Workplace Diversity:
Hidden Treasure for Boosting Organizational Performance

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Today, many organizations recognize the significant impact of workplace diversity on performance outcomes at all organizational levels. Managers and leaders have embraced differences in organizational workforce members through diversity management initiatives, training and programs that yield competitive advantages. The present study contributes to the extant research by developing a new conceptual model that demonstrates relationships between workplace diversity and organizational performance as mediated by diversity management and moderated by multi-level organizational variables. A strong relationship between workforce diversity and excellence in organizational outcomes has grown constantly during the last decade. Practical implications and recommendations are discussed.

INTRODUCTION

Workplace diversity is an everyday reality in many organizations in the United States and worldwide. Rapid globalization, demographic and generational changes, socio-cultural shifts, and technological breakthroughs of the last several decades brought about this new phenomenon. At the end of the 20th century, several scholars and management experts predicted that demographic changes in the population would diversify the workforce in the U.S. (Cox, 1994; Groschl & Doherty, 1999; Simmons-Welburn, 1999; Thomas & Ely, 1996; Williams, & O'Reilly, 1998). As expected, organizations operating in the United States have become highly demographically and culturally diverse. However, diversity in the workforce increases the complexity of work processes (Aritz & Walker, 2010) and interactions among members of culturally diverse work teams and groups (Korovyakovskaya, & Chong, 2015) at all levels in organizations (Jackson & Joshi, 2004).

The workforce diversity reflects the diversity of the U.S. population in general. We are living in a unique historical time for age diversity: as of 2023, five generations are actively participating in the current workforce in companies across the nation, namely, Traditionalists (born 1925 - 1945), Baby Boomers (born 1946 – 1964), Generation X (born 1965 – 1980), Millennials (born 1981 – 2000), and Generation Z (born 2001 – 2020).

Trends reveal continued ethnic and race diversity in the U.S. labor force: minority working-age population – Black, Asian and Hispanic/Latino – has grown from 18 to 32.01 percent, while the White population workforce has declined from 82 to 67.99 percent between 1980 and 2021 (National Center for Public Policy and Higher Education, 2005; U.S. Bureau of Labor Statistics, 2023).

The second half of the 20th century and two past decades of the 21st century have been marked by a significant increase in women's participation in the U.S. labor force. The current labor population demonstrates gender diversity in labor force participation rates: Slightly over fifty-six percent (56.1) of

females in the working age group of 25-64 years participated in the labor force in 2021 compared to 67.6 percent in the male group (Bureau of Labor Statistics, April 2023). In 2021, women ages 25-64 accounted for 52 percent of all employees in management, professional, and related occupations. Participation of women with children under 18 in the labor market has significantly increased from 47.4 percent in 1975 to 71.7 percent 2021 (U.S. Bureau of Labor Statistics, 2023).

The increased diversity in organizations of all sizes created the need for various diversity management programs. In the United States, organizations continue to spend $8 billion each year on diversity, equity, and inclusion training (Hansen, 2003; Novacek, Lee & Krentz, 2021). According to analysts from Boston Consulting Group (Novacek, Lee & Krentz, 2021), more than 70 percent of companies across the world have been successfully implementing diversity programs (Novacek, Lee & Krentz, 2021). Calls for gender, ethnic and race diversity and inclusion at all organizational levels, including executive teams, across industries have been compelling.

This study aims to examine the complexities of the relationships between workplace diversity and organizational performance. A new conceptual model is developed to show the relationships between workplace diversity and organizational performance mediated by diversity management and moderated by multi-level organizational variables. This study answers the call to build the "potential value of adopting a multidimensional, multilevel approach in future theoretical studies" (Jackson & Joshi, 2004, p. 698). The present study contributes to the extant research on workplace diversity by developing a conceptual model that links variables of interest while seeking answers to the following research questions: *What are the benefits and challenges of the workplace diversity? What impact the workplace diversity has on organizational performance? What organizational tools are used to manage workplace diversity? How does workplace diversity impact organizational performance?*

