

The Impact of the Workforce Diversity, Innovation Capacity and Corporate Social Responsibility on the Image of the Organization

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Abstract. *Demographic trends play an important role in the development of workforce diversity. Population expansion and immigration are two examples of demographic changes that have created more diverse environments and made it crucial for organizations to be able to adapt and manage change. Organizations constantly need to reassess their methods and come up with new, original ideas for managing people as a result of demographic and global changes. Positive adjustments could boost an organization's performance in matters of innovation and strengthen its ties to its customers as well as to the entire community. The research purpose of our paper is to provide an analysis of various viewpoints on the perceived image of the organization while taking into account the influence of three aspects: workforce diversity, creativity and innovation capacity, and corporate social responsibility. The perception of these three important organizational aspects was examined among employees from organizations of all sizes and in a range of activities from Romania. A questionnaire was used as an information gathering tool. The study is based on the quantitative approach, which considers the statistical analysis of numerical data. Based on the study findings and due to the inductive reasoning, today's leaders are responsible both for managing employees, but also for meeting the needs of customers who are increasingly ethnically and culturally diverse. It is necessary to pay attention to aspects related to diversity. Whether the goal is to be a valued employer, to provide excellent products and services to customers, or to maintain a competitive advantage, diversity is recognized and used as an important organizational resource.*

Keywords: workforce diversity, innovation, corporate social responsibility, organizational reputation, image of the organization, customer behavior.

Introduction

We live in a globalized, highly interconnected society, which makes workforce diversity increasingly important. It should not be surprising that organizations and institutions that promote diversity perform better. Yet, to fully profit from a diverse workforce, the majority of organizations still have work to do. In order to achieve diversity, organizations must focus on activities connected to attracting, developing, mentoring, and retaining their employees at all levels. Workforce

diversity adds value and could, in the right context, contribute to the organization's competitiveness.

The ability of a business to draw in and keep employees from many cultural backgrounds is expected to provide advantages in areas like problem-solving, creativity or innovation. It is also expected that such an organization will have a better reputation in society. It is important to notice that the needs of customers may emerge from how society portrays values in their minds. Consumers are often aware of all the advantages and disadvantages of each option in terms of quality, innovation, brand or organization reputation when making a purchase.

Literature review

Workforce diversity

Workforce diversity within organizations is considered as being essential due to the globalization of markets (Hastings, 2011). For organizations to adequately serve consumers around the world, they must understand the needs of their market. Organizations must comprehend the various perspectives from across the world in order to supply the goods and services that customers want as the market gets more globalized and different groups of people have more purchasing power. Given that the consumer market is expanding and that consumers are more varied, businesses must make an effort to reflect this consumer diversity by hiring and fostering a diverse workforce. This management technique is also referred to as market reflection, market representation, workforce representation or workforce diversity.

Diversity can be defined as recognizing, understanding, accepting, and capitalizing on the differences between people in terms of age, gender, ethnicity, nationality, physical ability, experiences, thinking, etc. Organizations must value the diversity of their employees and seek out methods to build inclusive cultures and workplaces. There is a wealth of research supporting the idea that diverse work environments perform better than homogeneous ones (Cox et al., 1991; Earley & Mosakowski, 2000). However, simply adding different people as a workforce within an organization is insufficient towards achieving substantially improved results. An organization's ability to harness the power of a diverse workforce in order to achieve tangible business benefits is called inclusion. SHRM defines inclusion as “the extent to which each person in an organization feels welcome, respected, supported and valued as a team member” (SHRM, 2012). Employees from diverse origins exhibit their own cultural competency in an inclusive work environment by successfully interacting with those who have different ideas and perspectives.

Supporting diversity is especially important right from the hiring process, accepting for employment candidates who fall within the basis of diversity or come from an unconventional background. Even though they don't fit into the “landscape” of the organization, those individuals frequently provide unique perspectives that can result in ideas that the other employees haven't concentrated on and probably wouldn't have thought of. People with various perspectives, or those with varied mindsets and points of view, are necessary for innovation. Diversity is essential for creativity (Morgan, 1989). Without creativity, innovation is impossible (Basset-Jones, 2005). Previous research linked diversity with creativity (McLeod et al., 1996), creativity being the basis of innovation (Yuan & Woodman, 2010), while diversity contributes to how businesses become innovative. Moreover, work teams across the organization need to include individuals with unconventional points of view because, according to research, people work harder and are more open in diverse teams than they are in homogeneous ones. In diverse teams, members anticipate differences of opinion and perspective, and as a result, team members are expected to work harder to reach a solution (Caleb, 2014).

