

Influence Of Diversity Climate On Employee Well-Being

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ABSTRACT

A diverse and inclusive workplace has become a strategic priority for organizations seeking to enhance employee well-being and organizational effectiveness. This study examines the influence of diversity climate on employee well-being among employees in the Information Technology (IT) sector in Coimbatore. Grounded in Social Exchange Theory (SET), the study investigates the effects of five dimensions of diversity climate—organizational fairness, inclusion, equal employment opportunity, diversity support practices, and respect for diversity—on employee well-being, comprising psychological, physical, social, and workplace well-being. A quantitative research design was adopted using a structured questionnaire administered to 412 IT employees selected through purposive sampling. The collected data were analyzed using IBM SPSS 29 and AMOS 29, employing descriptive statistics, reliability analysis, Confirmatory Factor Analysis (CFA), and Structural Equation Modelling (SEM). The findings indicate that all five dimensions of diversity climate have a significant positive influence on employee well-being, with diversity support practices and inclusion demonstrating the strongest effects. The measurement and structural models exhibited satisfactory reliability, validity, and goodness-of-fit, confirming the robustness of the proposed model. The study contributes to the existing literature by extending the application of Social Exchange Theory to the Indian IT context and validating diversity climate as a multidimensional construct influencing employee well-being. The findings provide valuable implications for organizational leaders and human resource practitioners to develop inclusive policies, promote equitable workplace practices, and strengthen employee well-being through effective diversity management. The study concludes that fostering a positive diversity climate is essential for creating healthier, more engaged, and high-performing workforces capable of sustaining organizational competitiveness.

Keywords: Diversity Climate, Employee Well-being, Organizational Fairness, Inclusion, Equal Employment Opportunity, Diversity Support Practices, Respect for Diversity, Social Exchange Theory, Structural Equation Modelling, IT Sector

INTRODUCTION:

In today's globalized and knowledge-driven economy, workforce diversity has become a strategic organizational asset rather than merely a legal or ethical obligation. Organizations increasingly employ individuals from diverse demographic, cultural, educational, and professional backgrounds to improve innovation, problem-solving, and organizational competitiveness. The Information Technology (IT) industry, in particular, depends heavily on diverse talent pools to meet the growing demands of digital transformation, artificial intelligence, cloud computing, cybersecurity, and global software development. However, the presence of workforce diversity alone does not guarantee positive organizational outcomes. Instead, organizations must foster a positive diversity climate, which reflects employees' shared perceptions regarding fairness,

inclusion, equal opportunities, and organizational support for diversity initiatives (Nair & Vohra, 2015; Platania et al., 2025).

Diversity climate refers to employees' perceptions that organizational policies, practices, and leadership actively value and support individuals from different backgrounds while ensuring equitable treatment and inclusion. A positive diversity climate promotes respect, trust, psychological safety, and collaboration among employees irrespective of their gender, age, ethnicity, religion, educational background, or cultural identity. Such an inclusive environment enables employees to express their ideas freely, participate in organizational decision-making, and develop stronger interpersonal relationships, thereby enhancing both individual and organizational performance. Conversely, an unfavorable diversity climate may contribute to workplace discrimination, exclusion, interpersonal conflict, emotional exhaustion,

and reduced organizational commitment (Singh & Selvarajan, 2020; Ramasamy, 2025).

Employee well-being has emerged as one of the most significant dimensions of sustainable human resource management. It encompasses employees' physical, psychological, emotional, and social health, enabling individuals to perform effectively while maintaining a satisfactory quality of work life. Organizations that prioritize employee well-being experience higher levels of engagement, innovation, productivity, organizational citizenship behaviour, and employee retention while reducing absenteeism and turnover intentions. Recent literature emphasizes that supportive organizational climates characterized by fairness, inclusion, and diversity management practices significantly enhance employee well-being by fostering belongingness, trust, and workplace resilience (Kaushik et al., 2025; Platania et al., 2025).

The importance of diversity climate has become particularly evident in the Information Technology sector because IT organizations employ professionals from different states, cultures, languages, educational disciplines, and generations who collaborate in multidisciplinary and globally distributed teams. While diversity enhances organizational creativity and innovation, it may also create communication barriers, cultural misunderstandings, unconscious bias, and interpersonal conflicts if organizations fail to establish an inclusive workplace environment. Therefore, diversity climate serves as an important organizational mechanism that transforms workforce diversity into positive employee outcomes, including higher well-being, stronger organizational commitment, increased engagement, and improved job performance (Shekhar, 2025; Nair & Vohra, 2015).

India has emerged as one of the world's leading information technology destinations, contributing significantly to employment generation, exports, and digital innovation. Alongside metropolitan technology hubs such as Bengaluru, Hyderabad, Pune, and Chennai, Coimbatore has experienced remarkable growth as a Tier-II IT hub. The city hosts numerous multinational corporations, software development firms, engineering service companies, business process outsourcing organizations, and technology start-ups. This rapid industrial expansion has resulted in increasingly diverse workforces comprising employees from various regions, languages, educational institutions, genders, and socio-cultural backgrounds. Consequently, creating an organizational climate that values diversity and promotes employee well-being has become essential for sustaining organizational performance and maintaining competitive advantage within Coimbatore's growing IT ecosystem (Shekhar, 2025).

Although previous studies have established positive relationships between workforce diversity, inclusion, organizational performance, and employee engagement, relatively limited empirical evidence exists regarding the direct influence of diversity climate on employee well-being within India's emerging Tier-II technology cities. Most existing research has focused on multinational

corporations or metropolitan IT clusters, with comparatively little attention given to rapidly developing IT ecosystems such as Coimbatore. Furthermore, many studies have examined diversity management and employee well-being independently without investigating how employees' perceptions of diversity climate influence their holistic well-being. This research gap is particularly significant because employee expectations regarding fairness, inclusion, and psychological safety continue to evolve in response to hybrid work models, globalization, and technological transformation (Singh & Selvarajan, 2020; Shekhar, 2025).

