A COMPARATIVE STUDY OF EMPLOYEE'S IDEA OF D&I INITIATIVES IN STARTUPS AND CORPORATES AND ITS IMPACT ON INNOVATION

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ABSTRACT

Diversity and Inclusion (D&I) initiatives have emerged as essential components for organizations striving to remain competitive, innovative, and resilient in today's global business environment. These initiatives not only foster a sense of belonging and equity among employees but also serve as catalysts for creativity and innovation by integrating diverse perspectives into organizational processes. However, while the value of D&I is widely acknowledged, significant disparities exist in how startups and corporates design, implement and perceive these initiatives. Often characterized by limited resources, informal structures, and a culture of rapid experimentation, startups may approach D&I with flexibility and adaptability. Conversely, with their established and formal processes, corporates tend to employ well-defined and strategic D&I frameworks.

This study investigates these differences by exploring the initiatives of D&I in startups and corporates, examining employee perceptions of the effectiveness of these initiatives, and assessing their impact on organizational innovation. By comparing the unique challenges and opportunities faced by both organizational types, the research provides actionable insights into how tailored D&I practices can enhance innovation

and business outcomes in diverse contexts. The findings contribute to the broader understanding of how organizational culture, structure, and resources influence the effectiveness of D&I initiatives.

INTRODUCTION

In today's fast-paced and interconnected world, organizations increasingly recognize the importance of Diversity and Inclusion (D&I) in fostering innovation, driving business success, and creating an equitable workplace culture.

Diversity means the presence of individuals with varied identities, experiences, and backgrounds, including but not limited to differences in gender, ethnicity, race, age, sexual orientation, and abilities. Inclusion goes beyond diversity, emphasizing integrating these diverse perspectives into decision-making, policies, and everyday operations to ensure everyone feels respected, valued, and empowered to contribute.

D&I initiatives have been shown to offer numerous benefits, such as enhancing employee engagement, improving problem-solving capabilities, and driving innovation by leveraging diverse viewpoints. However, implementing D&I strategies is not uniform across organizations, and significant differences can be observed between startups and corporates. Typically, agile and resource-constrained startups often adopt informal and flexible approaches to D&I, embedding these values into their culture organically. In contrast, with their larger workforces and well-established structures, corporates tend to develop formalized and systematic D&I frameworks that align with their strategic goals and compliance requirements.

Despite the growing emphasis on D&I, limited research has focused on comparing how startups and corporates approach these initiatives and how employees perceive their effectiveness. Furthermore, while innovation can be cited as a key outcome of successful D&I initiatives, there is a lack of in-depth analysis of how these initiatives specifically drive innovation within different organizational contexts. For instance, startups may capitalize on diverse viewpoints to fuel creativity and agile experimentation, whereas corporates may encounter challenges such as organizational inertia or resistance to change, which could impact the effectiveness of their D&I initiatives.

OBJECTIVES

- To compare the Diversity and Inclusion (D&I) initiatives strategies between startups and corporates.
- To understand employee perceptions of D&I initiatives in startups and corporates.
- To analyze the impact of D&I initiatives on innovation within startups and corporates.

- To identify challenges and opportunities in implementing D&I initiatives that influence innovation in startups and corporates.

RESEARCH QUESTION & HYPOTHESES

How do Diversity and Inclusion initiatives in startups differ from those in corporates, and how do they impact employee perceptions and innovation?

This research question is central to the study, as it aims to explore two key areas: the differences in D&I initiatives between startups and corporates and their impact on employee perceptions and innovation within the organizations.

1. Difference in D&I Initiatives:

Null Hypothesis (H_0)	There is no significant difference in D&I initiatives between startups and corporates.
Alternate Hypothesis (H_1)	There is a significant difference in D&I initiatives between startups and corporates.

2. Impact of D&I Initiatives on Innovation:

Null Hypothesis (H_0)	D&I initiatives does not affect innovation within start-ups and corporates.
Alternate Hypothesis (H_1)	D&I initiatives affects innovation within start-ups and corporates.