Workforce diversity and corporate social responsibility are two distinct, but ultimately related concepts. Along with focusing on obtaining profitability and competitive advantage, corporate social responsibility encourages businesses to care about the community in which they operate. Workforce diversity relates to moral and ethical considerations, but also to desirable advantages like increased productivity, creativity and innovation capacity (Robinson & Dechant, 1997; Emmott & Worman, 2008). Corporate social responsibility is a concept that refers to an assumed duty of all organizations that they should have towards all parties involved in the actions of their economic activity.

The link between workforce diversity, innovation, corporate social responsibility, and the image of the organization

In the early 1990s the case for equal opportunity shifted from one based on morality and social justice to one based on commercial interests. Three different types of benefits can result from increasing diversity: greater capacity for invention, better products and services for varied client groups, and appreciation from the general public. Sales and profitability may rise as a result of customer appreciation. Also, corporate social responsibility has a favorable effect on organizations' financial performance, revenue growth, relationships with all stakeholders, customer loyalty, but also to organizational reputation enhancement. By purchasing a specific product or service provided by a certain organization, corporate social responsibility associated with that organization enables the buyer to feel confident in his choice (Green & Peloza, 2011).

Customers also favor equality of opportunity, which means they disapprove discrimination. As a result, they tend to value businesses with a more diverse workforce. Different people from different backgrounds certainly had different experiences, attitudes, and approaches. Therefore, the range of ideas is assumed to increase with diversity. When there is a greater diversity among the workforce, it is more probable that the needs of the customers would be better understood (Richard, 2000). Organizations with a well-managed diverse workforce stand a higher chance of comprehending and addressing the needs of various clients. Additionally, it is presumed that clients desire to interact with or observe others who are similar to them (Metcalf & Forth, 2000). Equal opportunity or a more diverse workforce are not necessarily guaranteed to increase customer appreciation. However, when workforce diversity is evident, this benefit is more likely to be realized.

One of the key challenges identified by organizations in addressing diversity in the workplace is the difficulty in measuring the results of diversity policies. It is very difficult to systematically monitor or evaluate the progress and benefits of diversity. This is because it is difficult to measure the full impact, including the intangible and long-term benefits of diversity initiatives when they may be just one of many other factors contributing to improved overall performance of the organization. In this context, there are elements, such as the employees or the society, which influence more than one factor related to the results of the organizations' activity (Pop & Pelau, 2017). However, one of the most important intangible advantages that an organization has is the image created among existing and potential consumers, within the market and the entire society.

Image is crucial for any business due to its power to affect how customers view the offered products and services (Zeithaml et al., 1996). Researchers have identified several factors that influence an organization's image. One critical factor in the development of the image associated with the brand of an organization is customer experience. Customer experience is related to the perceived quality, technical and functional characteristics, design, utility, ergonomics etc. of

products or services. All these aspects would not succeed to impress the customer if they were not based on the creativity of the workforce or on the innovation capacity of the organization.

A positive image empowers the organization to draw in new customers and boost shareholders confidence in the business. Since we live in a digitalized world, with the rapid technological progress in the Internet of things (IoT) and Artificial Intelligence (AI) (Szentesi et al., 2021), organizations cannot expect attracting the customers without a quick spread of information, but maintaining the credibility of the information is an important factor for avoiding the fake news and for the positive image of the organization (Pelau et al., 2022).

The public association of diversity with the brand is the most effective technique to let people know that the organization values diversity and inclusion. Offering internships and scholarships to members of underrepresented groups, as well as effectively promoting diversity in the workforce while providing the flexibility and tools needed to ensure success for all, are some ways to accomplish this. Other ways include encouraging employee volunteerism and supporting fundraising initiatives for various causes while helping to establish those funds, among others.

Methodology

The research of this paper aims at determining the employees' perception regarding the innovation capacity, the corporate social responsibility and the workforce diversity of the organization. Each of these three aspects can add value to the organization in several ways, but in our study, we specifically analyze their influence on the image of the organization. The primary data gathered in a prior study carried out in 2018 served as the basis for the survey research technique we developed and applied in this work. More precisely, we used several items from a previous study's questionnaire (eliminating the irrelevant items for this research) and we set a new goal for the study. A sample of 487 respondents participated in the multiple-topic survey. The respondents are employees in organizations of different sizes and from various fields of activity in Romania. For this study we analyzed the answers recorded for a number of 23 questions. Respondents were asked to rate the degree to which they agree with the statements included in the questionnaire by giving an answer on a scale from 1 to 5.