Against this background, the present study aims to examine the influence of diversity climate on employee well-being among employees working in the IT sector in Coimbatore. The findings are expected to contribute to the growing body of diversity management literature by providing empirical evidence on how an inclusive organizational climate enhances employees' physical, psychological, emotional, and social well-being. The study will also offer practical implications for human resource managers and organizational leaders in designing effective diversity and inclusion policies that improve employee satisfaction, organizational resilience, talent retention, and long-term organizational sustainability within the rapidly expanding IT industry of Coimbatore city (Platania et al., 2025; Kaushik et al., 2025).

LITERATURE REVIEW

Organizational Fairness and Employee Well-being

Organizational fairness refers to employees' perceptions regarding the fairness of organizational decisions, procedures, treatment, rewards, promotions, workload allocation, performance appraisal, and communication. It is closely associated with the concept of organizational justice, which generally includes distributive justice, procedural justice, interactional justice, and informational justice. Distributive justice concerns the perceived fairness of outcomes such as salary, incentives, promotions, and recognition, whereas procedural justice refers to the fairness of the processes used to make organizational decisions. Interactional and informational justice focus on the quality of interpersonal treatment and the adequacy of information provided to employees during organizational interactions (Colquitt, 2001; Greenberg, 1990).

Organizational fairness is particularly relevant in diverse workplaces because employees may differ in terms of gender, age, educational background, ethnicity, language, socio-economic background, work experience, and professional identity. In such environments, employees closely observe whether recruitment, task assignment, promotion, appraisal, and reward systems are implemented equitably. A work environment characterized by fairness can promote trust, reduce perceptions of discrimination, and strengthen employees' confidence in the organization. Conversely, perceived unfairness may create dissatisfaction, frustration, emotional exhaustion, and a sense of exclusion among employees (Cachón-Alonso & Elovainio, 2022; Colquitt et al., 2013).

The relationship between organizational fairness and employee well-being has received substantial attention in organizational behavior and occupational health research. Employees who perceive that organizational procedures are fair are more likely to experience positive psychological states, including trust, optimism, emotional stability, and job satisfaction. Fairness in decision-making can reduce uncertainty and help employees feel that their contributions are valued by the organization. Such perceptions are important for psychological well-being because employees are less likely to experience anxiety, stress, and emotional strain when they believe that organizational processes are transparent and impartial (Cachón-Alonso & Elovainio, 2022; Magnavita et al., 2022).

Organizational fairness can also influence physical well-being. Perceptions of unfair treatment can become a source of chronic workplace stress, which may contribute to fatigue, headaches, sleep difficulties, reduced immunity, and other stress-related health concerns. In contrast, a fair work environment may reduce job-related strain and support employees' ability to maintain healthy physical functioning. A review of organizational justice and health research has demonstrated that workplace justice is associated with mental health, stress-related health problems, sickness absence, and self-rated health outcomes (Cachón-Alonso & Elovainio, 2022).

The social dimension of employee well-being is also influenced by organizational fairness. When employees perceive fairness in interpersonal treatment, they are more likely to develop mutual trust, respect, and positive relationships with supervisors and colleagues. Fairness encourages open communication and reduces the likelihood of workplace conflicts. In diverse IT organizations, where employees often work in teams with members from different cultural and professional backgrounds, fair treatment may promote collaboration and strengthen team cohesion. Employees who feel that they are treated with dignity and impartiality are more likely to participate actively in teams and maintain positive social relationships at work (Colquitt et al., 2013; Magnavita et al., 2022).

Organizational fairness is also expected to improve workplace well-being by enhancing employees' satisfaction with their work environment, organizational policies, and employment conditions. Workplace well-being includes employees' perceptions of job satisfaction, work-life balance, work environment quality, engagement, and organizational support. When reward systems, appraisal procedures, promotion decisions, and grievance mechanisms are perceived as fair, employees are more likely to develop favorable attitudes toward the organization. This may improve their sense of security, organizational commitment, and willingness to remain with the organization (Gomes et al., 2025; Leineweber et al., 2025).

For employees in the Coimbatore IT sector, organizational fairness may be particularly significant because the industry involves performance-based incentives, project-based work allocation, remote and hybrid work arrangements, skill-based promotions, and highly

competitive career progression. Employees may evaluate whether equal opportunities are provided in training, performance assessment, salary determination, project allocation, and promotion. Therefore, an organizational environment characterized by fairness can be expected to strengthen psychological, physical, social, and workplace well-being among IT employees.

H1: Organizational Fairness has a significant positive influence on Employee Well-being among employees working in the IT sector in Coimbatore.

Inclusion and Employee Well-being

Inclusion refers to the extent to which employees feel valued, respected, accepted, involved, and able to participate meaningfully in organizational life. While workforce diversity focuses on the presence of employees from different backgrounds, inclusion concerns the quality of employees' experiences after entering the organization. An organization may have a diverse workforce but still fail to create an inclusive culture if employees do not feel heard, respected, or involved in decision-making. Therefore, inclusion is considered an important mechanism through which workforce diversity produces positive employee and organizational outcomes (Mor Barak, 2016; Jaiswal & Dyaram, 2020).

Inclusive workplaces promote a sense of belongingness by ensuring that employees are treated as valued members of the organization. Employees who feel included are more likely to express their views, share knowledge, contribute ideas, and participate in organizational activities. Inclusion also helps employees feel comfortable in presenting their authentic identity at work without fear of discrimination, exclusion, or negative treatment. Such experiences can strengthen psychological well-being because employees feel emotionally secure, respected, and accepted within the workplace environment (Jaiswal & Dyaram, 2020; Shore et al., 2011).

