Diversity Climate Perceptions and Turnover Intentions: Evidence From the Indian IT Industry

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ABSTRACT

The present research aims to examine the sequential mediating effect of inclusion and job satisfaction in the relationship between diversity climate and employee turnover intentions. Data has been collected from 302 full-time employees working in the Indian IT industry using a self-administered questionnaire. Current research work tests the hypothesized connection using the structural equation modeling (SEM) approach. Further, the proposed indirect effect was determined using the PROCESS program. Study results revealed that employee sense of inclusion and job satisfaction sequentially mediates the relationship between diversity climate and turnover intentions. Taking into consideration the practical implications of the research, the present study stresses the importance of enforcing inclusive HR policies for the establishment of a positive climate for diversity. The present study adds up to the literature database by assessing the fundamental mechanism that clarifies the relationship between diversity climate and turnover intentions.

KEYWORDS
Diversity Climate, Inclusion, Indian IT Industry, Job Satisfaction, Turnover Intentions

INTRODUCTION

The revival of research on diversity climate has gradually transpired throughout the decade (McKay et al., 2011; Shore et al., 2011). Advent with globalization, internationalization, and technological advancement, the emerging markets are undergoing a landscape change. The world today has become a global village, making organizations increasingly diverse. The universality of diversity in workplaces cannot be overlooked as its quintessence has transformed from juridical responsibility to strategic paramountcy (Kundu and Mor, 2017). Diversity in the workforce position itself as an indispensable element in organizations and thus, the diversified workforce is recognized by contemporary organizations as a tactic for optimizing market opportunities.

The Indian workforce engirds a diversity of caste, religion, education, gender, age, disability, language, and regional background. Organizations have recognized the importance of having a motivated and diverse workforce to reach the milestone at a rapid pace (Sinha and Bhatt, 2020). Therefore, to gain strategic advantage from the workforce, organizations emanate diversity management to the forefront. Diversity management is a deliberate mechanism for establishing and maintaining a supportive work environment.
that values all individuals’ commonalities and dissimilarities (Singh, 2018). Managing diversity effectively needs an appropriate diversity climate across the organizational hierarchy. Consequently, researchers emphasize diversity climate which is delineated as “employee behaviors and attitudes that are grounded in perceptions of the organizational context related to women and minorities” (Mor Barak et al., 1998, p.83).

Dwertmann et al., (2016) contended that the climate for diversity is perceived from two different viewpoints. The first perspective is alluded to as the “fairness and discrimination” viewpoint, which emphasizes providing equal opportunities, ensuring fair representation, mitigating discrimination in workplaces as well as eradicating social exclusion while the second viewpoint is the “synergy perspective”, which is concerned with realizing the possible performance advantages of diversity by encompassing divergent skills, strengths, experiences, and perspectives. The two points of view are founded on different theoretical foundations, and therefore, representing two fundamentally divergent (but interconnected) notions. The synergy perspective is more oriented on how teams or units can maximize organizational efficiency by incorporating different perspectives, experiences, abilities, and talents but has a debilitated analytical footing to anticipate outcomes like employee turnover. As a result, the current study sheds light on the “fairness and discrimination” viewpoint, which emphasizes perceptions of individuals regarding workplace policies, processes, and numerous different cues enabling them to discern whether their organization values or do not value diversity.

The concept of diversity climate has acquired attention as it serves a significant role in optimizing the favorable and positive effects of diversity in the workplace (Cachat‐Rosset et al., 2019). Various researchers have documented the association between diversity climate and positive outcomes (Reinwald et al., 2018) little work has been carried to explore the mechanisms by which diversity climate results in positive outcomes. Though some studies explored mediating processes like organizational embeddedness, organizational justice, calculative attachment, organizational commitment (Jolly and Self, 2020; Madera et al., 2016; Kaplan et al., 2011; McKay et al., 2007) a deeper comprehension of the concurrent mediating process is needed (Barreto, 2019). Thus, the study postulate that employee sense of inclusion and job satisfaction concurrently account for the underlying mediating mechanism through which diversity climate relates to employee turnover intentions to elicit beneficial outcomes.

