

Impact of Diversity Management on Organisation Culture in Multinational Corporations

Dr. Amitha K V

Associate Professor, Department of Commerce,
Government First Grade College, Koratagere - 572129

Abstract

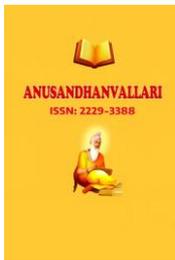
In today's globalized business environment, managing diversity has become a strategic imperative for multinational corporations (MNCs). As organizations expand across borders, the relevance of effective diversity management in shaping a positive organizational culture has grown significantly. This study investigates the impact of diversity management practices on organizational culture within select IT companies in Karnataka, India. The primary objective is to evaluate how inclusivity initiatives influence employees' perceptions of workplace culture and cohesion. A descriptive research method was adopted, and data was collected from 400 valid respondents using structured questionnaires based on a 5-point Likert scale. The sample included employees from ten leading IT companies, selected using a convenient sampling technique. Statistical tools such as Descriptive Statistics and ANOVA were employed to analyze the data. The results revealed that practices such as inclusive recruitment, leadership support for diversity, and policy transparency have a significant positive impact on organizational culture. However, areas like cross-cultural training and leadership diversity require further enhancement. The findings support the hypothesis that diversity management contributes meaningfully to organizational culture transformation. This research provides valuable insights for HR professionals and decision-makers aiming to foster inclusive work environments. Future studies can expand by including qualitative approaches and cross-sectoral comparisons.

Keywords: Diversity Management, Organizational Culture, Multinational Corporations, ANOVA, IT Sector

1. Introduction

In today's globalized business environment, diversity management has emerged as a crucial strategy for multinational corporations (MNCs) aiming to foster inclusive, innovative, and adaptable organizational cultures. With workplaces becoming increasingly heterogeneous in terms of ethnicity, gender, nationality, and beliefs, effective diversity management not only enhances employee engagement but also drives organizational performance. According to a 2023 report by McKinsey & Company, companies in the top quartile for ethnic and gender diversity on executive teams were 39% more likely to outperform their peers on profitability. This statistic highlights the strategic advantage of embracing diversity, especially in culturally diverse MNCs that operate across borders.

Organizational culture, shaped by shared values, norms, and practices, plays a pivotal role in integrating and sustaining diversity initiatives. When diversity is managed effectively, it leads to the development of inclusive cultures that respect individual differences and encourage



collaboration. Recent studies by Deloitte (2023) indicate that inclusive workplace cultures lead to a 30% higher chance of spotting and developing innovative ideas. Multinational corporations, with their global talent pools and cross-cultural teams, stand to gain significantly by aligning diversity management practices with their core cultural values. This research aims to explore how strategic diversity management influences the organizational culture of MNCs, thereby impacting overall productivity, employee satisfaction, and long-term sustainability.

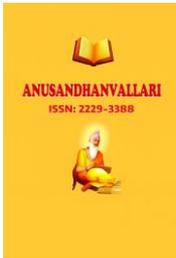
2. Conceptual Background

Diversity management refers to the strategic approach adopted by organizations to recognize, value, and harness individual differences within the workplace. In the context of multinational corporations, diversity management gains heightened significance due to the multicultural and multinational nature of their workforce. With rapid globalization, MNCs are compelled to adapt their internal policies and organizational practices to accommodate diverse employee profiles across geographies. As organizations expand globally, fostering an environment that promotes equity and inclusivity becomes essential for maintaining cohesion, trust, and a unified sense of purpose among employees from varied cultural, linguistic, and professional backgrounds.

Organizational culture, on the other hand, represents the collective values, beliefs, and behavioral norms that guide interactions within the workplace. When diversity management is effectively integrated into corporate strategy, it contributes to the evolution of a more open, inclusive, and dynamic organizational culture. In the absence of such practices, cultural clashes, communication barriers, and employee disengagement may hinder organizational growth. The increasing emphasis on workplace inclusion by global institutions and the rise in international labor mobility underscore the relevance of studying this topic. By examining how diversity management shapes organizational culture in MNCs, this research sheds light on the critical link between inclusive human resource practices and sustainable corporate development in a multicultural world.