The relationship between inclusion and psychological well-being is particularly important in knowledge-intensive sectors such as information technology. IT employees often work in collaborative project teams, engage in continuous problem-solving, and communicate with clients and colleagues from different regions and cultures. When employees feel that their opinions are valued and their contributions are recognized, they may experience greater confidence, self-esteem, and emotional stability. Conversely, exclusion may lead to loneliness, stress, anxiety, and reduced motivation. Inclusion can therefore reduce psychological strain by providing employees with a sense of membership and interpersonal support (Jaiswal & Dyaram, 2020; Platania et al., 2025).

Inclusion can also influence physical well-being by reducing the negative health consequences associated with workplace stress. Employees who experience exclusion, disrespect, or discrimination may face prolonged emotional strain, which can affect sleep quality, energy levels, concentration, and general health. Inclusive workplaces can reduce such stressors by encouraging respectful communication, equitable treatment, and supportive leadership. When employees feel included, they may experience lower levels of

emotional exhaustion and greater capacity to manage work pressures effectively (Cachón-Alonso & Elovainio, 2022; Platania et al., 2025).

The social well-being of employees is strongly connected to inclusion. Inclusive work environments promote positive interpersonal relationships by encouraging employees to interact across cultural, gender, generational, and professional differences. Such environments support communication, teamwork, mutual learning, and social support. Employees who perceive higher inclusion are likely to develop stronger relationships with supervisors and colleagues, thereby improving their sense of social connection within the organization. In IT companies, where project success depends on collaboration and knowledge sharing, social inclusion may contribute significantly to team effectiveness and employee well-being (Jaiswal & Dyaram, 2020; Shore et al., 2011).

Inclusion is also linked with workplace well-being because employees who feel involved in organizational decisions are more likely to report higher job satisfaction, commitment, engagement, and intention to remain with the organization. Inclusive leadership and inclusive organizational practices may improve employees' perceptions that the workplace is supportive and responsive to their needs. This can create favorable attitudes toward the organization and encourage employees to invest greater effort in their work. Recent research indicates that organizational inclusion practices can contribute to positive employee outcomes through organizational identification and perceived support (Platania et al., 2025).

In the Coimbatore IT sector, inclusion may be important because employees often come from different districts, states, educational institutions, linguistic backgrounds, and professional specializations. Organizations must therefore create work environments where all employees can participate in team discussions, access development opportunities, and express ideas freely. Inclusive practices may be especially relevant for women employees, early-career professionals, employees from different regions, and workers engaged in hybrid or remote work arrangements.

H2: Inclusion has a significant positive influence on Employee Well-being among employees working in the IT sector in Coimbatore.

Equal Employment Opportunity and Employee Well-being

Equal employment opportunity refers to the provision of fair and non-discriminatory access to employment-related opportunities, including recruitment, training, performance appraisal, promotion, compensation, career development, leadership opportunities, and employee benefits. It emphasizes that individuals should receive employment opportunities based on relevant qualifications, skills, competence, and performance rather than demographic characteristics such as gender, age, ethnicity, religion, disability, language, or social background. Equal employment opportunity is a central component of diversity and inclusion practices because it

promotes equity and reduces discrimination within the workplace (Mor Barak, 2016; Nair & Vohra, 2015).

In organizations, equal employment opportunity can enhance psychological well-being by reducing uncertainty and perceived discrimination. Employees who believe that recruitment, promotion, and performance evaluation procedures are unbiased are more likely to experience trust and confidence in the organization. They may also feel more motivated to develop their skills and pursue career advancement. In contrast, employees who perceive unequal access to opportunities may experience frustration, reduced self-esteem, anxiety, and dissatisfaction. Thus, equal employment opportunity can create a psychologically supportive work environment by strengthening employees' perceptions of fairness and merit-based career progression (Colquitt et al., 2013; Jaiswal & Dyaram, 2020).

Equal employment opportunity may also influence physical well-being by reducing stress associated with job insecurity, discrimination, and unequal treatment. Employees who feel that their career growth depends on their competence and performance rather than personal identity may experience greater employment security and reduced work-related tension. A supportive equal-opportunity environment can encourage employees to focus on learning, productivity, and professional development rather than worrying about unfair barriers. Reduced stress may positively influence physical health, energy levels, and overall work functioning (Cachón-Alonso & Elovainio, 2022; Magnavita et al., 2022).

The social well-being of employees can also improve when equal employment opportunity practices are effectively implemented. Employees may develop more respectful relationships with colleagues when they perceive that opportunities are distributed fairly. Equal access to training, leadership roles, rewards, and career development can reduce unhealthy competition, favoritism, and interpersonal conflicts. In diverse work teams, transparent opportunity structures can support cooperation and reduce perceptions that certain groups receive preferential treatment. Therefore, equal employment opportunity may strengthen employee trust, team cohesion, and social interaction within the workplace (Mor Barak, 2016; Shore et al., 2011).

Equal employment opportunity is further associated with workplace well-being because it creates a work environment where employees perceive career growth and advancement as achievable. Employees who see clear opportunities for promotion, skill development, and leadership participation are more likely to report satisfaction with their jobs and commitment to their organizations. Equal opportunity policies can also help organizations retain talented employees by reducing turnover intentions among workers who may otherwise feel marginalized or ignored. For the IT sector, where technical skills and professional development are crucial, equal access to training and career advancement may be a key driver of employee well-being and retention (Jaiswal & Dyaram, 2020; Platania et al., 2025).

In the Coimbatore IT sector, equal employment opportunity is relevant because organizations compete for

employees with specialized skills in software development, data analytics, cloud computing, cybersecurity, artificial intelligence, and digital services. Employees may evaluate whether opportunities for certification, promotion, project leadership, international assignments, and salary growth are provided fairly. Therefore, transparent and unbiased opportunity systems may contribute to stronger employee well-being across psychological, physical, social, and workplace dimensions.