The context of the Indian IT industry, for this study, is incredibly significant. The Indian IT industry is the largest private-sector employer and emboldens a diverse array of human assets (Kundu and Mor, 2017). As asserted by Patrick and Kumar (2012) the industry lays its focus on mitigating prejudices and discrimination in the workplace by stimulating consciousness regarding workplace diversity through various tactics like admitting dissimilarities, recognizing diversity, and valuing fundamental rights. In this context, Donnelly (2015) accentuated that the IT industry puts a major focus on diversity inclusion through affirmatives actions in order to make the most of diversity. Furthermore, the Indian government has designated the information technology industry as a key priority for the development of the nation and has committed significant resources to expedite its growth (Ilavarasan, 2007; Balakrishnan, 2006). This industry’s growth acts as a barometer for other industries.

The paper is further structured as follows: the next section discourse regarding the theory and hypotheses. The third section outlines the research methodology, which includes the sample and study procedure, followed by the fourth section, which addresses the results and their interpretation, and finally, the research conclusions, implications, limitations, and future research directions are discussed. The structure of the paper, its organization, reporting, and discussion of the results were improved using Misra (2021).

THEORY AND HYPOTHESIS

Diversity Climate and Turnover Intentions

Diversity climate alludes to employees’ common perspectives regarding the HR policies and practices directed at identifying and valuing the differences among individuals (Choi, 2013). Diversity climate
transpires at the unit level (characterized as collective viewpoints of the members of a group or unit) or at the individual level (engrossed in the perspective of individual employees). Adhering to prior studies on diversity climate (Jolly and Self, 2020; Lee et al., 2020; Al Doghan et al., 2019; Madera et al., 2016), the current study kingpins its work at the individual level since driving factors of employee attitude and behavior are not objective social stimuli but rather their viewpoints and interpretation of those social stimuli.

When employees experience disparity and discontent within their work team arrangements, they are more likely to endeavor new employment possibilities. This cogitation can lead to a concrete decision of quitting their employment in the final phase of the thought process. As asserted by Chiu & Francesco (2003), this final phase in the thought process is referred to as turnover intention. Vandenberg and Nelson (1999, p.1315) defined turnover intention as “individuals’ own estimated probability (subjective) that they are permanently leaving the organization at some point in the near future”. Hom and Griffeth (1991) asserted that the withdrawal cognitive process comprises three subject matters: the thought of quitting, search intent, and quitting intent. It is a feeling or a thought to quit an organization, but not necessarily leaving or quitting it. Despite the recent accumulation of evidential results demonstrating a disparity between employee turnover intent and actual turnover (Vardaman et al., 2015; Rubenstein et al., 2018), the turnover intention is indeed regarded as the reliable predictor of actual turnover behavior (Oh, 2020; Omar and Tajudeen, 2020).

As anticipated by Basu (2001), the IT industry has eventuated as “India’s philosopher’s stone” leading India to establish a foothold in the global market and positioning itself as a global player to be reckoned with (Gupta et al., 2015). While the Indian IT sector has established a global influence, this emerging sector faces its own human resource challenges. One of them is high turnover rates (Lo, 2015). This high employee turnover is one of the most problematic challenges confronting all global organizations, as it is enormously expensive and destructive to the organizations. Though there are numerous reasons for leaving the organizations, one of them is lack of diversity management. Indian IT industry is the largest private-sector employer and emboldens a diverse array of human assets (Kundu and Mor, 2017), and therefore managing diversity is a prime requisite in IT companies. Differing from the mainstream diminishes an employee’s perception of being accepted by members in the mainstream. As a result, minority individuals tend to develop hostility towards other group members and feel rage and frustration. Managing diversity effectively needs an appropriate diversity climate and therefore accentuating a positive diversity climate is indispensable for personnel in the IT sector.

Social identity theory (Tajfel, 1982) states that individuals sort themself based on salient traits like gender, age, or race, and behave in congruence with their salient ideologies (Hog and Terry, 2000). This identity boosts one’s self-esteem and makes them proud of the team they’re a part of. Individuals might be enticed to an organization with personnel having common traits and beliefs, and therefore personnel unfitting within an organization tends to quit (Mobley, 1982) making organizations more homogeneous (Schneider, 1987). As asserted by Tsui et al., (1992) this demographic maladaptation has been evidenced to impact turnover and the result implicitly indicates the significance of climate for diversity on turnover. Employees experiencing an unfavorable climate for diversity contends that the organization does not appreciate their efforts, thus resulting in increased intentions to quit (Buttner and Lowe, 2017). On the contrary, experiencing a favorable and positive diversity climate perception increases commitment (Lee et al., 2019), job satisfaction (Brimhall et al., 2014), and performance (Lauring and Selmar, 2011) as well as improve social relations (Moon,2018) and lowers employee turnover intentions (Barreto, 2019).