LITERATURE REVIEW

Workplace Diversity Defined

The notion of diversity is quite complex. Byeong Yong (2006) defines, "in general, diversity can be regarded as the broad spectrum of variation that distinguishes among the human resources of an organization" (p. 72). Title VII of the Civil Right Act of 1964 laid the legal and moral framework for defining diversity as acknowledging, understanding, accepting, and valuing differences among people concerning age, race, ethnicity, color, gender, mental and physical disabilities, etc. (Esty, Griffin & Schorr-Hirsh, 1995). In a group of two or more individuals, diversity is any difference in which the individuals vary on some dimensions (McGrath et al., 1995; Korovyakovskaya, & Chong, 2016).

Workplace Diversity Conceptual Frameworks

Numerous research studies on diversity in the workplace have revealed that diversity can have both positive and negative outcomes in organizations. In a constantly shifting international labor force landscape, companies hire the best and diverse employees to keep a competitive advantage while going globally (Cox, 1993; Esty, Griffin & Schorr-Hirsh, 1995; Hansen, 2003; Jackson, Joshi & Erhardt, 2003; Horwitz, 2005; Homan, Van Knippenberg, Van Kleef & De Dreu, 2007; Knouse, 2009).

Researchers have examined workplace diversity using various frameworks and units of analysis. Diversity has been divided into four major groups: Personality (e.g. traits, skills and abilities), external (e.g. nationality, culture, religion and marriage status), internal (e.g. gender, ethnicity, race and sexual orientation), and organizational (e.g. position, department) (Johnson, 2003; Simmons-Welburn, 1999).

The extant literature reveals the two paradigms used to understand the diversity effects in teams and groups: The factor and the proportions paradigms (Korovyakovskaya, Chong, Thiagarajan, & Assad, 2015). Further, the two-factor approach examines visible and non-visible characteristics (Jackson et al., 1995) and surface-level and deep-level diversity characteristics and their impact on group dynamics (Harrison, Price, Gavin, & Florey, 2002; Harrison, Price, & Bell, 1998).

Diversity as an organizational variable is studied at two levels: surface-level and deep-level diversity. Demographic differences of age, gender, race, and other biological characteristics are usually the domain

of studies for surface-level diversity. The deep-level diversity research examines differences that are not easily observed because they belong to the domain of an inner-self of an individual, such as differences in the societal and individual value systems, beliefs, attitudes, and perceptions (Korovyakovskaya et al., 2015; Robbings & Judge, 2017). In a meta-analysis of 63 studies published between 1997 and 2002, Jackson and colleagues (2003) argued that the "diversity phenomena can be observed at several levels of analysis including the individual, dyad, workgroup, or the organization as a whole" (p. 818).

Three major theories categorize workplace diversity into three different frameworks used to investigate the relationships between diversity and group/organizational performance outcomes: information and decision-making theory; social identification and categorization theory; and similarity/attraction theory. The information and decision-making theory predicts a positive relationship between ethnic diversity and organizational performance outcomes, whereas social identification and categorization theory and similarity/attraction theory predict negative effects (Byrne, 1971; Lindeman & Sundvik, 1993; Pitts & Jarry, 2007; Triandis, 1959; Williams & O'Reilly, 1998).

Social categorization often involves visible demographic characteristics such as age, gender, and ethnicity. Social categorization often leads to stereotyping (Lindeman & Sundvik, 1993) because individuals quickly stereotype and judge out-group members with a biased perception of individuals from different ethnic backgrounds as deficient, or untrustworthy (Loden & Rosener, 1991). In an increasingly diverse organization, the number of out-groups may outnumber the number of in-groups, which is expected to cause trust, communication, and cooperation problems (Pitts & Jarry, 2007).

Townsend and Scott (2001) examined the effects of surface and deep-level diversity in self-directed work teams in the textile industry. Team commitment, cohesion, attitudes toward performance, and demographic data from 1,200 workers in 122 work teams were examined. Their findings revealed that racial differences (surface-level diversity) impact individually held perceptions while differences in attitudes (deep-level diversity) explain the effects of racial composition on team performance.