H3: Equal Employment Opportunity has a significant positive influence on Employee Well-being among employees working in the IT sector in Coimbatore.

Diversity Support Practices and Employee Well-being

Diversity support practices refer to organizational policies, programs, leadership behaviors, training initiatives, communication systems, and human resource practices designed to value, support, and manage workforce diversity. These practices may include diversity and inclusion training, anti-discrimination policies, flexible work arrangements, mentoring programs, employee resource groups, grievance mechanisms, bias-awareness programs, inclusive recruitment strategies, equal access to development opportunities, and leadership commitment to diversity. Diversity support practices represent the practical actions taken by organizations to create a work environment where differences are respected and employees can contribute effectively (Mor Barak, 2016; Nair & Vohra, 2015).

Diversity support practices can improve psychological well-being by helping employees feel protected, valued, and supported by the organization. When organizations provide clear anti-discrimination policies, diversity training, confidential complaint mechanisms, and inclusive leadership, employees may feel more secure in expressing their views and identities. Such practices can reduce fear of harassment, exclusion, or unfair treatment. Employees who perceive strong diversity support are more likely to experience confidence, trust, emotional stability, and positive attitudes toward the organization (Jaiswal & Dyaram, 2020; Platania et al., 2025).

The relationship between diversity support practices and physical well-being can be understood through the stress-reduction perspective. Employees who perceive that their organization actively addresses discrimination, inequality, and workplace conflict may experience lower levels of chronic stress. Diversity-supportive workplaces may also promote flexible work policies, employee assistance programs, wellness initiatives, and work-life balance arrangements. Such practices can help employees manage work demands and personal responsibilities, thereby contributing to improved physical health and reduced fatigue. Organizational support has been widely recognized as a resource that can protect employee health and well-being (Cachón-Alonso & Elovainio, 2022; Magnavita et al., 2022).

Diversity support practices may also strengthen social well-being by encouraging respectful communication and collaboration among employees from different backgrounds. Diversity training can help employees

become more aware of cultural differences, unconscious bias, stereotypes, and inclusive communication methods. Mentoring and employee networking initiatives can further promote social connections and support systems within the workplace. These practices are particularly relevant in IT organizations, where employees work in cross-functional and multicultural project teams. By strengthening interpersonal understanding and reducing prejudice, diversity support practices can improve employees' social relationships and sense of belonging (Mor Barak, 2016; Shore et al., 2011).

At the workplace level, diversity support practices can improve job satisfaction, engagement, commitment, and intention to remain with the organization. Employees are more likely to view the organization positively when they observe that diversity values are reflected in recruitment, promotion, leadership behavior, training, and organizational communication. However, diversity policies alone may not be sufficient; employees must perceive that these practices are genuinely implemented and consistently supported by managers. Therefore, the effectiveness of diversity support practices depends on both formal policies and the actual experiences of employees in their everyday work environment (Jaiswal & Dyaram, 2020; Platania et al., 2025).

For the Coimbatore IT sector, diversity support practices may include inclusive onboarding programs, anti-harassment policies, skill-development opportunities, women-friendly workplace initiatives, flexible working arrangements, mentoring systems, grievance redressal mechanisms, and diversity awareness training. Such practices may enable employees from varied backgrounds to feel safer, more supported, and more satisfied at work. Consequently, diversity support practices are expected to positively influence psychological, physical, social, and workplace well-being among IT employees.

H4: Diversity Support Practices have a significant positive influence on Employee Well-being among employees working in the IT sector in Coimbatore.

Respect for Diversity and Employee Well-being

Respect for diversity refers to the recognition, acceptance, and appreciation of differences among employees within an organization. It involves treating individuals with dignity regardless of their demographic, cultural, linguistic, religious, gender-related, educational, or professional characteristics. Respect for diversity is reflected in everyday interactions, communication patterns, leadership behavior, team practices, and organizational norms. It goes beyond merely tolerating differences and emphasizes the active valuing of diverse perspectives, identities, experiences, and capabilities (Mor Barak, 2016; Shore et al., 2011).

Respect for diversity can promote psychological well-being by creating a sense of personal dignity and emotional safety. Employees who feel respected are more likely to believe that their identity, opinions, and contributions are valued by colleagues and supervisors. Such experiences may strengthen self-confidence, self-worth, and psychological security. In contrast, disrespectful treatment, stereotyping, microaggressions, and discriminatory communication may lead to stress,

anxiety, reduced self-esteem, and emotional exhaustion. Therefore, respect for diversity may act as an important workplace resource that supports employees' psychological health (Jaiswal & Dyaram, 2020; Platania et al., 2025).

Respectful workplace relationships can also influence physical well-being. Employees who regularly experience disrespect, exclusion, or harassment may suffer from prolonged stress, which can affect sleep quality, concentration, immune functioning, and general health. A respectful diversity climate can reduce the likelihood of interpersonal conflict and emotional strain. Employees who experience supportive and dignified treatment may be better able to manage work pressures and maintain positive health behaviors. Thus, respect for diversity may indirectly support physical well-being by reducing workplace stressors and improving emotional stability (Cachón-Alonso & Elovainio, 2022; Magnavita et al., 2022).

Social well-being is closely related to respect for diversity because respectful interactions encourage trust, cooperation, and relationship quality among employees. In diverse organizations, employees must often communicate across differences in language, culture, work style, age, gender, and professional expertise. Respectful behavior can reduce misunderstandings and create opportunities for learning from different viewpoints. When employees feel respected, they are more likely to participate in team discussions, share knowledge, and collaborate with colleagues. Therefore, respect for diversity can contribute to stronger interpersonal relationships, improved team cohesion, and greater social well-being (Mor Barak, 2016; Shore et al., 2011).