Collecting a sample from the multitude of racial groups in the United States, McKay et al., (2007) reported a negative relationship between diversity climate perception and turnover intention. Further, Lee et al., (2020) also documented the negative relationship between diversity climate and turnover intent in Korean multinational corporations. Indeed, factual corroboration supports that diversity climate is negatively linked to employee turnover intentions (Barreto, 2019; Brimhall et al., 2014; Buttner et al., 2012; Stewart et al., 2011). In light of the above discussion, the study hypothesizes:

H1. Diversity climate relates negatively to turnover intentions.
The Mediating Effect of Inclusion

The concept of inclusion is gradually growing and has gain prominence around the world (Shore et al., 2018). Inclusion is referred to as how profoundly individuals believe their diverse backgrounds, knowledge, abilities, and viewpoints are acknowledged in the workplace (Nishii, 2013). According to Mor Barak and Cherin (1998, p. 48) inclusion is “a continuum of the degree to which individuals feel a part of critical organizational processes such as access to knowledge and resources, participation in workgroups, and ability to influence decision-making”.

Optimal distinctiveness theory (Brewer, 1991) puts the spotlight on a significant aspect of encouraging inclusion in workplaces. The Foundation of the theory is based on considering the following two statements as true - “Everyone needs to belong” and “Everyone needs to be unique”. The theory is about social identification as to how individuals identify themselves concerning membership in their social group. Social identities cropped up from a profound confrontation between the desire for inclusion and counteract the desire for individuality – the two contended social needs. Individuals endeavor inclusiveness to mitigate and inhibit isolation, insecurity, and ostracism. The theory contends that individuals achieve the optimum inclusion level by cushioning the disparities from two diametrically opposite needs (Shore et al., 2011).

When organizations participate actively in handling disparities between the workforce by encouraging an inclusive climate, enhances employee commonality, increases satisfaction with one’s job, and reduces the intention to quit. Conversely, if the climate of exclusion pervades throughout the organization, increased diversity is perceived as increased differences amongst the organizational members. These disparities persuade employees to disassociate themselves from others, thus, leading towards exclusion, conflict, and turnover. Diversity climate stimulates a sense of belongingness in workplaces by valuing an individual’s unique perspective (Shore et al., 2011). It encourages personnel, irrespective of their unique traits, to engage in decision-making and contributing without compromising their individuality (Shore et al., 2011; Sabharwal, 2014). With the increase in acceptance, the sense of inclusiveness also increases (Brimhall et al., 2017) which results in an improvement in an employee such as an increase in job satisfaction (Brimhall et al., 2014), performance (Mitchell et al., 2015), retention (Buttner et al. 2012), commitment and lower turnover intentions (Hwang and Hopkins, 2012), thus leading to the following hypothesis:

H2. Inclusion mediates the relationship between diversity climate and turnover intentions.

The Mediating Effect of Job Satisfaction

While addressing the work environment settings and procedures, job satisfaction is a critical factor to consider. Job satisfaction is delineated as “the pleasurable emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values” (Locke, 1969, p. 316). It is indeed a key success metric across every institution and organization. This requires the organization leaders to lead, influence, and motivate the followers towards achieving commons objectives and goals. As argued by Son and Ok (2019), increasing satisfaction among employees with one’s job is the paramount responsibility of the corporations, which would, therefore, have propitious results and implications. In general, it alludes to the sense of pleasure in an individual’s employment, that further acts as a motivation to fulfill their work obligations.

Social exchange theory (Blau, 1964) presents a fundamental basis to elucidate the association between diversity climate and individual-level outcomes. The theory kingpins on the resources that individuals acquire and add to social interaction. The exchanging groups adhere to the reciprocity principle, which states that the group receiving the resources is obliged to reciprocate to the group rendering the resources. Employees and organizations are the two groups involved in workplace exchange (Oh, 2020). The perception of employees and their behavioral standards are shared based on organizational protocols, policies, and procedures which further creates the climate of the organization (Bowen and Ostroff, 2004). Mor Barak et al., (1998) contended that incorporating under-represented personnel with fair and equitable policies leads
to a positive impact on the perception of employees regarding climate for diversity. Equal opportunities for advancement are deemed as pro-diversity. In supporting environmental settings, employees perceive themselves as an integral part of the organization (McKay et al., 2007; Ely and Thomas, 2001), thus, reciprocating towards the organization with high satisfaction and lower turnover intentions.

