores the perspectives of professionals and politicians on the topic of workplace inclusion, with a particular emphasis on the responsibilities and actions of organisational leaders and their impact on this concept. It also shows how difficult it may be to implement workplace diversity and inclusion policies. |
| 36 | (Cassell et al., 2021) | The focus of this study is on eliminating the barriers that prevent employees from fully participating in their workplace community, rather than only highlighting those that encourage diversity. Employees' sense of belonging to the company is the primary focus. |
| 37 | (Garg & Sangwan, 2021) | The article details various research projects on organisational diversity and inclusion. |

Conclusion

With the organizations going global, it has become essential to gain insight on in what way to use inclusion and diversity to improve performance in the workplace. The purpose of this research was to gain a deeper comprehension of the current state of diversity and inclusion in corporate boardrooms and the workforce. As equality and diversity have become pressing issues for businesses, this study provides much-needed clarity on

their definition, scope, and effects on organisational success. The aspects are listed, and the research has shown diversity and inclusion as a positive predictor of firm performance. The aforementioned research bring to our attention the fact that diversity and inclusion will continue to be areas of growth in the not-too-distant future. (Garg & Sangwan, 2021).

Employees value networks as a place to help one another out, learn new skills, and come up with innovative solutions to problems. These were strategically placed to provide a more welcoming environment. Moreover, they proved the importance of policies in encouraging diversity and inclusion in the workplace by serving as a setting for the dissemination of information on equal employment opportunities and working practises. It's important to note that not every business will have the same diverse and inclusive policies. As a result, it is critical to consider the specific needs of the community while developing a strategy for promoting diversity and inclusion (Derven, 2014; Goodman, 2013). Kossek et al. (2006) stressed the need for investigation into the connection between diversity and inclusion and other critical organisational aspects including governance, senior management pattern, tradition, etc.

There are many potential foci for those engaged in diversity and inclusion work. Here is a synopsis of several widely acknowledged factors that may point to new areas of inclusion and diversity research.

- There is a wealth of material on diversity, but more study is needed to understand how to adopt an inclusive environment in the workplace.
- According to the existing body of study, more investigation has been carried out on the topic of diversity and the outcomes associated with it; nevertheless, additional theoretical growth is required in the field of inclusion and the outcomes associated with it.
- More research has been done on diversity and its outcomes, as evidenced by the current body of work; nonetheless, more theoretical development is needed in the field of inclusion and its outcomes.

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