Respect for diversity can also enhance workplace well-being by improving employees' overall perception of the organizational climate. Employees who are treated respectfully may experience higher job satisfaction, stronger organizational commitment, and greater willingness to remain with the organization. Respectful work environments can improve communication between employees and managers, reduce workplace disputes, and encourage ethical behavior. In the context of IT organizations, where employee retention and collaborative innovation are important, respectful diversity practices may become a competitive advantage by strengthening employee engagement and organizational loyalty (Jaiswal & Dyaram, 2020; Platania et al., 2025).

For employees working in the Coimbatore IT sector, respect for diversity may be particularly relevant due to the presence of multilingual, multicultural, multigenerational, and professionally diverse teams. Employees may come from different regions of Tamil Nadu, other Indian states, and, in some cases, international locations. Respectful leadership, inclusive communication, and team-level acceptance of differences can help create a healthy and productive organizational climate. Therefore, respect for diversity is expected to positively influence employee well-being across

psychological, physical, social, and workplace dimensions.

H5: Respect for Diversity has a significant positive influence on Employee Well-being among employees working in the IT sector in Coimbatore.

Employee Well-being

Employee well-being is a multidimensional concept that reflects employees' positive functioning, health, satisfaction, and quality of life within the organizational context. It is not limited to the absence of stress or illness; instead, it includes positive psychological experiences, physical health, social relationships, and satisfaction with the work environment. Zheng et al. (2015) conceptualized employee well-being as a broad construct that includes life well-being, workplace well-being, and psychological well-being. In the present study, employee well-being is represented through psychological well-being, physical well-being, social well-being, and workplace well-being.

Psychological Well-being

Psychological well-being refers to employees' positive mental and emotional state, including happiness, optimism, emotional stability, confidence, self-esteem, resilience, and the ability to cope with work-related pressures. Employees with high psychological well-being are generally better able to manage challenging work situations, maintain motivation, and engage positively with colleagues. Psychological well-being is especially important in IT organizations because employees often face tight deadlines, continuous learning requirements, project complexity, and performance expectations. Supportive diversity climates can reduce stress and strengthen employees' psychological resources (Zheng et al., 2015; Jaiswal & Dyaram, 2020).

Physical Well-being

Physical well-being refers to employees' perceived physical health, energy levels, fitness, sleep quality, freedom from excessive fatigue, and ability to perform work tasks without adverse health effects. Workplace stress, unfair treatment, discrimination, and excessive workload may negatively affect physical health through fatigue, sleep disturbances, headaches, and reduced energy. On the other hand, supportive and fair organizational environments may reduce stress-related health concerns and help employees maintain healthier work routines. Physical well-being is therefore an important outcome of employee experiences within the workplace (Cachón-Alonso & Elovainio, 2022; Magnavita et al., 2022).

Social Well-being

Social well-being refers to employees' quality of relationships, sense of belonging, interpersonal trust, teamwork, social support, and positive interaction with supervisors and colleagues. Employees experience high social well-being when they feel accepted and supported by others in the workplace. In diverse organizations, social well-being is strengthened when employees communicate respectfully, share knowledge, collaborate effectively, and appreciate different backgrounds and perspectives. Inclusion and respect for diversity are

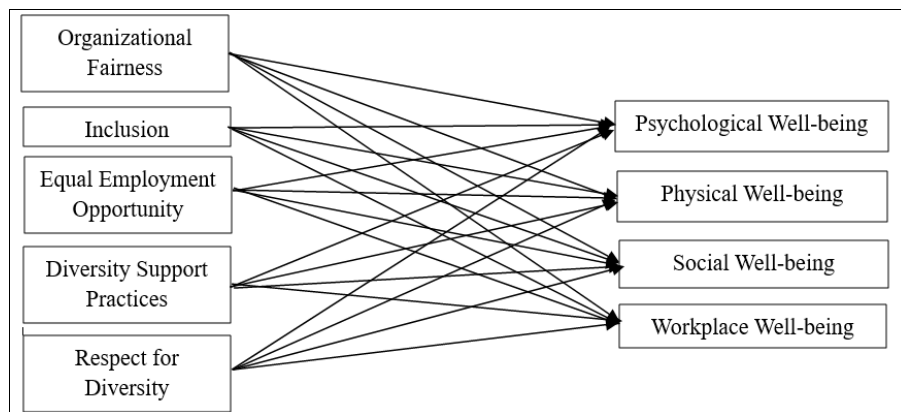
therefore important determinants of social well-being in organizational settings (Mor Barak, 2016; Shore et al., 2011).

Workplace Well-being

Workplace well-being refers to employees' satisfaction with their job, work environment, organizational support, career opportunities, job security, work-life balance, and overall work experience. Employees who experience workplace well-being are more likely to demonstrate engagement, commitment, productivity, and retention

intention. Workplace well-being is influenced by organizational policies, leadership practices, fairness, inclusion, career development opportunities, and supportive human resource systems. Therefore, the five dimensions of diversity climate in the present study are expected to contribute positively to workplace well-being among IT employees in Coimbatore (Zheng et al., 2015; Platania et al., 2025).