RESEARCH METHODOLOGY

"Conceptual Framework"

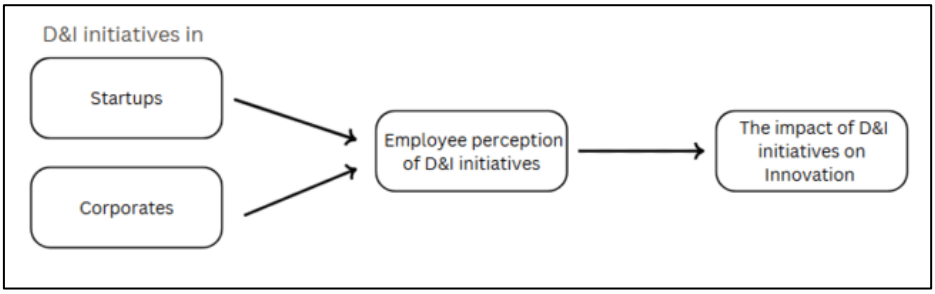


Figure 1 : "Conceptual Framework"

"Independent Variable" (IV)	Diversity & Inclusion (D&I) Initiatives implemented in startups and corporates.
"Mediating Variable"	Employee perception of Diversity and Inclusion initiatives

"Dependent Variable" (DV)	Innovation (the impact of "Diversity and Inclusion initiatives" on organizational innovation)

Research Gaps Identified:

Despite the existing body of research, there remains a notable gap in comparative studies that specifically examine how the cultural and structural differences between startups and corporates shape the effectiveness of D&I initiatives. While previous studies have highlighted the benefits of D&I and its impact on innovation and performance, few have directly compared employees' experiences in different organizational settings.

This study seeks to address that gap by exploring:

- How employees in startups and established firms perceive D&I initiatives
- Whether the impact of these initiatives on innovation differs between the two organizational types
- What factors contribute to the success or limitations of D&I initiatives in different work environments

Problem Statement

This study examines the differences in Diversity and Inclusion (D&I) initiatives between startups and established corporations and their impact on employee perceptions and organizational outcomes. While both startups and corporates recognize the importance of D&I, their approaches to implementing such initiatives may vary significantly due to differences in organizational structure, culture, and resources. The research seeks to understand how these differences influence employee perceptions of the D&I efforts, focusing on how such initiatives affect key organizational outcomes like innovation. By comparing the D&I strategies of startups and corporates, the study will contribute to a deeper understanding of how these efforts shape organizational culture, foster inclusion, and drive innovation in diverse work environments.

Research Design

The population for this study consists of organizations including startups (organizations operational for less than 10 years) and established corporates (organizations operational for more than 10 years). The total number of respondents is 127 employees for this study. It also ensured the study was representative of different industries, organizational sizes, and D&I practices. Data collection was conducted through a structured questionnaire distributed electronically. For statistical analysis, tools such as Excel and SPSS were used. The study includes reliability

analysis, thematic analysis, Factor analysis, Chi-Square Test, and Mediation Analysis (Path Analysis) to derive meaningful insights.

LITERATURE REVIEW

Recently there has been multiple research on "Diversity and Inclusion (D&I)" initiatives, particularly in understanding how these initiatives influence organizational outcomes across different types of companies. Scholars have examined D&I from multiple perspectives, including its impact on innovation, organizational culture, decision-making, and overall performance. However, the effectiveness and implementation of D&I initiatives often depend on organizational structure, culture, and leadership commitment, which can vary significantly between startups and established corporations. Research on "diversity and inclusion (D&I) initiatives" has garnered significant attention, particularly in understanding how these practices influence organizational outcomes across different types of companies. Okatta, Ajayi, and Olawale (2024) conducted a meta-analysis revealing a positive correlation between D&I practices and organizational performance, underscoring the universal benefits of these initiatives. However, the study suggests that the impact may differ based on the type of organizational context, such as start-ups and established firms[13].