In this study we point out the differences of employees' perception considering their position in the organization. In accordance with their position, the sample has been split into two groups. Group 1 (defined as G1) included employees who have management duties and consists of 132 respondents. Group 2 (defined as G2) included employees who have execution duties and consists of 355 respondents out of the total 487 of the sample. With the use of SPSS 20, we looked for notable differences between the two groups. In order to explain the results, the research uses inductive reasoning by making generalizations from specific observations. Basically, in the first phase are the data, and later conclusions can be issued based on the data.

Results and discussions

The following three Tables present the statistics for our data study. We calculated the mean, the standard deviation (S.D.) and the t test for all our study variables. The research findings indicate that there are both comparable and different perceptions for the two respondent groups. With a p-value of less than 0.10, 15 of the 23 items under analysis reveal medium and significant differences, whereas 8 items are the same for both groups. For a more organized interpretation of the results, we analyzed separately the three aspects considered as having an influence on the image of the organization.

Table 1. contains the results regarding the employees' perception of workforce diversity. The two groups of employees have significant different beliefs to five out of the six aspects emphasized by the statements about workforce diversity. The perceptions that present the most significant differences refer to the respect shown by the organization for individual diversity and to supporting workforce diversity in general ($p=0.000$). The employees that have management duties ($M_{G1}=3.57$ and $M_{G1}=3.17$) consider more than the employees that have execution duties ($M_{G2}=2.77$ and $M_{G2}=2.40$) that the organization they work for respects and supports the diversity of the workforce. Similarly, the perception is also significant different for the following two statements ($p=0.000$), the employees with management duties acknowledge to a greater extent than the employees with execution duties that their work team is diverse in any aspects ($M_{G1}=3.43$ and $M_{G2}=2.81$) and that their organization prevents discriminations, tries to establish gender balance in order to improve employee well-being and labor relations ($M_{G1}=3.19$ and $M_{G1}=2.73$). The fifth item that has significant differences in appreciations ($p=0.004$) states that the management level values different perspectives by supporting workforce diversity ($M_{G1}=3.08$ and $M_{G1}=2.73$). Surprisingly, the last statement on workforce diversity has registered no significantly different perspectives ($p=0.494$). Both groups of employees consider that within the organization, the aim is to establish gender balance at the level of management positions ($M_{G1}=3.07$ and $M_{G1}=3.15$). It is important to mention that, even though the difference is not significant, this time the employees that have execution duties consider that at the management level, the gender balance is pursued by the organization.

We must note that all employees, respondents for our research, disregarding the function they have within the organization, have an average appreciation about all the workforce diversity issues. This fact means that the organization still does not have a very clear orientation towards the pursuit of workforce diversity and that more initiatives are needed in this regard. Also, it would probably be necessary to better inform and educate employees about what workforce diversity means, what it aims and all the advantages it brings for both the employees and organization.

Table 1. Analysis results with regard to the significant differences between the perceptions of the two groups of employees in what concerns the workforce diversity

Item	Mean G1	Mean G2	S.D. G1	S.D. G2	p
Workforce diversity					
The organization shows respect for individual diversity.	3.57	2.77	1.17	1.29	.000
The organization supports workforce diversity.	3.17	2.40	1.26	1.26	.000
My work team is diverse (in terms of gender, culture, educational level, nationality, religion, sexual orientation, age, disabilities, thinking styles etc. of the work team members).	3.43	2.81	1.27	1.16	.000
The organization supports workforce diversity, prevents discrimination and establishes gender balance in order to improve employee well-being and labor relations.	3.19	2.73	1.02	1.15	.000
The management level values different perspectives by supporting workforce diversity.	3.08	2.73	1.28	1.16	.004
Within the organization, the aim is to establish gender balance at the level of management positions.	3.07	3.15	1.18	1.21	.494

Source: Authors' own research.

Table 2. contains the analysis results regarding the employees' perception of creativity and innovation capacity of the organization. We approached innovation capacity as defined by the

creativity and the potential of the employees, and by how creativity is stimulated within the organization, not from the point of view of the technology or the financial potential available to the organization.