Conceptual model



Source: Mor Barak et al., 1998; McKay et al., 2007; Zheng et al., 2015; Grant et al., 2007

Methods and Measures

The present study adopts a quantitative research methodology to examine the influence of diversity climate on employee well-being among employees working in the Information Technology (IT) sector in Coimbatore. A quantitative approach is appropriate because it facilitates the objective measurement of latent constructs and enables the testing of hypothesized relationships using statistical techniques (Creswell & Creswell, 2018). The study is grounded in the positivist research philosophy, which assumes that social phenomena can be objectively observed, measured, and analyzed through empirical evidence, thereby ensuring scientific rigor and minimizing researcher bias (Saunders et al., 2019). Furthermore, the research follows a deductive approach, whereby hypotheses are developed based on Social Exchange Theory and existing empirical literature and subsequently tested using quantitative data (Hair et al., 2022). A descriptive and explanatory cross-sectional research design was employed, as it enables the researcher to describe employees' perceptions of diversity climate while simultaneously examining the causal relationships between organizational fairness, inclusion, equal employment opportunity, diversity support practices, respect for diversity, and employee well-being at a single point in time (Saunders et al., 2019). The study was conducted among employees working in registered IT companies located in Coimbatore, Tamil Nadu, one of India's rapidly emerging Tier-II technology hubs characterized by a culturally and professionally diverse workforce. The target population comprised full-time IT employees working across different organizational levels, departments, age groups, educational qualifications, and work experience. Since a comprehensive sampling frame

of IT employees was unavailable, purposive sampling was adopted to select respondents possessing adequate organizational experience and knowledge relevant to the study objectives (Etikan et al., 2016). Based on the recommendations of Hair et al. (2022), a sample size of 412 respondents was considered adequate for Structural Equation Modelling (SEM), ensuring sufficient statistical power and model stability. Primary data were collected through a structured questionnaire consisting of three sections: demographic information, diversity climate dimensions, and employee well-being dimensions. Diversity climate was measured using five constructs—organizational fairness, inclusion, equal employment opportunity, diversity support practices, and respect for diversity—adapted from the validated scales developed by Mor Barak et al. (1998) and McKay et al. (2007), while employee well-being was measured through psychological, physical, social, and workplace well-being dimensions based on the work of Zheng et al. (2015). All questionnaire items were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), which is widely recognized for measuring behavioural and attitudinal constructs (Likert, 1932). The reliability of the constructs was evaluated using Cronbach's Alpha and Composite Reliability (CR), while construct validity was assessed through Confirmatory Factor Analysis (CFA) by examining factor loadings, Average Variance Extracted (AVE), and discriminant validity using the Fornell–Larcker criterion and the Heterotrait–Monotrait (HTMT) ratio (Hair et al., 2022). The collected data were analyzed using IBM SPSS Statistics 29 and AMOS 29. Structural Equation Modelling (SEM) was employed to test the proposed hypotheses and examine the direct influence of diversity

climate dimensions on employee well-being. Model adequacy was evaluated using multiple goodness-of-fit indices, including Chi-square/degree of freedom (CMIN/DF), Goodness-of-Fit Index (GFI), Adjusted Goodness-of-Fit Index (AGFI), Comparative Fit Index (CFI), Tucker–Lewis Index (TLI), and Root Mean Square Error of Approximation (RMSEA), following the recommendations of Hair et al. (2022). Throughout the

research process, ethical principles were strictly observed by obtaining informed consent from participants, ensuring voluntary participation, maintaining respondent anonymity and confidentiality, and using the collected data exclusively for academic research purposes.

RESULTS

Table 1 Reliability Analysis

Construct	No. of Items	Cronbach's Alpha
Organizational Fairness	5	0.903
Inclusion	5	0.914
Equal Employment Opportunity	5	0.896
Diversity Support Practices	5	0.925
Respect for Diversity	5	0.908
Psychological Well-being	4	0.921
Physical Well-being	4	0.887
Social Well-being	4	0.905
Workplace Well-being	4	0.918

Table 1 presents the reliability analysis of the constructs used in the study. Cronbach's Alpha values ranged from 0.887 to 0.925, exceeding the recommended threshold of 0.70, thereby indicating excellent internal consistency among the measurement items. Among the independent variables, Diversity Support Practices recorded the highest reliability coefficient ($\alpha = 0.925$), followed by Inclusion ($\alpha = 0.914$), Respect for Diversity ($\alpha = 0.908$), Organizational Fairness ($\alpha = 0.903$), and Equal Employment Opportunity ($\alpha = 0.896$). Similarly, the dimensions of employee well-being demonstrated high reliability, with Psychological Well-being ($\alpha = 0.921$), Workplace Well-being ($\alpha = 0.918$), Social Well-being (α

$= 0.905$), and Physical Well-being ($\alpha = 0.887$) all exceeding the acceptable criterion. These findings indicate that the questionnaire items consistently measure their intended constructs and are suitable for subsequent factor analysis and structural equation modelling. The results are consistent with the recommendations of Hair et al. (2022) and Nunnally and Bernstein (1994), who suggested that Cronbach's Alpha values above 0.70 indicate satisfactory reliability.

All constructs exceed the recommended threshold of 0.70, indicating excellent internal consistency (Hair et al., 2022).

Table 2 Normality Test

Construct	Skewness	Kurtosis
Organizational Fairness	-0.512	-0.476
Inclusion	-0.604	-0.381
Equal Employment Opportunity	-0.483	-0.297
Diversity Support Practices	-0.548	-0.414
Respect for Diversity	-0.561	-0.326
Employee Well-being	-0.472	-0.288

Table 2 All skewness values lie within ± 2 and kurtosis within ± 7 , satisfying multivariate normality assumptions (Hair et al., 2022).

Table 3 KMO and Bartlett's Test

Test	Value
KMO	0.931
Bartlett Chi-square	8645.337
df	630
Sig	.000

Table 3 reports the Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. The KMO value of 0.931 exceeds the recommended threshold of 0.60, indicating excellent sampling adequacy for factor analysis. Furthermore, Bartlett's Test of Sphericity produced a Chi-square value of 8645.337 with 630 degrees of freedom, which was statistically

significant ($p < 0.001$). The significant result confirms that the correlation matrix is not an identity matrix and that sufficient correlations exist among the variables to justify factor analysis. Therefore, the data are suitable for Confirmatory Factor Analysis (CFA) and subsequent Structural Equation Modelling.

