

# The Organizational Culture's Inclusive Role in Improving Employee Performance and Welfare

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## ARTICLE INFO

### Article history:

Received 14 December 2020

Revised 4 January 2021

Accepted 18 January 2021

### Key words:

Organizational culture,  
Inclusive,  
Performance,  
Employee well-being,  
Diversity,  
Manager,  
Collaboration.

## ABSTRACT

*This paper discusses the importance of an inclusive organizational culture to improve employee performance and well-being. An inclusive culture not only creates an environment that values diversity, but also strengthens collaboration between individuals in the organization. Managers play an important role in building and maintaining this culture, where diversity is optimized as a strategic asset that can increase creativity and productivity. However, the main challenge managers face is managing differences effectively and ensuring every employee feels welcome without discrimination. In an inclusive organization, employees feel more valued, which has a positive impact on job satisfaction, motivation and spirit of collaboration. To achieve this, managers must create policies and practices that support diversity, such as inclusivity training, and create space for dissent. On the other hand, a big challenge lies in how diversity can be managed without creating tensions that can be detrimental to the organization. Therefore, managers should actively evaluate and adjust the policies in place to keep them relevant and effective for creating an inclusive work environment. With proper management, an inclusive organizational culture can bring great benefits, both for individual performance and the organization as a whole.*

## INTRODUCTION

Keberagaman dan inklusivitas menjadi faktor It is an important factor that influences the performance and well-being of team members. In an increasingly global and diverse work environment, many organizations are striving to create a culture that supports diversity, as well as inclusiveness, where every individual feels valued and given equal opportunities to thrive. The demands on managers from this perspective are even greater, as they play a key role in designing and maintaining an organizational culture that supports diversity, whether in terms of race, gender, ethnic background, sexual orientation, or physical and mental abilities. Research shows that an inclusive organizational culture has the potential to increase team performance, strengthen job satisfaction, and improve organizational competitiveness in an increasingly competitive market.

However, there are various challenges faced by managers to create and maintain a sustainable inclusive culture. While many organizations recognize the importance of diversity and

inclusiveness, there are still significant gaps in implementation. Some of the problems encountered include unaddressed stereotypes, imbalances in minority group representation, as well as a lack of concrete policies to ensure inclusivity in every aspect of the organization. In many cases, managers often struggle to manage diversity effectively, potentially creating tension between team members and lowering morale. The role of managers is crucial to overcome these barriers and create an environment that supports diversity and sustainability.

One of the key issues to creating an inclusive organizational culture is the presence of unaddressed biases or stereotypes in the organization. While organizations may have established diversity and inclusivity policies, often internalized stereotypes within individuals or groups persist and influence social interactions in the workplace. These biases can take many forms, such as discrimination against minority groups or neglect of certain needs of individuals that do not conform to majority norms. This has the potential to lower the level of participation and engagement of team

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members, ultimately affecting the overall performance of the organization (Kulik, 2014). The absence of decisive action against this bias makes efforts to build an inclusive culture ineffective.

Issues related to unbalanced representation of certain groups within the organization are also a major obstacle to creating an inclusive culture. Many organizations, despite having diversity policies in place, still face imbalances in terms of representation of gender, race, ethnicity, or socio-economic background, especially in managerial and leadership positions (Choi et al., 2017). This imbalance in representation can reinforce a sense of alienation for individuals from underrepresented groups, which in turn can reduce their sense of engagement and contribution to the organization (Cox, 2001). When organizational members feel that they do not have equal access to opportunities and resources, this can hinder the creation of an inclusive and equitable work culture.

The third issue is the lack of commitment and understanding of managers to implement the values of diversity and inclusiveness in daily practice. In many cases, managers do not have sufficient training to effectively address issues of diversity and inclusiveness and may not fully understand the impact of their decisions or policies on different groups within the organization. This lack of commitment is often reflected in temporary and unsustainable policies or initiatives, which are only implemented to fulfill obligations or compliance with certain social standards (Nishii, 2013). As a result, the desired inclusive culture is not consistently created, and the organization struggles to maintain diversity as a truly integral value in its work culture.