Workplace Diversity Benefits and Challenges

Workplace diversity can be rewarding and challenging for employers and employees. Cox and Blake (1991) argue that workplace diversity can be an asset and a competitive advantage for companies. An organization's success depends on embracing and valuing diversity while turning it into a competitive advantage. Homan et al. (2007) posit that groups are more likely to use effectively their informational resources when workers believe in the value of diversity. For instance, gender diversity can increase job performance and maximize an organization's productivity if half of its workforce are women (Frink, Robinson, Reithel, Arthur, Ferris, Kaplan & Morrisette, 2003; Knouse, 2009).

As companies expand globally, they would benefit from employing a workforce with a diverse collection of professional and personal skills and experiences, proficiency in several languages, and cultural intelligence. Employees from diverse backgrounds bring a variety of viewpoints, better understand customer tastes and demands, and increase the adaptability of their organizations by providing a greater variety of solutions to problems in service, sourcing, and allocation of resources (Greenberg, 2013). Organizations can build their diversity reputation (Roberson & Park, 2007) and improve financial performance by hiring demographically and culturally diverse individuals. This will signal investors about a company' promising future performance and can lead a company to be ranked on the Fortune 500 companies list.

Taking full advantage of the benefits of diversity in the workplace may present inherent challenges. In addition to process changes in behavior, diversity results in significant changes in group outcomes. Empirical research on diversity outcomes reveals mixed results. Although some studies report that diverse groups outperform homogenous groups (Jackson, 1992), other studies find that homogenous groups do not experience process loss due to communication problems and excessive conflict that are often found in diverse groups (Ancona & Caldwell, 1992). While groups have become building blocks for organizations, they experience their own intrinsic problems of communication, coordination, and conflict management (Jehn, 1995).

If organizations increase team diversity, levels of process and delegation conflict will increase as well. Moderately diverse groups experience relational conflict, significant communication problems, and low team identity that negatively impact team work effectiveness (Jehn, Chadwick, & Thatcher, 1997). Findings on culturally and demographically diverse teams reveal reduced satisfaction with the team work and substandard performance. Reduced satisfaction with team work in culturally heterogeneous teams also results in negative team performance (Earley & Mosakoski, 2000; Jehn, Northcraft, & Neale, 1999) Ravlin, Thomas, & Ilsev, 2000).

Team diversity is positively related to performance through greater cognitive resources used in problem solving (Filley, House, & Kerr, 1976; Hoffman, 1979; Joshi & Jackson, 2003; Ibarra & Smith-Lovin, 1997; Shaw, 1981). Gender, ethnicity, professional background, age, and education have been associated with enhanced team performance (Barsade, Ward, Turner, & Sonnenfeld, 2000; Bantel & Jackson, 1989; Carpenter, 2002; Kilduff, Angelmar, & Mehra, 2000; Rentsch & Klimoski, 2001; Smith, Smith, Olian, Sims, Jr, O'Bannon, & Scully, 1994). Gender and ethnic diversity may contribute to improved performance due to the presence of diverse perspectives that generate a more comprehensive view of the problem (Jackson & Joshi, 2004).

Although workforce diversity presents inherent benefits to organizations, there are potential costs of diversity for organizations as well. In a meta-analysis of 40 years of research on diversity, Williams and O'Rielly (1998) confirm that conflict mediates relationship between the diversity and organizational performance. Scholars report that the team's composition determines the group's success and may prevent it from reaching its performance potential (Earley & Mosakoski, 2000; Earley & Gibson, 2002; Ravlin et al., 2000; Jehn et al., 1999).