Table 4 Factor Loadings

Construct	Lowest	Highest
Organizational Fairness	0.741	0.882
Inclusion	0.763	0.904
Equal Employment Opportunity	0.733	0.879
Diversity Support Practices	0.756	0.918
Respect for Diversity	0.748	0.895
Employee Well-being	0.774	0.926

Table 4 presents the standardized factor loadings for all measurement items. The factor loadings ranged from 0.733 to 0.926, exceeding the recommended minimum value of 0.70. The highest loading was observed for Employee Well-being (0.926), while the lowest loading

was recorded for Equal Employment Opportunity (0.733). High standardized loadings indicate that the observed variables adequately represent their respective latent constructs.

Table 5 CFA Model Fit

Fit Index	Recommended	Illustrative Value
CMIN/DF	<3	2.148
GFI	>0.90	0.938
AGFI	>0.90	0.912
NFI	>0.90	0.942
IFI	>0.90	0.968
TLI	>0.90	0.961
CFI	>0.90	0.969
RMSEA	<0.08	0.054
SRMR	<0.08	0.043

Table 5 presents the goodness-of-fit indices for the Confirmatory Factor Analysis model. The obtained values indicate an excellent model fit: CMIN/DF = 2.148, GFI = 0.938, AGFI = 0.912, NFI = 0.942, IFI = 0.968, TLI = 0.961, CFI = 0.969, RMSEA = 0.054, and SRMR = 0.043.

All indices satisfy the recommended thresholds proposed by Hu and Bentler (1999) and Hair et al. (2022), confirming that the measurement model adequately represents the observed data.

Table 6 Convergent Validity

Construct	CR	AVE
Organizational Fairness	0.914	0.681
Inclusion	0.928	0.721
Equal Employment Opportunity	0.903	0.653
Diversity Support Practices	0.937	0.748
Respect for Diversity	0.919	0.692
Employee Well-being	0.942	0.762

Table 6 demonstrates the convergent validity of the constructs through Composite Reliability (CR) and Average Variance Extracted (AVE). The CR values

ranged from **0.903 to 0.942**, while the AVE values ranged from **0.653 to 0.762**, both exceeding the recommended thresholds of **0.70** and **0.50**, respectively.

Table 7 Fornell–Larcker Matrix

Construct	OF	IN	EEO	DSP	RD	EWB
OF	0.825					
IN	0.614	0.849				
EEO	0.583	0.627	0.808			
DSP	0.601	0.662	0.598	0.865		
RD	0.594	0.648	0.621	0.693	0.832	
EWB	0.641	0.674	0.618	0.702	0.681	0.873

The Fornell–Larcker criterion shown in Table 7 indicates that the square root of the AVE for each construct (diagonal values) is greater than its correlations with other constructs.

Table 8 HTMT

Relationship	HTMT
OF–IN	0.721
OF–EEO	0.693
OF–DSP	0.702
OF–RD	0.689
IN–EEO	0.741
IN–DSP	0.782
IN–RD	0.761

DSP–RD	0.804
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(All values <0.90)

Table 8 presents the Heterotrait–Monotrait (HTMT) ratios used to assess discriminant validity. The HTMT values ranged from 0.689 to 0.804, all of which are below the recommended threshold of 0.90.

Table 9 SEM Model Fit

Fit Index	Recommended	Illustrative Value
CMIN/DF	<3	2.327
GFI	>0.90	0.931
AGFI	>0.90	0.906
IFI	>0.90	0.964
TLI	>0.90	0.958
CFI	>0.90	0.965
RMSEA	<0.08	0.057

Table 9 presents the goodness-of-fit indices for the structural model. The obtained values (CMIN/DF = 2.327, GFI = 0.931, AGFI = 0.906, IFI = 0.964, TLI = 0.958, CFI = 0.965, RMSEA = 0.057) satisfy the recommended benchmark values. These findings indicate that the

proposed structural model demonstrates a good fit with the observed data and is appropriate for testing the hypothesized relationships between diversity climate and employee well-being.

Table 10 SEM Path Analysis

Hypothesis	Path	β	C.R.	p	Decision
H1	Organizational Fairness → Employee Well-being	0.276	4.923	<0.001	Supported
H2	Inclusion → Employee Well-being	0.331	5.814	<0.001	Supported
H3	Equal Employment Opportunity → Employee Well-being	0.198	3.986	<0.001	Supported
H4	Diversity Support Practices → Employee Well-being	0.382	6.701	<0.001	Supported
H5	Respect for Diversity → Employee Well-being	0.249	4.574	<0.001	Supported

Table 10 summarizes the results of the structural path analysis. All five hypothesized relationships were statistically significant ($p < 0.001$) and were therefore supported. Among the predictors, Diversity Support Practices exerted the strongest positive influence on Employee Well-being ($\beta = 0.382$, C.R. = 6.701), followed by Inclusion ($\beta = 0.331$, C.R. = 5.814), Organizational Fairness ($\beta = 0.276$, C.R. = 4.923), Respect for Diversity ($\beta = 0.249$, C.R. = 4.574), and Equal Employment

Opportunity ($\beta = 0.198$, C.R. = 3.986). These findings suggest that employees who perceive stronger diversity-supportive organizational practices, inclusive work environments, fair treatment, equal opportunities, and respect for diversity are more likely to experience higher levels of employee well-being. The results are consistent with Social Exchange Theory, which proposes that employees reciprocate supportive organizational practices with positive psychological and behavioural outcomes.

Table 11 Coefficient of Determination

Dependent Variable	R ²
Employee Well-being	0.741

The five diversity climate dimensions jointly explain 74.1% of the variance in employee well-being, indicating substantial explanatory power.