In larger corporations, D&I policies are often formally structured and widely publicized, but their effectiveness may be limited by bureaucratic inertia and entrenched corporate cultures. Edwards (2022) critiques the disparity between publicly promoted D&I efforts and actual diversity at leadership levels, suggesting that many organizations engage in D&I for symbolic rather than substantive reasons[5]. Structural barriers and resistance to change can hinder the effectiveness of these initiatives, leading to superficial compliance rather than genuine inclusivity. Contrastingly, Startups often operate in fast-paced, dynamic environments where adaptability and innovation are key to survival. Martinez and Aldrich (2011) argue that startups have a natural advantage in leveraging diversity because they tend to operate with less rigid hierarchies, allowing for greater collaboration and knowledge-sharing. Their study suggests that startups with diverse networks and talent pools are more likely to generate innovative ideas and challenge conventional thinking[10].

Similarly, Gompers & Kovvali (2018) found that diverse startup teams are better at avoiding groupthink, leading to more robust decision-making and higher-quality problem-solving[7]. However, they also caution that many startups lack structured inclusion policies, which can result in inconsistent employee experiences. This inconsistency may limit the long-term benefits of diversity, as employees from underrepresented backgrounds may struggle with belonging, career growth, and equity in these fast-moving organizations. On the other hand, large organizations face

structural and cultural hurdles in fully integrating D&I principles into their innovation processes. Alshemmari and Monawer (2023) argue that while diversity in corporate environments can lead to greater innovation, the bureaucratic and hierarchical nature of these organizations can make it challenging to translate diversity into real inclusion. Employees in large firms may feel hesitant to challenge existing norms, limiting the potential for diverse perspectives to drive innovation[2].

However, large organizations have the resources and infrastructure to develop long-term D&I strategies, including mentorship programs, leadership training, and equitable promotion structures. This structured approach may lead to more sustained improvements in workplace diversity and, consequently, innovation. Leadership plays a critical role in shaping how D&I initiatives impact innovation. Liu Z (2024) examined the intersection of inclusive leadership, D&I, and organizational innovation, emphasizing that inclusive leaders are more likely to foster psychological safety, encourage diverse viewpoints, and promote a culture of experimentation. Their study found that organizations with leaders who actively champion D&I efforts experience higher levels of creativity and employee engagement, which in turn drive innovation[9].

Similarly, Daviau (2024) explored the cultural and strategic differences between startups and established firms. He posited that startups' inherent flexibility and adaptability create a more conducive environment for D&I initiatives to thrive, as these companies can quickly integrate new policies and cultural shifts without the burden of rigid hierarchies[3]. In contrast, established firms often face longer implementation timelines and resistance to change, which can slow the adoption of truly inclusive practices. These studies collectively highlight a gap in comparative research, particularly in understanding how the unique cultural and structural dynamics of startups and established companies shape the effectiveness and outcomes of D&I strategies.