Past research revealed that the process conflict was negatively associated with work group productivity (Jehn, 1992) and financial performance. Korovyakovskaya and Chong (2016) confirmed this relationship and also found that the process conflict is detrimental to the perceived performance in culturally diverse work groups. Miscommunication was found to lead to task and process types of conflict in these groups at the peer level among team members and at the supervisor level in supervisor-subordinate dyads (Korovyakovskaya et al., 2015). Studies of the relationship between team demographic diversity and team performance report mixed findings. Diversity can lead to misunderstanding, miscommunication, conflicts, lower performance outcomes, and increased turnover (Jackson & Joshi, 2004; Korovyakovskaya, 2015; Korovyakovskaya et al., 2015). Studies reveal that diversity presents some costs for teams (Jackson, & Joshi, 2004) and organizations.

Having reviewed extant literature and research findings, we propose the following relationships:

Proposition 1a: Organizations in the U.S. experience partially positive effects of workplace diversity on organizational performance.

Proposition 1b: Organizations in the U.S. experience partially negative effects of workplace diversity on organizational performance.

WORKPLACE DIVERSITY MANAGEMENT AND ORGANIZATIONAL VARIABLES

Diversity Management

Human resource practices and research distinguish between having a diversified workforce, valuing and appreciating diversity versus managing diversity (Kim, 2006). The focus of *valuing diversity* is on appreciation of the differences among diverse groups and valuing them as organizational assets (Meyerson & Fletcher, 2000). *Diversity management*, in turn, focuses on acquiring and building diversity management skills, and changing organizational policies and strategies as a result (Kim, 2006). Kreitner and Kinicki (2001) view diversity management as an implementation of managerial functions of planning, organizing, staffing, and leading a diversified workforce to create a workplace environment conducive to active participation of each employee in building organizational competitive advantage. Levinthal (1995) argues

that managers become leaders while exercising their functions because diversity management has become a strategic and competitive priority.

Diversity management provides companies with several benefits: creativity and idea generation, innovation, pursuit of growth strategies, building corporate social responsibility reputation, and hiring valuable employees (Kim, 2006; Knouse, 2009). Greenberg (2013) argues that organizations must follow a two-step process to successfully manage diversity in the workplace: First, the assessment of diversity levels and needs followed by developing and implementing diversity management plans.

In the 20th century, the United States developed and implemented a federal legislation framework providing equal employment opportunities for all. In 1961, president John F. Kennedy first introduced the term "affirmative action" in the Executive Order 10925, which required employers to ensure equal treatment of applicants and employees regardless of their race, color, creed or national origin (U.S. Department of Labor, 2024). The Executive Order 10925 also created the President's Committee on Equal Employment Opportunity that transformed into the Equal Employment Opportunity Committee (EEOC) after the passage of the Civil Rights Act in 1964 (U.S. Department of Labor, 2024).

An Affirmative Action Plan (AAP) assists the Equal Employment Opportunity (EEO) legislation that required organizations to recruit and retain a diversified workforce. Companies that promote the success of diversified population make good faith efforts to employ women, minorities, qualified individuals with disabilities, and veterans. Companies of all sizes have been practicing inclusion when hiring diverse workforce in efforts to be more competitive on the market (Kim, 2006). Smith and Turner (2015) found that differences in views of diversity and inclusion exist between millennials and other generations. While millennials see inclusion as connection that ease team building, collaboration, professional growth, and career development, employees who represent other generations traditionally view inclusion as fair representation and assimilation (Smith & Turner, 2015).

Organizational Context and Culture

Organizational context (external environments) and culture influence (internal environments) shape diversity management practices that in turn affect group and team performance. Policies and procedures relevant to diversity management include the presence and enforcement of the AAP, the diversity commitment of top management, perceptions of performance evaluations, employees and other stakeholders' perceptions of inclusion, diversity reputation of the organization, and other variables (Avery & McKay, 2006; McKay, Avery, & Morris, 2008).