The two groups of employees have significantly different perceptions for two out of the nine aspects emphasized by the statements about creativity and innovation ($p=0.004$ and $p=0.009$). The employees that have management duties are more confident in developing creative ideas to solve problems and are more motivated to implement solutions ($M_{G1}=3.91$ and $M_{G2}=3.59$), but the employees with execution duties consider their colleagues' opinion and support as a boost on their creativity ($M_{G1}=3.25$ and $M_{G2}=3.57$). The beliefs confirm reality, that managers are more action oriented, maybe even more confident and that, on the other hand, on the execution level, support and confirmation from others are needed.

The two groups had moderately different perspectives in what concerns the events, team building or training organized by the organization in order to improve the creativity and performance of the team ($p=0.044$). The difference between perceptions ($M_{G1}=3.47$ and $M_{G2}=3.21$) is maybe due to the fact that the employees who have execution duties do not associate these activities so much with creativity improving.

According to the research findings, similar perceptions with no significant differences were recorded for both groups of employees regarding the actions and the attitude of the management level within the organization. More precisely, the employees had the same view about how the management adapts to changes, encourages proactive behavior and supports freedom of expression, shares the visions, goals, and innovation strategy with all employees, provides a satisfactory level of autonomy to employees and about the fact that the leaders are a creativity model. Both groups share the same idea about the work environment within the organization, precisely that it can support creativity.

The statements from the section creativity and innovation capacity received beyond average appreciations considering the scale associated with the respondents' answers. This means that organizations recognize employees' creativity as being a valuable resource. Also, creativity is the source for the innovation capacity of the organizations. However, the organizations included in our study still need to improve their actions in order to take advantage of the full creativity potential of their employees.

Table 2. Analysis results with regard to the significant differences between the perceptions of the two groups of employees in what concerns the creativity and innovation capacity

Item	Mean G1	Mean G2	S.D. G1	S.D. G2	p
Creativity and innovation capacity					
I am confident that I can develop creative ideas to solve problems and I am motivated to implement solutions.	3.91	3.59	1.02	1.13	.004
The opinion and support of other work colleagues has a positive effect on my individual creativity.	3.25	3.57	1.27	1.16	.009
The organization organizes events, team building or training, in order to improve the creativity and performance of the team.	3.47	3.21	1.36	1.25	.044
The management takes into account and adapts quickly to the changes that occur or are necessary.	3.85	3.67	1.32	1.16	.148
The organization encourages proactive behavior and supports freedom of expression.	3.78	3.61	1.35	1.27	.184
The organization shares the visions, goals and innovation strategy (new ideas for products, services, processes etc.) with all employees.	3.73	3.60	1.21	1.12	.257

Item	Mean G1	Mean G2	S.D. G1	S.D. G2	p
The members of the organization's leadership are a creativity model (try new ideas and approaches to problems etc.)	3.56	3.65	1.42	1.21	.473
The organization provides a satisfactory level of autonomy to employees.	3.46	3.37	1.41	1.19	.481
The work environment within the organization supports creativity (good lighting, relaxing environment, clean, quiet etc.).	3.60	3.68	1.22	1.25	.510

Source: Authors' own research.

Table 3. contains the analysis results regarding the employees' perception of corporate social responsibility of the organization. The two groups of employees have significantly different opinions to six out of the eight aspects emphasized by the statements about corporate social responsibility. The perception that displays the most significant differences refers to the fact that corporate social responsibility is supported by the leadership and is recognized by all employees as one of the values of the organization ($p=0.000$). The employees that have management duties appreciated less the statement ($M_{G1}=3.23$ and $M_{G2}=3.99$), maybe because from their position they see the organization lacks social responsibility. Another statement that received significantly different appreciations regards the perception about the importance attributed to the organizational image ($p=0.000$). The employees that have management duties consider that image is important in promoting the organization ($M_{G1}=4.85$) compared to the employees that have execution duties ($M_{G2}=4.50$). An explanation here could be that employees with execution duties are more oriented towards the quality and result of their own specific work. On the other hand, managers are aware of the importance of a good image on the market.

Table 3. Analysis results with regard to the significant differences between the perceptions of the two groups of employees in what concerns the corporate social responsibility

Item	Mean G1	Mean G2	S.D. G1	S.D. G2	p
Corporate social responsibility					
Corporate social responsibility is supported by the leadership and is recognized by all employees as one of the values of the organization.	3.23	3.99	1.42	0.93	.000
The image of the organization is important in promoting.	4.85	4.50	0.45	0.50	.000
A fair relationship with customers and suppliers is vital for organization.	4.76	4.41	0.51	0.72	.000
A tight relationship with the community brings benefits for organization.	4.89	4.59	0.42	0.49	.000
The environment protection is mandatory.	4.84	4.64	0.46	0.65	.001
The organization ethical policy towards employees, including supporting the diversity of the workforce as part of social responsibility positively influences the image and reputation of the organization.	2.88	2.56	1.41	1.10	.008
The organization ethical policy towards employees, including the support of workforce diversity as part of social responsibility positively influences employee satisfaction and efficiency.	2.78	2.57	1.35	1.16	.092
Employee policy and community relations are part of the social responsibility of the organization.	3.88	4.01	1.04	0.90	.160

Source: Authors' own research.