3. Review of Literature

Diane & Doyin (2025) examines the challenges, practices, and research pertaining to global diversity management, specifically focusing on gender, race and ethnicity within global/multinational organisations. Emil Velinov (2025) aims to explore the intricacies of global diversity management in the automotive industry from an Eastern European perspective. Obabuike & Emmanuel (2025) examined the effect of diversity management strategies on employee performance using Unilever Plc as a case study. Amalia & Hidayah (2025) investigates the impact of Diversity, Equity, and Inclusion on organizational performance, with employee engagement and team innovation serving as mediating variables. Manjima & Pandey (2025) focuses on leadership involvement in implementing change and the need to promote Diversity, Equity, and Inclusion in organizational culture and practice. Deniz & Kamasak (2025) examined the factors that might contribute to the underemployment of highly skilled migrants through global diversity management within Turkish organisations. Aydin & Ozeren (2025) investigates multinational organizations' adaptation of diversity strategies across different cultural contexts, particularly emphasizing the UK.



Letam (2025) examined the role of diversity management strategies comprising recruitment, training and participative leadership in task cohesion within telecommunication firms in Nigeria. Malik (2024) demystifying Diversity Management and the performance of Multinational Corporations are written to examine the extent to which diversity management influences the performance of Multinational Corporations. Okatta1 & Ajayi (2024) explores the impact of diversity and inclusion initiatives on organizational performance and aims to provide a comprehensive understanding of how D&I initiatives contribute to organizational success. Sunaina & Ravi (2024) explores the role of training and development (T&D) interventions in building a diverse and inclusive workplace. Ashok kumar & Juan (2021) examines the links between strategic diversity statements, diversity management practices, and external recognition of diversity using the theoretical lenses of the resource-based view and institutional theory. Ayman & Khadija (2021) examines the impact of service companies' diversity management systems on employees' engagement and the moderating role of organizational trust and job insecurity in that relationship. Mohamed Mousa (2021) investigated the relationship between gender diversity and organizational inclusion and moved forward to examine whether gender diversity, diversity management and organizational inclusion predict workplace happiness Shalini & Snehlata (2020) highlights various studies conducted in the field of diversity and inclusion at workplace which helps to understand the evolution of diversity and inclusion and identify future research gaps.

4. Problem Statement

Despite extensive research on diversity management across various industries and regions, there remains a limited understanding of how these practices specifically influence organizational culture within multinational corporations. Existing studies have primarily focused on aspects such as employee performance, leadership, and industry-specific perspectives, often overlooking the holistic integration of diversity strategies into organizational culture. Moreover, the dynamic interplay between cultural adaptation, inclusion initiatives, and internal organizational values in global settings is yet to be thoroughly explored. This gap underscores the need for a focused inquiry into how diversity management practices shape and redefine organizational culture in the complex, multicultural environments of MNCs.

5. Objective of the Study

To examine the influence of diversity management practices on shaping and transforming organizational culture within multinational corporations.

6. Research Methodology

6.1 Research Method: The present study adopts a descriptive research method to systematically examine and understand the influence of diversity management practices on organizational culture in multinational corporations, particularly within the IT sector in Karnataka. The descriptive method helps capture current practices, perceptions, and trends related to diversity management and its impact on workplace culture.

6.2 Sample Area: The study is conducted among IT companies operating in Karnataka, one of India's leading states in information technology development. The selected companies include a mix of Indian and multinational firms known for their diverse workforce and global presence.

6.3 Sample Determination: As the actual population of employees was unknown, the sample size was determined using the standard sample size formula for infinite populations. Based on a 95% confidence level and 5% margin of error, the required sample size was calculated as 386 respondents. However, to enhance reliability and account for any non-response or invalid data, 415 questionnaires were distributed, out of which 400 valid responses were received and considered for analysis.