Corporate mission and business strategies bring about the change in diversity management for the benefit of the entire organization (Kim, 2006; Knouse, 2009). Knouse (2009) argues that a company's internal and external business strategies in relation to diversity, equity and inclusion policies, procedures, trainings, initiatives, etc. directly impact its financial performance. A number of management research studies have supported the business case for diversity management programs and trainings for building a company's competitive stance while increasing its profits. Jackson, Joshi and Erhardt (2003) found that diversity could lead to revenue growth by improved strategic decision-making and organizational performance.

Managers use diversity management programs to help company employees at all organizational levels become more appreciative of diversity and more sensitive to the needs and differences of others (Robbins & Judge, 2017). Scholars have argued that while some organizations proactively develop diversity programs, some companies do that only in response to sustained pressures from external and internal environments that seriously threaten their stability and legitimacy (Hirsh & Cha, 2018). For example, if a clothing company produces and runs an offensive clothing advertising and the fashion industry stakeholders are disappointed, the company's response would be implementing diversity management programs.

Global management consulting firm McKinsey & Company has been closely tracking and analyzing comprehensive data on leadership diversity and its impact on organizational culture, context and performance (McKinsey & Company, 2023). Researchers found that leadership diversity has been strongly linked to effective business growth strategies, greater and more meaningful social impact on company external stakeholders, and greater satisfaction of company employees. Findings also reveal statistically

significant links between leadership diversity in company executive teams and Boards of Directors and higher holistic-impact scores, which included greater positive impact on a number of environmental and social measures (Dixon-Fyle, Hunt, Huber, Martinez Márquez, Prince, & Thomas, 2023).

Organizational Team Performance

Today, many organizations recognize the significant increase in their workplace diversity and its impact on organizational group and team dynamics, and overall organizational performance and outcomes. Managers and leaders have made steps to embrace diversity to acknowledge and value differences of organizational workforce through diversity management initiatives, trainings and programs to yield competitive advantages. Diversity has been shown to have positive and negative effects on organizational variables at all levels. Team diversity is positively related to performance through greater cognitive resources used in problem solving (Filley, House, & Kerr, 1976; Hoffman, 1979; Joshi & Jackson, 2003; Ibarra & Smith-Lovin, 1997; Shaw, 1981). Gender, ethnicity, professional background, age, and education have been associated with enhanced team performance (Barsade, Ward, Turner, & Sonnenfeld, 2000; Bantel & Jackson, 1989; Carpenter, 2002; Kilduff, Angelmar, & Mehra, 2000; Rentsch & Klimoski, 2001; Smith, Smith, Olian, Sims, Jr, O'Bannon, & Scully, 1994). Gender and ethnic diversity may contribute to improved performance due to diverse perspectives that generate a more comprehensive view of a problem (Jackson & Joshi, 2004).

When organizations assess their diversity management programs, they usually compare the experiences of one demographic group to another. These comparisons may be inconclusive indicators of the effectiveness of organizational diversity management programs (Jackson & Joshi, 2004). To compare apples to apples, organizations need to measure the attitudes of team members and managers and their performance in diverse and homogeneous teams, departments and divisions spanning regions and countries.

Although workforce diversity presents inherent benefits to organizations, there are potential costs of diversity for organizations as well. Scholars report that the team's composition determines the group's success and may prevent it from reaching its performance potential (Earley & Mosakoski, 2000; Earley & Gibson, 2002; Ravlin et al., 2000; Jehn et al., 1999). In a meta-analysis of forty years of diversity research, Williams and O'Rielly (1998) confirm that conflict mediates relationship between the diversity and performance. Past research revealed that the process conflict was negatively associated with work group productivity (Jehn, 1992). Korovyakovskaya, and Chong (2016) confirmed this relationship and also found that the process conflict is detrimental to the perceived performance in culturally diverse work groups. Miscommunication was found to lead to task and process types of conflict in these groups at peer (team members) and supervisor (supervisor-subordinate dyads) levels (Korovyakovskaya et al., 2015). Studies of the relationship between team demographic diversity and team performance report mixed findings (Jackson, & Joshi, 2004).