ANALYSIS

DEMOGRAPHICS

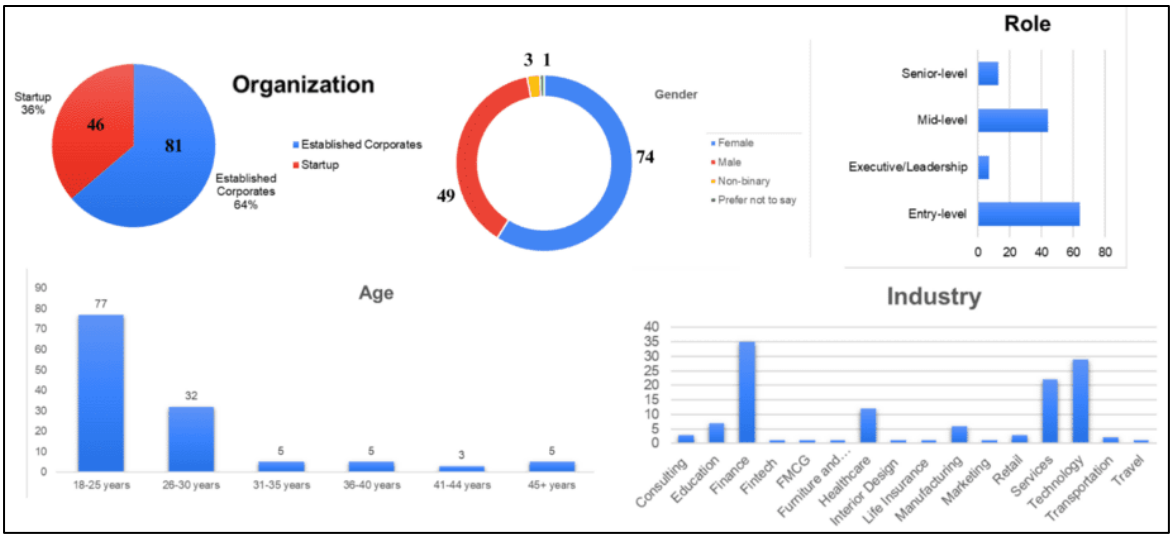


Figure 2 : Demographics Dashboard

Organization Type: This distribution provides insights into DEI practices across different organizational structures. Most respondents (64%) work in established corporates, totalling 81 participants. Meanwhile, startups account for 36% of the sample, with 46 respondents.

Gender Distribution: The majority of respondents identify as female, with 74 participants falling into this category. 49 respondents identify as male, while 3 identify as non-binary, and 1 individual prefers not to disclose their gender.

Age Distribution: Most respondents belong to the 18-25 age group, making up 77 participants of the total sample. The 26-30 age group is next with 32 respondents. Other age brackets, including 31-35, 36-40, 41-44, and 45+ years, have a much lower representation, with five or fewer participants in each group.

Role Distribution: A large proportion of respondents hold entry-level positions, while a significant number are in mid-level roles. In contrast, senior-level and executive leadership positions are less represented, which may impact perspectives on leadership commitment to DEI initiatives.

Industry Representation: The study includes participants from diverse industries, with Technology and Finance having the highest representation. Other sectors such as Education, Media, Consulting, Retail, Life Sciences, and Travel are also present, contributing to a well-rounded view of DEI efforts across industries.

Thematic Analysis

Themes	*Codes and Key Ideas from Responses*
Equal Representation & No Discrimination	*Fairness, equal opportunity, breaking biases, diverse hiring*
Diversity as Presence & Representation	*Different backgrounds, races, ethnicities, talents, abilities*
Inclusion as Belonging & Empowerment	*Respect, valued voices, no isolation, making people feel part of the group*
Moving Beyond Tokenism	*Real empowerment, fair treatment beyond numbers, actual participation*
Workplace D&I Policies & Culture	*D&I as a company-wide initiative, creating inclusive environments*
Use of Metaphors	*Flowers in a garden, bringing differences together*

Table 1 : Themes and Codes

Figure 3 : Employee's Perception of D&I

Figure 4 : Keywords from the Responses

“FACTOR ANALYSIS”

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.836
Bartlett's Test of Sphericity	Approx. Chi-Square	390.789
	df	45
	Sig.	.000

Table 2 : "KMO and Bartlett's Test"

The above table provides the "Kaiser-Meyer-Olkin" (KMO) Measure of Sampling Adequacy and "Bartlett's Test of Sphericity", both used for confirm the data's suitability for factor analysis.

Interpretation

"KMO Measure of Sampling Adequacy" (0.836)

The KMO value ranges from 0 to 1. The KMO Measure of Sampling Adequacy is 0.836, which is considered meritorious. A KMO value above 0.8 means that the dataset is well-suited for factor analysis. A higher KMO value suggests that factor analysis will likely be useful for identifying underlying patterns in the data.

"Bartlett's Test of Sphericity"

"Bartlett's Test of Sphericity" checks whether there are significant correlations between variables. The test results show a Chi-Square value of 390.789, degrees of freedom (df) = 45, and a significance level (Sig.) of 0.000. Since the p-value is less than 0.05, the test is significant, confirming that the variables arecorrelated, making factor analysis appropriate.

Inference: Since the KMO value is 0.836 and Bartlett's test is significant ($p < 0.05$), the dataset meets the conditions for factor analysis. These results suggest that factor analysis is appropriate for this dataset

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.916	39.158	39.158	3.916	39.158	39.158	3.295	32.950	32.950
2	1.137	11.368	50.526	1.137	11.368	50.526	1.436	14.362	47.312
3	1.031	10.309	60.835	1.031	10.309	60.835	1.247	12.472	59.785
4	1.002	10.023	70.858	1.002	10.023	70.858	1.107	11.073	70.858
5	.730	7.297	78.155						
6	.677	6.772	84.927						
7	.517	5.171	90.098						
8	.403	4.034	94.132						
9	.321	3.210	97.342						
10	.266	2.658	100.000						

Extraction Method: Principal Component Analysis.