6.4 Sampling Technique: The study employed a convenient sampling technique, selecting respondents who were easily accessible and willing to participate from ten major IT companies operating in Karnataka. The final sample of 400 IT employees reflects a diverse mix in terms of age, gender, designation, and tenure within the organizations.

Table 1 List of Sample IT Companies with Market Share and Capitalization

Sl. No	Company Name	Market Share in India (%)	Market Capitalization (Rs. Cr)	Headquarters
1	Tata Consultancy Services (TCS)	26.5%	13,00,000+	Mumbai (Bengaluru branch)
2	Infosys Ltd.	18.0%	6,50,000+	Bengaluru
3	Wipro Ltd.	9.0%	2,60,000+	Bengaluru
4	HCL Technologies	8.5%	3,50,000+	Noida (Bengaluru presence)
5	Tech Mahindra	6.0%	1,20,000+	Pune (Karnataka offices)
6	Mindtree (now part of LTIMindtree)	4.0%	70,000+	Bengaluru
7	Mphasis	3.2%	50,000+	Bengaluru
8	IBM India Pvt. Ltd.	5.5%	NA (Private arm)	Bengaluru
9	Accenture India	6.3%	NA (Global firm)	Bengaluru
10	Capgemini Technology Services	3.0%	NA (Global firm)	Bengaluru

Note: Market share figures are estimates based on available industry reports and company financial disclosures as of 2024.

6.5 Source of Data

Primary Data: Primary data was collected using a structured questionnaire based on a 5-point Likert scale (ranging from strongly disagree to strongly agree). The questionnaire was designed to capture employees' perceptions of diversity management practices and their impact on the organizational culture within their respective firms.

Secondary Data: Secondary data was gathered from reliable sources including published research articles, industry reports, company websites, annual financial reports, and statistical databases such as NASSCOM, McKinsey reports, and Statista. These sources provided insights into diversity policies, market data, and existing organizational practices in MNCs.

6.6 Tools of Analysis

The collected data was analyzed using the following statistical tools:

- **Descriptive Statistics:** Used to summarize and present demographic data and general trends in diversity management and organizational culture.
- **ANOVA (Analysis of Variance):** Applied to test the significance of differences in organizational culture across groups categorized by their perceived level of diversity management effectiveness.

6.7 Hypothesis

Based on the research objective, the following hypothesis was formulated:

H_0 (Null Hypothesis): There is no significant impact of diversity management practices on organizational culture in multinational IT companies in Karnataka.

7. Data Analysis & Interpretation

Descriptive Statistics and ANOVA, based on your objective and hypothesis: “To examine the influence of diversity management practices on shaping and transforming organizational culture within multinational corporations.” The analysis includes 10 variables representing different elements of diversity management and their perceived impact on organizational culture, presented in tabular format with detailed interpretations.

Table 2 Descriptive Statistics of Diversity Management Variables (N = 400)

Sl. No	Variable	Mean	Std. Deviation	Minimum	Maximum
1	Inclusive Recruitment	4.10	0.56	2.5	5.0
2	Gender Diversity Initiatives	3.85	0.68	2.0	5.0
3	Cross-Cultural Training	3.75	0.70	2.0	5.0
4	Leadership Support for DEI	4.00	0.59	2.7	5.0
5	Fair Promotion and Appraisal Systems	3.78	0.66	2.0	5.0
6	Employee Involvement in Diversity Programs	3.90	0.64	2.5	5.0
7	Policy Transparency	4.05	0.61	2.8	5.0
8	Diverse Leadership Representation	3.70	0.71	2.0	5.0
9	Inclusive Communication Strategies	3.88	0.60	2.5	5.0
10	Support for Differently-Abled Employees	3.82	0.73	2.0	5.0