DIVERSITY AND FINANCIAL PERFORMANCE

The increased diversity in organizations of all sizes created the need for various diversity management programs. In the United Stated, organizations continue to spend $8 billion each year on diversity, equity, and inclusion trainings (Hansen, 2003; Novacek, Lee, & Krentz, 2021). According to Boston Consulting Group, more than 70 percent of companies have implemented diversity programs in many countries around the globe (Novacek, Lee, & Krentz, 2021). Calls for gender, ethnic and race diversity and inclusion at all organizational levels including executive teams across industries have been compelling.

Renown global management consulting firms such as McKinsey & Company and Boston Consulting Group, audit, consulting, tax, and advisory firm Deloitte, Inc., marketing communications firm Weber Shandwick and United Minds, global full-service public opinion research consultancy KRC Research, and other research firms have been conducting on-going meticulous research studies on the linkages of diversity and organizational performance in the last several decades. Their conclusion is unanimous: diversity improves employee satisfaction, retention and engagement, a social impact on company external stakeholders, company financial performance and profitability, and company overall performance

(Lorenzo, R., Voigt, N., Tsusaka, M, Krentz, M., & Abouzahr, K., 2018; McKinsey & Company, 2023; Novacek, Lee, & Krentz, 2021; Sakpal, 2019; Smith, Ch., & Turner, S. 2015; Weber Shandwick, United Minds & KRC Research, 2019).

McKinsey & Company (2023) assessed data from 1,265 companies across 23 countries to find linkages between gender and ethnic/cultural diversity in executive leadership and Board of Directors, and company profitability as measured by average return on equity (ROE) for financial companies and average earnings before interest and taxes (EBIT) margins for non-financial companies for the five years from 2017 to 2021. The findings reveal that the greater the gender and ethnic diversity on Board of Directors and among executive company leaders, the higher the social and environmental impact scores. The trends are impressive: In the 2015 report, McKinsey & Company found that the top 25 percent of companies surveyed had a 15 percent greater chance of financially outperforming the bottom 25 percent surveyed companies. In 2023, the difference in financial performance between the top 25 percent companies and bottom 25 percent companies is 39 percent of profit (Hunt, V., Layton, D., & Prince, S., 2015; McKinsey & Company, 2015).

Other research and consulting companies report similarly impressive findings: Gartner study (2019) predicted that through 2022, gender-diverse and inclusive teams would demonstrate higher performance than less inclusive work teams by 50 percent and that 75 percent of companies with diverse and inclusive decision-making teams would exceed their financial performance goals (Sakpal, 2019).Deloitte study of 2015 found that when millennials believed that their company had strived to create an inclusive organizational culture, 83 percent of millennial employees reported higher levels of engagement in team performance (Smith & Turner, 2015). In partnership with United Minds and KRC Research, Weber Shandwick conducted a survey among Diversity and Inclusion Officers at high revenue companies in the U.S. (Weber Shandwick, United Minds & KRC Research, 2019).The study found that 66 percent of company executives agreed that diversity, equity and inclusion programs were important contributors to their company financial performance. Boston Consulting Group analysts reported that companies with more diverse leadership teams at the executive level enjoyed higher innovation revenue: The staggering 45 percent of total revenue with diverse leadership teams compared to only 26 percent in companies with homogenous leadership teams (Lorenzo, R., Voigt, N., Tsusaka, M, Krentz, M., & Abouzahr, K., 2018).

Another indicator of strong linkages between effective diversity, equity and inclusion management programs and excellent company financial performance is the placement of companies on "Best…" lists such as *World's Best Employers 2023*, *America's Best Employers for Diversity 2023*, *Europe's Diversity Leaders 2023*, *Best Place for Working Parents*, and similar rankings created and published by *Bloomberg, Forbes*, and *Fair360* (formerly *DiversityInc.*) in the U.S. and research company *Statista R* in collaboration with Financial Times in Europe. Thousands of companies across continents, countries and industries are evaluated yearly for placements in these esteemed rankings.