Table 3 : Total Variance

Total Variance Explained provides details on the Principal Component Analysis (PCA) results, showing how much variance each component explains

Interpretation:

Initial Eigenvalues (Before Extraction)

The first column presents the eigenvalues for each component, indicating the variance explained by each. eigenvalues > 1 for 1st 4 compaonents, meaning they account for a significant portion of the variance. Together, they explain 70.86% of the total variance.

Extraction Sums of Squared Loadings (After Extraction)

This column confirms that the first four components were extracted because they have eigenvalues >1.

Rotation Sums of Squared Loadings (After Rotation)

Rotation helps distribute variance more evenly across components. After rotation of 1st four components explain 70.86% of the variance, but the distribution across components is more balanced. The first component now explains 32.95%, instead of 39.16%, making the components more interpretable

Inference:

The final inference is that four components were extracted because their eigenvalues were greater than 1. These four components together explain 70.86% of the total variance, which is a strong indication that they represent meaningful factors in the dataset. The rotation process improved interpretability, making the findings more useful for analysis.

Component Transformation Matrix

Component	1	2	3	4
1	.884	.376	.219	.171
2	-.320	.312	.880	-.160
3	-.331	.528	-.168	.764
4	.084	-.694	.386	.602

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 4 : Component Transformation Matrix

This shows how the components are rotated and related to each other. It helps understand how much variance each component explains after rotation. The goal of rotation (Varimax) is to simplify factor structure, making each variable load strongly onto one component while minimizing cross-loadings.

Rotated Component Matrix[a]

	Component			
	1	2	3	4
How often do you observe a direct connection between your company's D&I initiatives and the following organizational outcomes? [Innovation and creativity]	-.664	.086	.265	.087
Does your company have Employee Resource Groups (ERGs) to support D&I initiatives?	.793	-.147	-.096	.279
Does your organization have a diverse workforce?	.069	.909	-.111	.074
Is your organization inclusive, where all employees feel valued and included?	.540	.439	.182	.069
How well does your organization integrate D&I considerations into its recruitment and hiring practices?	.067	.076	.029	.941
To what extent does your organization have formal D&I policies and practices in place?	.027	-.075	.907	.026
Do you have D&I training programs or initiatives in your organization to raise awareness and promote inclusive behavior?	.692	.207	.105	.321
On a scale of 1-5, how would you rate the inclusiveness of your organization's recruitment and hiring practices?	.674	.373	.313	.075
On a scale of 1-5, to what extent do you believe your company's leadership is committed to D&I efforts?	.672	.367	.413	-.010
On a scale of 1-5, how satisfied are you with the current state of D&I efforts in your organization?	.734	.246	.139	-.131

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Figure 5 : Rotated Component Matrix

The table presents the Rotated Component Matrix from a "Principal Component Analysis (PCA)" using Varimax rotation with "Kaiser normalization". This method groups related variables (survey questions) into factors (components) based on their correlations. Each question loads onto a particular component, indicating which underlying factor it is most strongly associated with.

The table values (factor loadings) show the strength of a question's correlation with a specific component. Higher values, closer to 1 or -1, indicate stronger relationships.

Group Statistics

	What type of company do you work for?	N	Mean	Std. Deviation	Std. Error Mean
How often do you observe a direct connection between your company's D&I initiatives and the following organizational outcomes? [Innovation and creativity]	Startup	46	3.89	1.449	.214
	Established_corporates	81	3.68	1.386	.154
Does your organization have a diverse workforce?	Startup	46	3.59	.748	.110
	Established_corporates	81	3.78	.592	.066
To what extent does your organization have formal D&I policies and practices in place?	Startup	46	3.89	1.016	.150
	Established_corporates	81	3.94	.927	.103
How well does your organization integrate D&I considerations into its recruitment and hiring practices?	Startup	46	3.85	1.549	.228
	Established_corporates	81	4.07	1.738	.193
On a scale of 1-5, to what extent do you believe your company's leadership is committed to D&I efforts?	Startup	46	3.24	.923	.136
	Established_corporates	81	3.65	.854	.095
On a scale of 1-5, how would you rate the inclusiveness of your organization's recruitment and hiring practices?	Startup	46	2.96	1.010	.149
	Established_corporates	81	3.78	.758	.084
Is your organization inclusive, where all employees feel valued and included?	Startup	46	3.48	.781	.115
	Established_corporates	81	3.69	.584	.065
On a scale of 1-5, how satisfied are you with the current state of D&I efforts in your organization?	Startup	46	3.07	.998	.147
	Established_corporates	81	3.56	.851	.095