The importance of studying the role of managers to build an inclusive and sustainable organizational culture is particularly relevant given the growing diversity in the world of work. In today's era of globalization, organizations are faced with the challenge of maintaining diversity that includes differences in ethnicity, gender, age, and social background. Without a conscious and structured effort by managers to create and maintain an inclusive culture, this potential diversity can turn into a barrier to work efficiency and innovation. Managers have a central role to play in designing policies that accommodate the needs of diverse groups within the organization, as well as creating an environment that motivates all team members to actively participate. Therefore, understanding how managers can influence and shape an inclusive organizational culture is critical to an organization's long-term success.

Moreover, the urgency of this research lies in the impact that the absence of an inclusive culture has on employee productivity and well-being. A culture that is not inclusive can lead to marginalization of certain groups, reduce the sense of engagement, and lower employee morale, which in turn impacts overall organizational performance. Conversely, an inclusive organizational culture can increase job satisfaction, strengthen commitment, and encourage better collaboration between individuals with different backgrounds. Therefore, understanding how managers' roles can influence the creation of a more inclusive culture will provide important insights for creating effective, adaptive and sustainable organizations in an increasingly diversified world.

The purpose of this study is to analyze how managers can create an inclusive and sustainable organizational culture by considering diversity at every level of the organization. This research aims to understand the challenges faced by managers to engage diversity as well as ways in which they can ensure that an inclusive culture can be effectively implemented in the organization. This research aims to explore the impact of an inclusive organizational culture on employee performance and well-being, focusing on how managing diversity can improve collaboration, productivity, and job satisfaction within the organization.

## RESEARCH METHOD

In this research, the approach used is a literature study, which is a secondary analysis method by collecting, reviewing, and analyzing various literature sources relevant to the topic under study. Literature study allows researchers to explore pre-existing knowledge and findings on the role of managers to build an inclusive and sustainable organizational culture. By reviewing journal articles, books, research reports, and other publications, this study can provide an understanding of the challenges and strategies faced by managers to create an organizational culture that supports diversity and inclusiveness (Creswell, 2014).

Furthermore, the literature study approach was also used to analyze theories related to organizational culture, inclusive leadership, and diversity in organizations. According to Schein (2010), organizational culture is the system of values, beliefs, and norms that influence behavior and interactions within an organization. Therefore, literature that examines the role of managers to influence organizational culture through policies and concrete actions will provide insights into how to

create an inclusive culture. On the other hand, literature on diversity in organizations will help understand the challenges that arise, both in terms of communication, collaboration, and conflict management that often occur in diverse organizations (Klein et al., 2014).

This method also involves a critical analysis of existing research results and the application of those findings to the relevant sphere, i.e. how managers in different types of organizations can deal with the challenge of creating an inclusive work environment. The results of this literature study are expected to make a significant contribution to forming a theoretical basis on the role of managers in diversity and inclusiveness, as well as being a reference for the development of policies and strategies in organizations. It is also expected that the findings of this study can provide recommendations for organizations to create a more sustainable and inclusive work environment (Shore et al., 2018).

## **RESULT AND DISCUSSION**

An inclusive and sustainable organizational culture relies heavily on managing diversity in the work environment. Diversity covers various aspects, including race, gender, age, educational background, and work experience. Organizations that are able to manage diversity well can create a more innovative and productive environment (Roberson, 2019). According to Shore et al. (2018), well-managed diversity can enhance creativity and problem solving, as different perspectives can lead to more comprehensive solutions.

Organizational leaders also have an important role in shaping a culture that values diversity. Leaders who demonstrate a commitment to inclusion and diversity can influence employee attitudes and behaviors. According to Nishii and Mayer (2009), inclusive leadership can create an environment where all employees feel safe to share their ideas and perspectives. This is important to encourage engagement and innovation in the workplace. In addition, organizations need to develop policies and practices that support diversity. These include fair recruitment policies, equal career development programs, and work flexibility that considers the needs of diverse employees. According to Mor Barak (2016), inclusive policies can help create an environment where all employees feel valued and have equal opportunities to thrive.