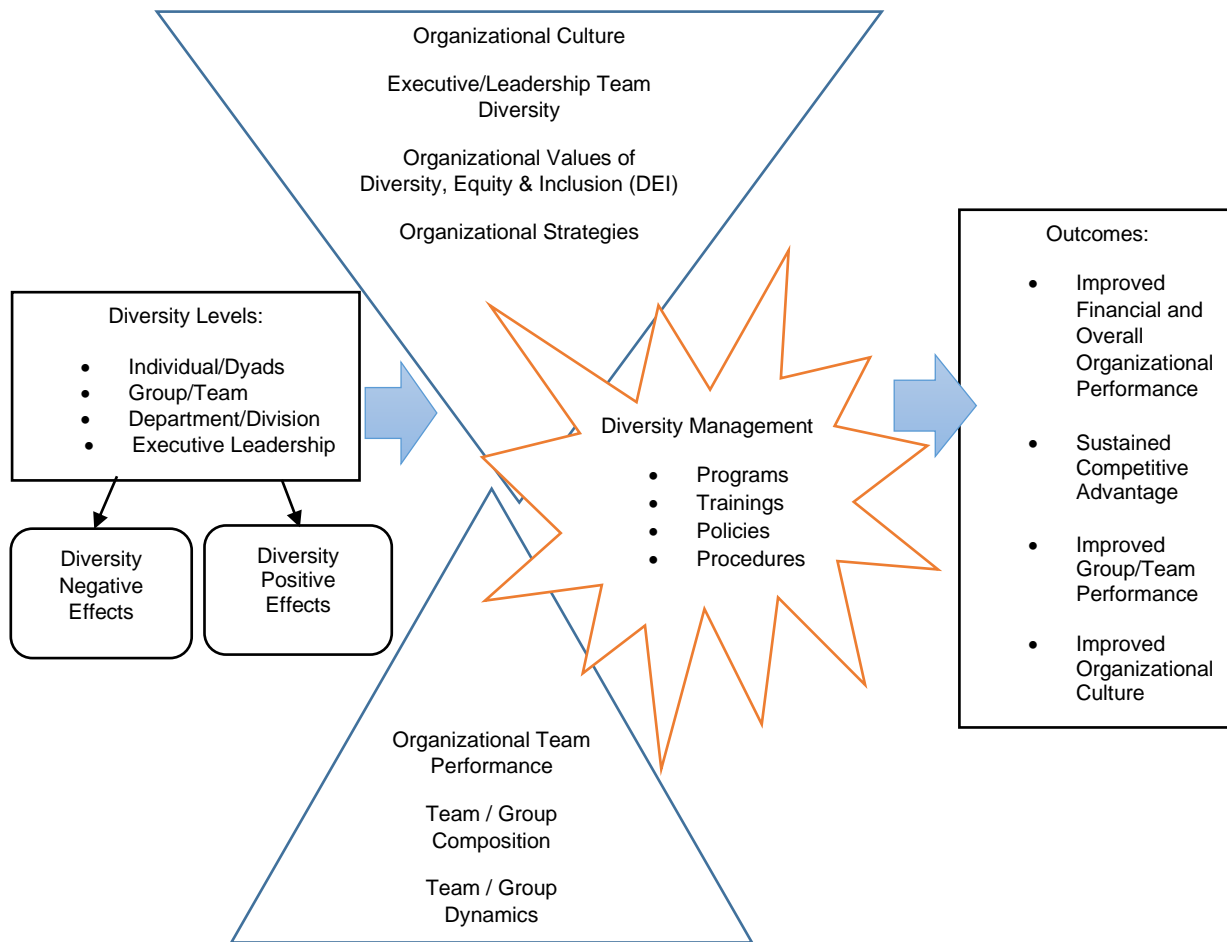Based on the extant research studies and business practices, we propose the following:

Proposition 2: *Diversity management mediates the relationship between workplace diversity and organizational performance.*

Proposition 3: *Organizational context and culture moderates the relationship between workplace diversity and organizational performance.*

Proposition 4: *Team/group composition and dynamics moderate the relationship between workplace diversity and organizational performance.*

A proposed study model is graphically shown in FIGURE 1. It depicts relationships among the study variables while addressing research questions.