A meta-analysis by Rubenstein et al., (2018) documented that job satisfaction reduces employee turnover by a substantial amount. Job satisfaction is affected by a multitude of factors, including achievement of work objectives, incentives, and advancement opportunities (Chan et al., 2016). When employees perceive satisfaction with their job, they develop a strong commitment towards the organization and exhibit little desire to quit the organization (Tarigan and Ariani, 2015). Although the relationship between job satisfaction and turnover intentions has been documented by previous studies (Bello and Steil, 2020; James, 2020; Alam and Asim, 2019; Smith, 2018; Brimhall et al., 2014), various researchers (Hsiao et al., 2020; Choi, 2009) has also offered insight that job satisfaction could be an intervening factor in linking diversity and turnover intention. Thus, the study hypothesizes:

\[ H3. \text{ Job satisfaction mediates the relationship between diversity climate and turnover intention.} \]

**The Sequential Mediating Effect of Inclusion and Job Satisfaction**

Affirmative action policies, for example, bring uniformity in employee proportions by incorporating underrepresented and disadvantaged groups, however, this vigorous arrangement may entail unintended consequences (Lee et al., 2020). Diversity generated politically does not suffice, organizations should embosom diversified workforce through inclusion and satisfaction in order to retain the employees.

The present study respond to the call by Barreto (2019), asserting to forge ahead of the diversity climate research by examining multiple mediators to elucidate the link between diversity climate and employee turnover intentions. Therefore, towards a deeper comprehension of the concurrent mediating process the present study presents a serial mediation model: diversity climate (X) → inclusion (M₁) → job satisfaction (M₂) → turnover intentions (Y). Lawler (1994) opined that the perception of employees being accepted (inclusion) by corporations is directly correlated with the extent of job satisfaction. Subsequently, inclusiveness and employee job satisfaction may influence the intention of employees to quit thus, leading to the following hypothesis:

\[ H4. \text{ Inclusion and job satisfaction sequentially mediate the relationship between diversity climate and turnover intention.} \]

**Figure 1. The hypothesized model**
RESEARCH METHODOLOGY

Data Collection and Sample

The sample for the analysis was drawn from various IT companies located in the Delhi-NCR region, one of the major hubs of IT companies in India. As asserted by Sekaran and Bougie (2016) self-administered questionnaire enables the researcher to build rapport with respondents while introducing the purpose of the study. Therefore, the collection of the data has been done with the help of a self-administered questionnaire floated online via the Google forms platform using the non-probability convenience sampling method. The questionnaire used for data collection consisted of 2 types of information, first demographic and second, statements used to know the perception of employees using various adapted scale items. 389 questionnaires were floated out of which 311 responses were received; yielding a 79.9 percent response rate. We retained 302 valid responses after the post-data screening for missing and incomplete values. For data analysis using structural equation modeling, the sample size of 302 was adequate (Wetson and Gore Jr, 2006).

The data for this study was collected by a diverse group of respondents. The sample comprised of both male (54.6%) and female (45.4%) full-time employees. Respondents from different age strata were included in the sample, to represent a diverse sample of the total population. While 52.3% of respondents described themselves as single, 47.7% were married. Respondents have shown diversity in their total work experience as well, with differential educational backgrounds. Table I summarizes the profile of the respondents.

Table 1. Respondent's profile (n=302)