The two groups of employees have significantly different opinions regarding the following three statements ($p=0.000$, $p=0.000$ and $p=0.001$). The employees with management duties consider more than the employees with execution duties, that a fair relationship with customers

and suppliers is vital for the organization ($M_{G1}=4.76$ and $M_{G2}=4.41$) or that a tight relationship with the community brings benefits for organization ($M_{G1}=4.89$ and $M_{G2}=59$), but also that the environment protection is mandatory ($M_{G1}=4.84$ and $M_{G2}=4.64$). The different perceptions about these aspects may have the answer in the fact that the managers have a better view on the whole picture, on the whole organization and that they know more about the importance of the details. One thing that has to be highlighted regarding the previous statements from this section is that employees from both groups gave almost the highest score within the scale associated with the respondents' answers.

The next statement emphasizes again the importance of workforce diversity, but as being part of social responsibility which in turn positively influences the image and reputation of the organization. The appreciation is back at the middle of the scale. The opinions are significantly different ($p=0.008$), the employees who have managerial duties have a better view on the existing link between workforce diversity, corporate social responsibility and the image of the organization ($M_{G1}=2.88$ and $M_{G2}=2.56$). The perceptions on the fact that the organization's ethical policy towards employees, including the support of workforce diversity, as part of social responsibility positively influences employee satisfaction and efficiency tend to be similar for both groups of employees ($p=0.092$). With a slight difference in opinion, the employees with execution duties see less the relation between ethics and workforce diversity on one hand and employee satisfaction and efficiency on the other ($M_{G1}=2.78$ and $M_{G2}=2.57$).

Similar perceptions for the two employee groups can be observed regarding the employee policy and community relations as being part of the social responsibility of the organization ($p=0.160$). Both employees with management positions and employees with execution duties consider that the employee policy and community relations are part of the social responsibility of the organization ($M_{G1}=3.88$ and $M_{G2}=4.01$).

Conclusion

The results of our study strengthen the findings and the conclusions of prior studies. Diversity is still in its growth stage. Still, organizations do not have a very clear orientation towards the pursuit of workforce diversity and more initiatives are needed in this regard. Better information for employees about what workforce diversity truly means, its aims and all the advantages it brings for both employees and organizations would be necessary.

For many organizations compliance with legislation is a key reason for adopting equality and diversity policies and practices, but for most companies it is the desired outcome of these policies. The study also found that most organizations that voluntarily respond to social change and have proactive diversity practices want to go beyond simple legal obligations and fully benefit from its advantages. Moreover, a properly managed diversity might enhance employees' creativity and the innovation capacity of the organization. According to respondents' answers, the organizations from our study recognize employees' creativity as being a valuable resource. They feel encouraged to point out their views, motivated to express themselves, and different opportunities in order to stimulate their creativity are being set up, but at a moderate level. The beyond average appreciations show us that there is still room for improvement, that the creativity potential is not fully involved into the innovation capacity of the studied organizations.

The items regarding corporate social responsibility were very much related to the support of workforce diversity within the organization. The items also had the purpose of checking if the answers recorded in the previous section are maintained, and so it was. Also, the results indicate that employees are aware and appreciate ethical and responsible treatment from the organization.

Even if consumers base their purchase decision on the quality of the products and services, on the functionality of the products or on other personal considerations, it is still important to examine the less evident features that are closely tied to all of the factors taken into account when making the purchase. For example, the functionality or the design of a product are the results of innovation. Innovation is based on the creativity of the employees. The fact that the organization, thanks to its innovation capacity, puts on the market a product or service that is highly appreciated by its consumers, will have a positive impact on the organization's reputation. Also, diversity of the workforce enhances creativity. Workforce diversity is contained within corporate social responsibility while corporate social responsibility projects a certain image of the organization on the market. The conclusion is that both the workforce diversity, creativity and innovation, but also social responsibility influence the image of the organization.

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