An inclusive organizational culture also contributes to long-term sustainability. By leveraging diversity, organizations can develop products and services that are more relevant and appealing to

various market segments. Research by Herring (2009) shows that companies with higher diversity in their teams tend to have better financial performance, as they can better meet the needs of diverse customers. Cultivating diversity into an inclusive and sustainable organizational culture is an important step towards achieving long-term success. By creating an environment that values differences, organizations increase innovation and productivity, and create a more equitable and sustainable workplace for all employees.

### **The Role of Managers to create an Inclusive and Sustainable Organizational Culture: The Challenge of Engaging Diversity in Organizations**

Managers play a key role in creating an inclusive and sustainable organizational culture. They are responsible for setting the vision and mission, and for establishing values and norms that support diversity in the organization. An inclusive culture focuses on recognizing and respecting individual differences, whether in terms of race, ethnicity, gender, social background, and so on. Managers can achieve this by integrating diversity in recruitment, training and employee development policies, and creating an environment that supports the involvement of all organizational members (Shore et al., 2018). In creating this culture, managers must also ensure that diversity is carried out in daily practice and not just in policy statements.

Creating an inclusive culture is not an easy job, and managers are often faced with various challenges. One of them is resistance to changes in organizational culture. Some organizational members may have views or values that are conservative or not fully supportive of diversity (Ely & Thomas, 2001). Issues such as implicit bias and unconscious stereotyping can influence the decisions made by managers to recruit or provide equal opportunities to employees. This often hinders the creation of a truly inclusive environment, where all individuals feel valued and have equal opportunities to develop.

Another challenge is the gap in resources and policies that support diversity. Managers often face limitations in terms of budget and training that can be provided to support diversity policies (Choi, 2016). Effective training programs to mitigate bias and educate employees about diversity require a significant investment of time and money. Even at the managerial level, limitations in access to knowledge or training on diversity and inclusion can make implementing quality programs difficult, and this will reduce the effectiveness of an inclusive culture in the organization.

Another challenge faced by managers is addressing conflicts that arise as a result of cultural or perspective differences among employees. Diversity brings advantages in terms of broader ideas and perspectives, but it also has the potential to create tensions, for example between different generations, between more open or conservative cultures, or between different communication styles. Managers must have the skills to handle these conflicts constructively so as to ensure that diversity remains a strength in the organization, not a source of division (Thomas, 1990).

The role of managers to maintain the sustainability of an inclusive culture also involves creating an environment that can adapt to social and economic change. In a changing world, as seen with the rapid changes in technology and globalization, diversity also needs to be viewed in a dynamic light. Managers must be able to adapt policies and practices to remain relevant and responsive to changes. They must encourage employees to continue learning and developing in order to work effectively in an increasingly diverse environment (Nishii, 2013).

Diversity in organizations also requires inclusive leadership, where managers are the decision-makers, and leaders set the example. Inclusive leaders support diversity, and facilitate collaboration and communication between different groups in the organization. To do so, they need to involve employees in every decision-making process and provide a platform for all voices to be heard (Ely & Thomas, 2001). Inclusive leadership promotes mutual trust, increases employee engagement, and results in better overall performance.

Finally, to create an inclusive and sustainable organizational culture, managers must consistently assess and evaluate the progress that has been made. This process involves collecting data and feedback from employees, as well as measuring the extent to which diversity policies have been implemented and internalized in the organizational culture. Managers must be prepared to make continuous improvements if gaps or barriers are found that hinder the achievement of inclusivity goals in the organization. In this way, an inclusive culture will become an integral part of a sustainable organization, where every individual feels valued and has equal opportunities to thrive.

### **The Influence of Inclusive Organizational Culture on Employee Performance and Wellbeing: Enhancing Collaboration through Diversity Management**

An inclusive organizational culture has a significant impact on employee performance and well-being. In

an inclusive organization, individuals feel valued and accepted, which can increase a sense of belonging and motivation. Research shows that employees who feel accepted and valued by the organization are more likely to have high job satisfaction and better performance (Shore et al., 2018). This happens because they feel they have the space to express themselves and contribute to their full potential without fear of discrimination or bias. Conversely, a lack of inclusiveness can create feelings of alienation or disrespect, which can lower morale and negatively impact work outcomes (Roberson, 2006).