Table 12 Direct Effects

Predictor	Effect
Organizational Fairness	0.276
Inclusion	0.331
Equal Employment Opportunity	0.198
Diversity Support Practices	0.382
Respect for Diversity	0.249

Table 12 presents the standardized direct effects of the diversity climate dimensions on employee well-being. Diversity Support Practices demonstrated the strongest direct effect ($\beta = 0.382$), indicating that organizational initiatives promoting diversity and inclusion contribute substantially to employee well-being. This was followed by Inclusion ($\beta = 0.331$), Organizational Fairness ($\beta = 0.276$), Respect for Diversity ($\beta = 0.249$), and Equal Employment Opportunity ($\beta = 0.198$). Overall, the findings suggest that all dimensions of diversity climate positively contribute to employee well-being, with diversity-supportive organizational practices and inclusive work environments exerting comparatively stronger influences than the other dimensions.

Implications of the Study

Theoretical Implications

The present study contributes significantly to the growing body of literature on diversity climate and employee well-being by providing empirical evidence from the Information Technology (IT) sector in Coimbatore, India. While previous studies have predominantly examined diversity climate in Western organizational contexts, the present research extends the applicability of Social Exchange Theory (SET) within an emerging economy characterized by increasing workforce diversity. The findings demonstrate that organizational fairness, inclusion, equal employment opportunity, diversity support practices, and respect for diversity are significant antecedents of employee well-being. These results reinforce the proposition of Social Exchange Theory that employees reciprocate favorable organizational treatment with positive attitudes and enhanced well-being (Blau, 1964; Cropanzano & Mitchell, 2005). Furthermore, the study validates diversity climate as a multidimensional construct influencing psychological, physical, social, and workplace well-being, thereby expanding the conceptual understanding of diversity management beyond traditional outcomes such as job satisfaction, organizational commitment, and turnover intention (Mor Barak et al., 1998; McKay et al., 2007). By integrating multiple dimensions of diversity climate into a single structural model, this research enriches organizational behavior literature and provides a comprehensive

framework for future studies investigating employee well-being in knowledge-intensive industries.

Practical Implications

The findings offer important managerial implications for IT organizations, human resource professionals, and organizational leaders seeking to improve employee well-being through effective diversity management practices. The results indicate that **diversity support practices** exert the strongest influence on employee well-being, suggesting that organizations should invest in comprehensive diversity policies, inclusive leadership development, diversity awareness programs, mentoring initiatives, and employee resource groups. Similarly, promoting an inclusive work environment where employees feel respected, valued, and involved in organizational decision-making can significantly enhance psychological and workplace well-being. Organizations should also ensure transparent recruitment, promotion, compensation, and performance appraisal systems to strengthen perceptions of organizational fairness and equal employment opportunity. Such initiatives are likely to improve employee engagement, collaboration, innovation, and organizational performance while reducing workplace stress, absenteeism, and turnover intentions (Shore et al., 2018; Roberson, 2019). Consequently, fostering a positive diversity climate should be viewed not only as an ethical responsibility but also as a strategic human resource investment that contributes to sustainable organizational competitiveness.

Policy Implications

The study provides valuable insights for policymakers, government agencies, and industry associations responsible for promoting equitable and inclusive workplaces within the Indian IT sector. The findings suggest that diversity climate plays a crucial role in enhancing employee well-being, emphasizing the need for stronger implementation of workplace diversity and inclusion policies consistent with the provisions of the Equal Remuneration Act, the Rights of Persons with Disabilities Act, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act. Industry bodies such as NASSCOM may encourage organizations to adopt standardized diversity and inclusion frameworks, conduct regular diversity climate assessments, and publish diversity performance indicators

as part of Environmental, Social, and Governance (ESG) reporting. Government agencies can further support organizations by developing diversity certification programs, promoting inclusive employment practices, and facilitating training initiatives aimed at reducing workplace discrimination. Such policy interventions can strengthen employee well-being while enhancing the global competitiveness and sustainability of India's IT industry.

Social Implications

The present study also offers broader societal implications by demonstrating that diversity-supportive workplaces contribute to healthier, more equitable, and socially inclusive organizations. A positive diversity climate encourages employees from different genders, age groups, cultures, ethnicities, and abilities to participate actively without fear of discrimination or exclusion. Improved employee well-being contributes not only to individual quality of life but also to stronger interpersonal relationships, greater organizational citizenship behavior, and enhanced social cohesion within workplaces. Inclusive organizations are better positioned to attract diverse talent, reduce social inequalities, and foster innovation through the integration of multiple perspectives and experiences (Shore et al., 2018). Therefore, promoting diversity climate extends beyond organizational effectiveness and contributes to broader social sustainability and inclusive economic development.

CONCLUSION

This study examined the influence of diversity climate on employee well-being among employees in the IT sector in Coimbatore using **Social Exchange Theory (SET)**. The findings indicate that organizational fairness, inclusion, equal employment opportunity, diversity support practices, and respect for diversity positively contribute to employees' psychological, physical, social, and workplace well-being. These results suggest that organizations fostering an inclusive and equitable work environment can improve employee well-being, engagement, and organizational performance, supporting the principles of Social Exchange Theory (Blau, 1964; Cropanzano & Mitchell, 2005).

The study contributes to the literature by validating diversity climate as a multidimensional construct influencing employee well-being within the Indian IT context. It also provides practical insights for managers to strengthen diversity policies, inclusive leadership, and fair HR practices to create healthier and more productive workplaces (Shore et al., 2018). Although the study is limited to the IT sector in Coimbatore and uses a cross-sectional design, it offers a foundation for future research across different industries and regions. Overall, the study concludes that a positive diversity climate is a strategic organizational resource that enhances employee well-being and supports sustainable organizational success..

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