Figure 6 : Group Statistics

T-TEST

This table shows Group Statistics comparing responses between startup employees (N=46) and established corporate employees (N=81) regarding various aspects of Diversity and Inclusion (D&I) initiatives.

Inference:

1. **Connection between D&I and Innovation**: Startup employees report a slightly higher mean (3.89) than corporate employees (3.68) when asked about observing a direct connection between D&I initiatives and innovation
2. **Workforce Diversity**: Corporate organizations appear to have slightly more diverse workforces (mean 3.78) compared to startups (mean 3.59)
3. **D&I in Recruitment**: Corporate organizations integrate D&I considerations into recruitment more extensively (mean 4.07) than startups (mean 3.85)
4. **Leadership Commitment**: Corporate employees perceive higher leadership commitment to D&I efforts (mean 3.65) compared to startup employees (mean 3.24)
5. **Inclusiveness in Recruitment**: There's a notable difference in perceived inclusiveness of recruitment practices, with corporates scoring significantly higher (3.78) than startups (2.96)

6. **Employee Inclusion**: Corporate employees feel more valued and included (mean 3.69) than startup employees (mean 3.48)
7. **Overall D&I Satisfaction**: Employees at corporate organizations express higher satisfaction with D&I efforts (mean 3.56) compared to startup employees (mean 3.07)

This data suggests that established corporate organizations generally have more developed D&I practices, stronger leadership commitment, and higher employee satisfaction with inclusion efforts. The standard deviations indicate there's considerable variation in responses, particularly among startup employees on some measures. This shows that there is a significant difference in D&I initiatives between startups and corporates.

CHI-SQUARE TEST

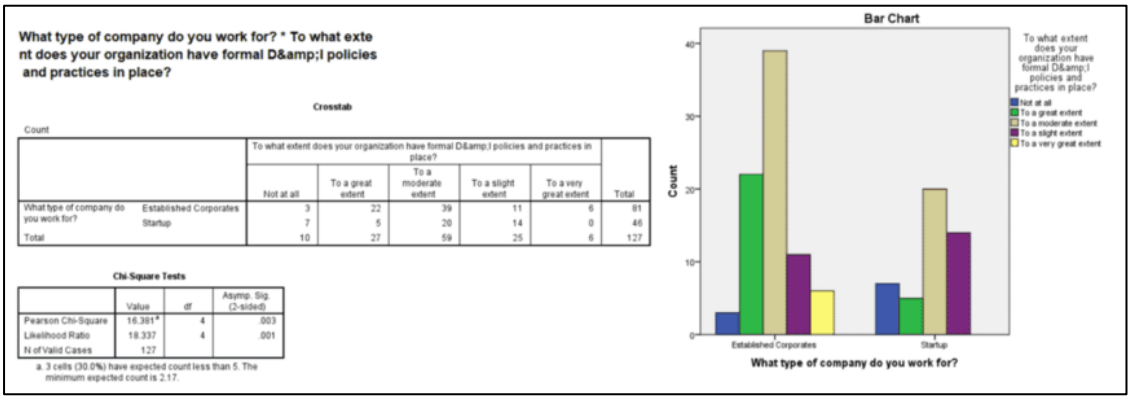


Figure 7 : Chi Square Test D&I Policies

Formal D&I Policies and Practices

Chi-Square Value: 16.381, df=4, p=0.003

There is a significant difference in formal D&I policies between startups and corporates ($p<0.05$)