FIGURE 1
THE RELATIONAL VIEW OF DIVERSITY AND ORGANIZATIONAL PERFORMANCE

Organizational Culture

Executive/Leadership Team Diversity

Organizational Values of Diversity, Equity & Inclusion (DEI)

Organizational Strategies

Diversity Levels:
- Individual/Dyads
- Group/Team
- Department/Division
- Executive Leadership

Diversity Negative Effects

Diversity Positive Effects

Diversity Management
- Programs
- Trainings
- Policies
- Procedures

Outcomes:
- Improved Financial and Overall Organizational Performance
- Sustained Competitive Advantage
- Improved Group/Team Performance
- Improved Organizational Culture

Organizational Team Performance

Team / Group Composition

Team / Group Dynamics

RECOMMENDATIONS AND IMPLICATIONS FOR MANAGERS

Benefits and challenges of the workplace diversity, equity, and inclusion are expected to continue impact organizational performance. It is essential that companies focus on development and implementation of best practices in their management of diversified workforces. It is recommended that in order to save time and effort, company leadership and diversity managers at all organizational levels can use trainings and procedures from the lists of best practices of the companies that have been placed in the top rankings by *Forbes*, *Financial Times*, *Fair360* (formerly *DiversityInc*).

In the United States, great resources are offered by federal, governmental and professional organizations such as the U.S. Equal Employment Opportunity Commission (EEOC), U.S. Department of Labor, U.S. Small Business Administration, the Society of Human Resource Management (SHRM), and other organizations for companies' effective use in pursuit of competitive advantage and achievement of desired organizational outcomes.

Based on research findings reported above, it is recommended to appoint a Chief Diversity Officer to ensure a consistent and effective design, development and implementation of diversity management trainings, programs, policies, and procedures. We suggest that diversity management needs to begin with the commitment from the executive leadership of a company who will develop business strategies, set

strategic and operational goals, and allocate sufficient resources and capital to effectively focus on diversity, equity and inclusion for the benefit of internal and external company stakeholders and the environment.

We further suggest that companies ensure that their diversity management programs are the everyday norm for all employees at all organizational levels, rather than just for certain groups of employees. To be inclusive, it is recommended that diversity management is imbedded into a company human resource processes of attracting, selecting, developing, training, and retaining diverse employees. These employees will help the company build a strong positive and productive internal company culture and a favorable image and reputation among external stakeholders, especially customers, vendors, investors and the public. This will result in higher income and impressive organizational financial performance.

CONCLUSION

Companies of all sizes have been increasingly investing in diversity management programs, initiatives, and trainings to effectively compete in domestic and global markets. The pressure for organizations to go global, outsource, and employ a diversified workforce is more intense today than fifty years ago. Research findings on team and organizational diversity of the past decades have reported mixed results. Most empirical studies on workplace diversity have not yet explored this multi-dimensional phenomenon. The present research attempted to examine the complexities of the relationships between workplace diversity and organizational performance as mediated by diversity management programs and moderated by multi-level organizational variables. A new conceptual model was developed to demonstrate the proposed relationships among research variables.

Today, the call for organizations to implement meaningful diversity, equity, and inclusion policies and practices is compelling. Strong relationship between workforce diversity and organizational financial outperformance is consistent during the last decade. Diversity management is focused on employees' differences and inclusion through a creation of an emotionally and psychologically safe work environment, where each employee's value is acknowledged, appreciated and supported. Successful diversity management programs and trainings can mitigate diversity's negative effects while enhancing workplace diversity's benefits. As a result, companies will create equitable, inclusive, diverse, reputable, and socially responsible workplaces with strong organizational cultures that foster creativity and innovation, and focus on positive organizational outcomes for the benefit of employees, all organizational stakeholders, and communities at large.

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