<table>
<thead>
<tr>
<th>Demographic variable</th>
<th>Category</th>
<th>Sum</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>165</td>
<td>54.6</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>137</td>
<td>45.4</td>
</tr>
<tr>
<td>Age (in years)</td>
<td>Below 25</td>
<td>65</td>
<td>21.5</td>
</tr>
<tr>
<td></td>
<td>26-30</td>
<td>81</td>
<td>26.8</td>
</tr>
<tr>
<td></td>
<td>31-35</td>
<td>86</td>
<td>28.5</td>
</tr>
<tr>
<td></td>
<td>36-40</td>
<td>54</td>
<td>17.9</td>
</tr>
<tr>
<td></td>
<td>40-45</td>
<td>11</td>
<td>3.6</td>
</tr>
<tr>
<td></td>
<td>Above 45</td>
<td>5</td>
<td>1.7</td>
</tr>
<tr>
<td>Marital status</td>
<td>Single</td>
<td>158</td>
<td>52.3</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>144</td>
<td>47.7</td>
</tr>
<tr>
<td>Educational qualification</td>
<td>Bachelors</td>
<td>221</td>
<td>73.2</td>
</tr>
<tr>
<td></td>
<td>Masters</td>
<td>77</td>
<td>25.5</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>4</td>
<td>1.3</td>
</tr>
<tr>
<td>Total work experience</td>
<td>Less than 5 years</td>
<td>99</td>
<td>32.8</td>
</tr>
<tr>
<td></td>
<td>6-10</td>
<td>102</td>
<td>33.8</td>
</tr>
<tr>
<td></td>
<td>11-15</td>
<td>81</td>
<td>26.8</td>
</tr>
<tr>
<td></td>
<td>16-20</td>
<td>16</td>
<td>5.3</td>
</tr>
<tr>
<td></td>
<td>More than 20 years</td>
<td>4</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source(s): The Authors
Measures

The estimation of each latent variable was based on indicators. Unless otherwise specified, all indicators used a Likert response scale arrayed from 1 = “strongly disagree” to 7 = “strongly agree”.

Diversity climate: This construct has been measured using 6-items (organizational fairness factor) adapted from the ‘Diversity perception scale’ developed by Mor Barak et al., (1998). The sample item includes “I feel I have been treated differently here because of my sex, religion, or age”.

Inclusion: This study used a 14-items scale developed by Mor Barak and Cherin (1998) for assessing inclusion (6 items measuring employees workgroup involvement (WGI), 4 items measuring employee influence in decision making (IDM), and 4 items measuring employees’ access to communication and resources (ACR)). The sample items include “I feel part of informal discussions in my workgroup”.

Job satisfaction: The present research assessed the job satisfaction of employees at the individual level using 6-items adapted from ‘An index of job satisfaction’ developed by Brayfield and Rothe (1951). The measure offered an “overall” job satisfaction rather than specific facets of the employment situation. The sample item includes “I feel fairly well satisfied with my present job”.

Turnover intentions: Since measuring turnover is quite problematic, numerous studies pivoted on turnover intentions. For measuring turnover intentions, this study adapted a 3-item scale developed by Liu (2005). The sample item includes “It is very possible that I will look for a new job next year”.

Common Method Bias (CMB)

Our research relied on self-reported measures, that may open on to the concerns regarding CMB. To eradicate or curtail the issues of CMB, the study followed the documented recommendations by Podsakoff et al., (2012). The cover letter clinched the obscurity of respondents and the confidentiality of data responses. Furthermore, the letter indicated unequivocally that there are no correct or incorrect answers and that individuals have divergent yet valid viewpoints. Additionally, CMB was identified using Harman’s single factor method. Only 30 percent of the total variance was explained by a single factor which is less than the acceptable limit of 50 percent (Harman, 1976), indicating that CMB is not an issue.

Analytics Procedure

For analysis, Structural Equation Modeling (SEM) approach was employed. Firstly, there was a separate evaluation of the measurement model using CFA. Secondly, the structural model was examined by calculating the standardized path coefficient. Furthermore, as advocated by Taylor et al., 2008, we employed bootstrap analysis (5000 bootstrap samples) to determine bias-corrected confidence intervals for the proposed indirect effect. These evaluations were conducted using Hayes (2013) PROCESS program.

RESULTS

To address multicollinearity concerns, a variance inflated factor (VIF) has been used. As asserted by Hair et al., (2014), variables exhibit multicollinearity if values of VIF surpass the acceptable limit of 5. As shown in Table III, the values of VIF arrayed from 1.34 to 2.57, indicating the absence of multicollinearity among variables.

Confirmatory Factor Analysis

CFA gauges the dimensionality and acceptability of the measurement model. In the current study, a CFA-based measurement model was tested using AMOS 22.0.