Corporates are more likely to have formal D&I policies in place. The distribution shows that 22 corporate respondents indicated "To a great extent" compared to only 5 in startups

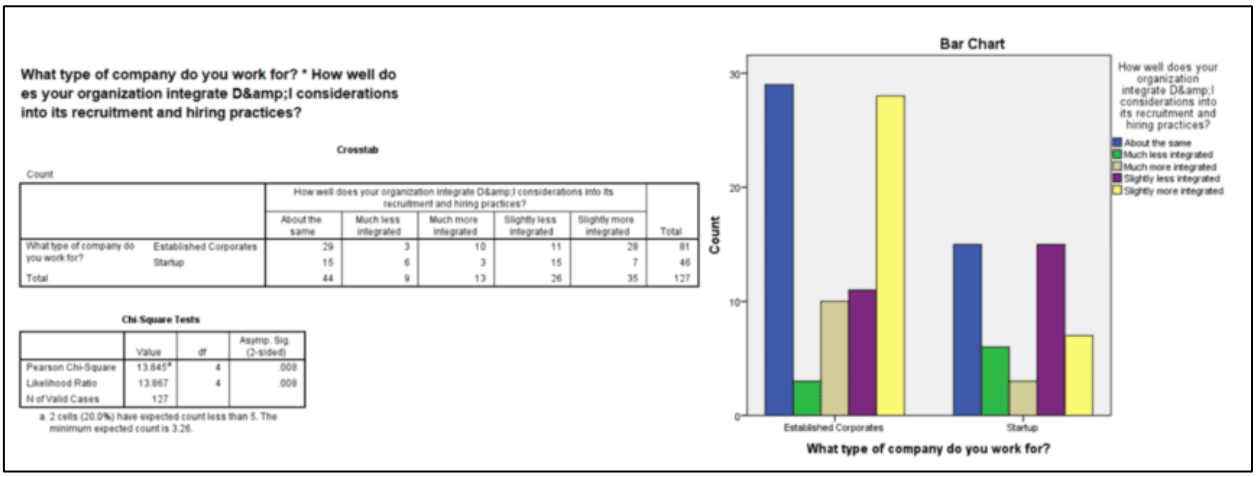


Figure 8 : Chi-Square Test - Recruitment and Hiring

Integration of D&I in Recruitment

Chi-Square Value: 13.842, df=4, p=0.008

There is a significant difference in how startups and corporates integrate D&I into recruitment practices

Corporates show more polarization in their approach - many reported "About the same" (29) or "Slightly more integrated" (28), while startups showed more "Slightly less integrated" responses (15)