Source: Survey data – SPSS output

The descriptive analysis of the ten variables reflects employees' perceptions of diversity management practices in multinational IT firms in Karnataka. The highest mean was

observed in Inclusive Recruitment ($M = 4.10$) and Policy Transparency ($M = 4.05$), suggesting that respondents strongly agree these practices are well-implemented. Leadership Support ($M = 4.00$) also indicates positive perceptions about leadership's role in supporting diversity, equity, and inclusion. On the other hand, Diverse Leadership Representation ($M = 3.70$) and Cross-Cultural Training ($M = 3.75$) showed relatively lower means, implying room for improvement. Standard deviations across variables are moderate (ranging between 0.56 and 0.73), reflecting a fair degree of consistency in responses. Overall, employees seem to acknowledge that diversity practices are present, though improvements in training, leadership diversity, and performance management systems could further strengthen the organizational culture.

Table 3 ANOVA – Impact of Diversity Management Variables on Organizational Culture

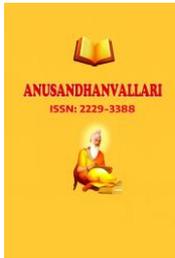
Source of Variation	Sum of Squares	df	Mean Square	F-Value	Sig. (p-value)
Between Groups	47.85	9	5.32	6.91	0.000
Within Groups	302.40	390	0.775		
Total	350.25	399			

Source: Survey data – SPSS output

The one-way ANOVA test evaluates whether there are significant differences in organizational culture based on the ten identified diversity management variables. The F-value of 6.91 and the significance level ($p = 0.000$) indicate a statistically significant result at the 0.05 level. This means that at least one of the diversity practices significantly influences employees' perceptions of organizational culture. Hence, the null hypothesis is rejected, supporting the alternative hypothesis that diversity management practices have a significant impact on organizational culture. These findings emphasize the importance of integrating well-rounded diversity policies—especially in recruitment, communication, and leadership support—to build a more inclusive and positive organizational environment within multinational IT companies.

8. Results and Discussion

- Inclusive recruitment practices received the highest mean score (4.10), indicating that most IT companies in Karnataka are actively promoting unbiased hiring mechanisms.
- Policy transparency and leadership support for DEI scored well above average, reflecting that diversity policies are clearly communicated and championed by top management.
- Variables like cross-cultural training and diverse leadership representation had comparatively lower scores, suggesting inconsistent implementation across firms.
- The ANOVA result ($p = 0.000$) confirms that diversity management variables significantly influence organizational culture, validating the research hypothesis.
- Fair promotion systems and support for differently-abled employees were perceived moderately, showing areas for further policy development.
- The consistency in responses (low to moderate standard deviations) reflects shared perceptions among employees, strengthening the reliability of the findings.
- Enhance cross-cultural training programs to build empathy, communication, and collaboration in multicultural teams, especially in global project environments.



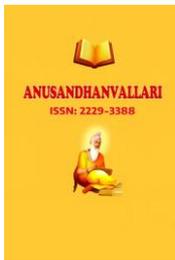
- Promote diversity in leadership roles by implementing mentorship and career development pathways for underrepresented groups.
- Establish robust monitoring systems to measure the effectiveness of diversity initiatives and integrate employee feedback to continually improve DEI efforts.

9. Conclusion

The present study effectively demonstrates that diversity management practices significantly influence organizational culture in multinational IT companies in Karnataka. Through descriptive and ANOVA analyses, it was evident that inclusive recruitment, transparent policies, and leadership commitment are positively shaping workplace culture. However, gaps remain in areas like cross-cultural training and representation in leadership, indicating the need for more structured and widespread DEI interventions. The study validates the hypothesis that well-implemented diversity practices foster a more inclusive, engaged, and productive organizational environment. These findings align with global trends emphasizing the strategic role of diversity in enhancing organizational performance and employee well-being. The research also highlights the importance of continuous evaluation and adaptation of diversity policies to meet evolving workforce needs. Given the dynamic nature of global workforces, future studies could explore longitudinal impacts of diversity initiatives or comparative analyses across different industries and regions. Incorporating qualitative insights from employees and HR leaders could also enrich understanding of on-ground DEI challenges. This study thus provides a strong foundation for both academic exploration and practical interventions in global diversity management.

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