To test the model fit, the study used the traditional cut-off values of fit indices (i.e., CMIN/df < 3, RMSEA < 0.08, SRMR < 0.08, CFI > 0.90, NFI > 0.90; Hair et al., 2014). A good model fit is indicated by fit indices for our proposed measurement model (CMIN/df = 1.732, RMSEA = 0.049, SRMR = 0.077, CFI = 0.957, NFI = 0.906).
Furthermore, various statistical metrics have been employed to assess the constructs’ reliability and validity. In CFA, composite reliability (CR) is a frequently used metric to assess construct reliability, with a touchstone value of 0.7 (Hair et al., 2014). The constructs used in the analysis were reliable as shown in Table II., with composite reliability (CR) ranging from 0.868 to 0.943. Chronbach’s α reliabilities also surpassed the threshold of 0.70 (Nunnally, 1994) arraying from 0.867 to 0.934. Consequently, all measures alluded to the item’s internal consistency.

### Table 2. Confirmatory factor analysis results

<table>
<thead>
<tr>
<th>Latent variables</th>
<th>Indicators</th>
<th>Loadings (λ)</th>
<th>Mean</th>
<th>SD</th>
<th>AVE</th>
<th>CR</th>
<th>Cronbach α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity climate (DC)</td>
<td>DC1</td>
<td>0.634</td>
<td>5.63</td>
<td>1.234</td>
<td>0.529</td>
<td>0.869</td>
<td>0.867</td>
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<td></td>
<td>DC2</td>
<td>0.555</td>
<td>5.01</td>
<td>1.126</td>
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<td></td>
<td>DC3</td>
<td>0.820</td>
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<td></td>
<td>DC4</td>
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<td>DC5</td>
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<td></td>
<td>DC6</td>
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<td>5.57</td>
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<td>Work group involvement (WGI)</td>
<td>WGI1</td>
<td>0.850</td>
<td>5.86</td>
<td>1.367</td>
<td>0.598</td>
<td>0.899</td>
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<td></td>
<td>WGI3</td>
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<td>WGI4</td>
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<td>WGI5</td>
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<td>1.370</td>
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<td></td>
<td>WGI6</td>
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<td>Influence in decision making (IDM)</td>
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<td>ACR4</td>
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<td>Job satisfaction (JS)</td>
<td>JS1</td>
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<td>5.52</td>
<td>1.272</td>
<td>0.570</td>
<td>0.888</td>
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<td>JS2</td>
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<td>JS3</td>
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<td>JS5</td>
<td>0.754</td>
<td>5.67</td>
<td>1.234</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JS6</td>
<td>0.802</td>
<td>5.87</td>
<td>1.389</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover intentions (TI)</td>
<td>TI1</td>
<td>0.917</td>
<td>2.92</td>
<td>1.956</td>
<td>0.846</td>
<td>0.943</td>
<td>0.943</td>
</tr>
<tr>
<td></td>
<td>TI2</td>
<td>0.945</td>
<td>2.89</td>
<td>1.979</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TI3</td>
<td>0.897</td>
<td>2.89</td>
<td>1.960</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note(s): AVE = average variance extracted; CR = composite reliability Source(s): The Authors
Convergent validity ascertains the degree of correlation between two measures of a similar construct (Hair et al., 2014). It indicates whether two theoretically similar measurements of constructs are, in fact, related or not. Touchstone for ensuring convergent validity: factor loadings > 0.50 (Hair et al., 2014); CR > 0.70 and AVE > 0.50 (Fornell and Larcker, 1981). Table II shows that each metric laden substantially on the relevant constructs, with loadings surpassing 0.50. Additionally, CR’s and AVE’s arrayed from 0.868 to 0.943 and 0.529 to 0.846, indicates robust convergent validity.

Discriminant validity ascertains the extent of the difference between two conceptually related concepts (Hair et al., 2014). The discriminant validity is determined by AVE. According to Hair et al., (2014), the AVE square root’s value should be greater than the construct correlation value. In Table III, brackets’ values represent the AVE’s square root, implying that the discriminant validity is supported for all variables. Additionally, as shown in Table II, AVE has been found above the stated limit of 0.50 (Fornell and Larcker, 1981).