Employee well-being in inclusive organizations is also more secure. An inclusive culture supports work-life balance, reduces stress related to discrimination or marginalization, and creates a more positive and productive environment (Kossek et al., 2015). Employees feel more comfortable sharing ideas and collaborating, which in turn improves the quality of interactions between individuals within the organization. A study by Nishii (2013) showed that an inclusive climate is associated with reduced tension and conflict between individuals, as well as increased team spirit. When employees feel accepted in the organization, they are more likely to invest in their personal and professional well-being.

An inclusive culture helps organizations optimize the potential of employee diversity. The diversity of perspectives, backgrounds, and experiences held by individuals in an organization can be a source of strength if managed properly. An inclusive culture enables effective management of this diversity, maximizing the potential for innovative ideas and creative solutions. This contributes to improved overall organizational performance. A study by Homan et al. (2008) states that well-managed diversity related to inclusiveness can increase creativity and productivity, as diversity allows for a variety of approaches to problem solving.

However, although diversity has the potential to improve performance, managers must be able to manage this diversity wisely in order to encourage effective collaboration between individuals. One effective way is to create a work climate that supports open communication, where employees feel free to share ideas and work together without barriers caused by differences. Managers should also be able to facilitate learning about different cultures and work styles, and encourage understanding and appreciation of such diversity (Thomas & Ely, 1996). Without efforts to create a communicative and supportive environment, diversity can become a barrier to effective collaboration.

Managers also play an important role in enforcing policies and practices that support inclusivity. Policies that encourage the involvement of all individuals in the decision-making process will create a stronger sense of belonging within employees. For example, involving employees from different backgrounds in important projects or in drafting organizational policies. As such, it is the role of managers to create an environment where collaboration between individuals with different backgrounds can flourish. For example, conducting diversity and inclusion training can help enrich employees' understanding of the importance of cooperation between different individuals.

It is also important to assess and evaluate the extent to which diversity can contribute to improved organizational performance. Managers should continuously monitor and evaluate the impact of an inclusive culture on employee productivity, and make adjustments to policies where necessary. Feedback from employees is valuable to ensure that the policies implemented are on target. Research by Nishii (2013) shows that regular evaluation of diversity and inclusion policies helps managers to take more appropriate steps to create a culture that supports collaboration between individuals.

Finally, to ensure that an inclusive organizational culture is sustainable, managers should actively champion diversity in the recruitment and career development process. This includes ensuring that equal opportunities are provided to all employees regardless of their background. Inclusive mentoring and coaching programs can also help increase the engagement of employees from diverse backgrounds, as well as reduce the potential for bias in decision-making. Therefore, managers need to manage diversity, and ensure that every individual has an equal opportunity to thrive in the organization (Shore et al., 2018).

## CONCLUSION

An inclusive organizational culture has a significant impact on employee performance and well-being. When individuals feel valued and accepted in the work environment, they are more likely to make maximum contributions and collaborate effectively. This increases job satisfaction, motivation, and individual performance. However, a key challenge managers face to create an inclusive culture is managing diversity effectively. Well-managed diversity can increase creativity and productivity, but if not handled appropriately, it can create

tensions and conflicts that disrupt collaboration.

To achieve success in creating an inclusive culture, managers need to ensure there is open communication and room for dissent at every level of the organization. Policies and programs that support diversity, such as inclusivity training and the implementation of non-discrimination policies, are essential for shaping an environment that supports collaboration between individuals from different backgrounds. Managers must also continuously evaluate the policies implemented to ensure that every employee, regardless of background, has an equal opportunity to grow within the organization.

It is important for managers to not only focus on creating an inclusive climate, but also to integrate policies and practices that ensure diversity is an asset that enhances organizational performance. Creating an inclusive organizational culture requires ongoing commitment, careful management, and efforts to foster understanding and appreciation of differences. Going forward, more effort is needed from every manager to support diversity that can foster better collaboration and overall improved organizational productivity.

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