Table 3. VIF, descriptive statistics, and discriminant validity

<table>
<thead>
<tr>
<th></th>
<th>VIF</th>
<th>Mean</th>
<th>SD</th>
<th>DC</th>
<th>WGI</th>
<th>IDM</th>
<th>ACR</th>
<th>JS</th>
<th>TI</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>1.67</td>
<td>5.40</td>
<td>0.93</td>
<td>(0.727)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WGI</td>
<td>2.57</td>
<td>6.13</td>
<td>1.09</td>
<td>0.605</td>
<td>(0.773)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDM</td>
<td>2.18</td>
<td>4.90</td>
<td>0.89</td>
<td>0.236</td>
<td>0.632</td>
<td>(0.789)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACR</td>
<td>2.14</td>
<td>4.94</td>
<td>1.07</td>
<td>0.272</td>
<td>0.603</td>
<td>0.703</td>
<td>(0.787)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>1.34</td>
<td>5.12</td>
<td>0.93</td>
<td>0.439</td>
<td>0.403</td>
<td>0.049</td>
<td>0.034</td>
<td>(0.755)</td>
<td></td>
</tr>
<tr>
<td>TI</td>
<td>-----</td>
<td>3.07</td>
<td>1.96</td>
<td>-0.116</td>
<td>-0.134</td>
<td>-0.054</td>
<td>-0.030</td>
<td>-0.138</td>
<td>(0.920)</td>
</tr>
</tbody>
</table>

Note(s): bracket values on the diagonal reflect AVE'S square root; Source(s): The Authors

**Structural Model**

After ensuring that the measurement model possessed sufficient reliability and validity, the proposed structural model has been tested. As illustrated in Figure 2, all proposed paths between the constructs are significant. The results (see Figure 2) showed that diversity climate significantly predicted inclusion ($\beta = 0.660, p < 0.05$) and job satisfaction ($\beta = 0.282, p < 0.05$). Inclusion was found to

Figure 2. Structural path coefficient
have positive effect on job satisfaction ($\beta = 0.210, p < 0.05$). Both inclusion and job satisfaction had a significant impact on turnover intentions: $\beta = -0.157, p < 0.05$ for inclusion; $\beta = -0.323, p < 0.05$ for job satisfaction. Moreover, as hypothesized the total effect of diversity climate on employee turnover intentions was significant ($\beta = -0.265, p < 0.05$), thus supporting $H1$.

**Serial Mediation Analysis**

According to Oh (2020, p.153) “An indirect effect is considered to be significant if 95% bias-corrected confidence intervals does not include 0”. Adhering to this, both inclusion and job satisfaction were found to mediate the relationship diversity climate and turnover intentions, ($\beta = -0.095, SE = 0.082, 95\% CI = [-0.260, -0.066]$, not including ‘0’) for inclusion; ($\beta = -0.082, SE = 0.045, 95\% CI = [-0.181, -0.007]$, not including ‘0’) for job satisfaction. Thus, both $H2$ and $H3$ were found to be supported. Moreover, as shown in Table IV, the study results also confirmed the serial mediating effect of inclusion and job satisfaction in the relationship between diversity climate and turnover intentions (indirect effect = $-0.040$; SE = 0.027; and 95\% CI [-0.108, -0.001], not including ‘0’), thus supporting $H4$.

Furthermore, the direct effect was found to be $-0.183$ with a standard error of 0.149. With zero appearing within the confidence interval (-0.477, 0.110) we conclude that in the presence of the mediators the direct relationship between diversity climate and turnover intentions was insignificant, thus signifying full mediation effect.

**Table 4. Mediation results**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>$\beta$</th>
<th>SE</th>
<th>95% confidence interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Direct effect</td>
<td>$-0.183$</td>
<td>0.149</td>
<td>(-0.477, 0.110)</td>
</tr>
<tr>
<td>Total Indirect effect</td>
<td>$-0.217$</td>
<td>0.097</td>
<td>(-0.415, -0.033)</td>
</tr>
<tr>
<td>Indirect mediation path hypothesized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC ® INC ® TI</td>
<td>H2</td>
<td>$-0.095$</td>
<td>0.082</td>
</tr>
<tr>
<td>DC ® JS ® TI</td>
<td>H3</td>
<td>$-0.082$</td>
<td>0.045</td>
</tr>
<tr>
<td>DC ® INC ® JS ® TI</td>
<td>H4</td>
<td>$-0.040$</td>
<td>0.027</td>
</tr>
</tbody>
</table>

Note(s): DC = Diversity climate; INC = Inclusion; JS = Job satisfaction; TI = Turnover intentions
Source(s): The Authors

**DISCUSSION AND CONCLUSION**

Paralleling the burgeoning interest in diversity issues, researchers have investigated the impact of workplace diversity and concluded that managing diversity effectively results in an increase in organizational effectiveness by identifying diverse market segments, developing innovative problem-solving techniques, and cultivating positive goodwill of the organization (Ely and Thomas, 2001; Robinson and Dechant, 1997). Though the majority of previous research has concentrated on elucidating the direct impact on employee behavior and outcomes (Dwertmann et al., 2016), we adhere to the work of Barreto (2019) for modeling the link between diversity climate and employee turnover intentions through the sequential mediating mechanism for deeper cognizance. As a result, we examine the sequential mediation of inclusion and job satisfaction in the relationship between diversity climate and turnover intentions. Understanding the interrelationships among each of these organizational variables can aid in designing workplace interventions to improve employee outcomes.
This study elucidates how employee effect is shaped by the diversity climate, with inclusion as a main contextual element. By embracing this element, the study contributes to the inclusion literature which is empirically under-researched in India’s diverse context. Our findings indicate that employees who have a more favorable view of the diversity climate report lower intention to quit not only directly but also indirectly through inclusion and job satisfaction. Inclusion exemplifies how a diversity climate can be leveraged to enhance employee affective outcomes such as job satisfaction which is further associated with lower turnover intentions. The results were congruent with Brimhall et al., 2014. The trajectory of connections appears to be entirely positive among diversity climate, inclusion, and job satisfaction, concluding that positive employee behavior can be achieved by creating and managing a climate for diversity. Thus, we profess that the study results will help in advancing the research on diversity climate by providing sequential insights for building a positive workplace environment and minimizing employee turnover.

IMPLICATIONS

Theoretical Implications

While researchers have investigated at the causal processes underlying the association between diversity climate and turnover intentions, the majority of the models focused on a single mechanism (Jolly and Self, 2020; Madera et al., 2016; Kaplan et al., 2011; McKay et al., 2007). The present study contributes to the existing body of knowledge by postulating a serial mediation model linking diversity climate and turnover intentions. The proposed framework boons by demonstrating multiple mechanisms of effects within a single integrated causal pathway. Current findings revealed that employee sense of inclusion and job satisfaction act as key mediators in linking diversity climate and turnover intentions.

Managerial Implications

To begin, this study intends to enhance managers’ cognizance of the impact of diversity climate on the retention of employees. Herdman and McMillan-Capehart (2010) delineated that the establishment of a positive climate for diversity is critical for workplaces seeking to maximize the benefits of diversity. Consequently, organizations should implement a variety of initiatives to strengthen employee perspectives regarding diversity climate to increase employee retention. Organizations can influence employee perception of diversity climate by enforcing inclusive HR policies like group-neutral recruitment, equal training and development opportunities, equal opportunities for promotion or career advancement (Boehm et al., 2014). Additionally, organizations must recognize that although they have specific policies and procedures in place, the attitudes of managers have a significant impact on how such policies and procedures are perceived (Hicks-Clarke and Ilies, 2000). Thus, the ministration of individuals is important, and also to communicate managers individually regarding the policies and procedures within the organization that can help create a positive climate for diversity. Managers must be provided with training to manage a diversified workforce and deal with their unique needs. Furthermore, this study elucidates a strong link between diversity climate and inclusion as well as a strong causal relationship between job satisfaction and diversity climate. In this context, organizations should concentrate on employee sense of inclusion by fostering a positive climate for diversity that they can perceive. The findings indicate that such initiatives can enhance satisfaction and retention.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Due to the compilation of data from the Indian IT industry located in the Delhi-NCR region, the generalizability of findings in other sectors or geographical locations cannot be assured. To improve external validity, future researchers can replicate the model to different geographical and occupational settings. Secondly, a cross-sectional design has been used for data collection. The current results cannot
be used to construct causal relationships. For example, no follow-up was conducted to ascertain whether
the respondent’s intent to quit manifested in actual actions. Future research initiatives may solve this
problem by incorporating longitudinal studies that examine the antecedents and consequences of a
diverse climate. Therefore, future researchers may use a longitudinal research design to provide a
thematic apprehension of the concerned topic. Lastly, the current research kingpins its work at the
individual level. Future research should focus on the group-level investigation.

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REFERENCES


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