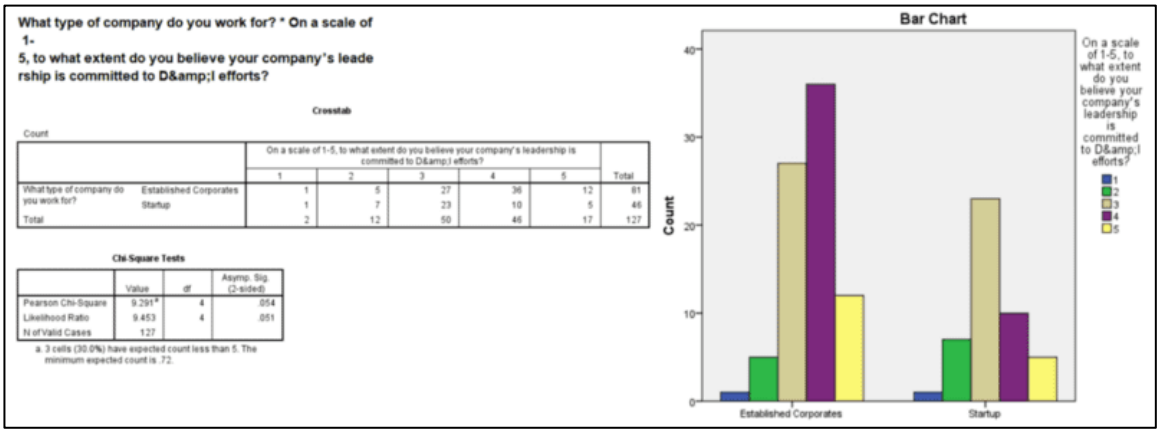


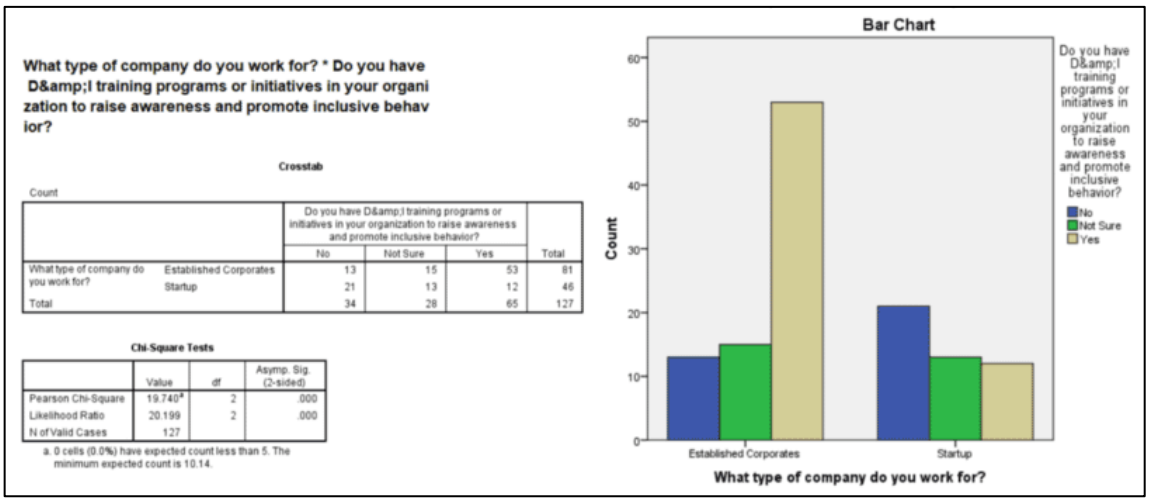
Figure 9 : Chi-Square Test - Leadership

Leadership Commitment to D&I

Chi-Square Value: 9.291, df=4, p=0.054

There is a marginally significant difference (p=0.054) in perceived leadership commitment to D&I

Corporate leadership shows stronger commitment to D&I efforts (score of 4: 36 corporates vs. 10 startups)



What type of company do you work for? * Do you have D&I training programs or initiatives in your organization to raise awareness and promote inclusive behavior?

Crosstab

Count

		Do you have D&I training programs or initiatives in your organization to raise awareness and promote inclusive behavior?			
		No	Not Sure	Yes	Total
What type of company do you work for?	Established Corporates	13	15	53	81
	Startup	21	13	12	46
Total		34	28	65	127

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.740[a]	2	.000
Likelihood Ratio	20.199	2	.000
N of Valid Cases	127		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 10.14.

Figure 10 : Chi-Square Test - D&I Training

D&I Training Programs

Chi-Square Value: 19.740, df=2, p<0.001

There is a highly significant difference in the presence of D&I training programs

Corporates are significantly more likely to have D&I training programs (53 "Yes" responses) compared to startups (12 "Yes" responses)

MEDIATION ANALYSIS (PATH ANALYSIS)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.431[a]	.186	.138	1.306	.186	3.889	7	119	.001

a. Predictors: (Constant), How frequently are D&I initiatives reviewed and adjusted based on feedback and outcomes in your organization?, How would you rate your organization's efforts to prevent and address workplace discrimination?, On a scale of 1-5, how would you rate the inclusiveness of your organization's recruitment and hiring practices? , To what extent does your organization have formal D&I policies and practices in place?, Does your company have Employee Resource Groups (ERGs) to support D&I initiatives?, Do you have D&I training programs or initiatives in your organization to raise awareness and promote inclusive behavior?, On a scale of 1-5, to what extent do you believe your company's leadership is committed to D&I efforts?

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.440	7	6.634	3.889	.001[b]
	Residual	202.993	119	1.706		
	Total	249.433	126			

a. Dependent Variable: How often do you observe a direct connection between your company's D&I initiatives and the following organizational outcomes? [Innovation and creativity]

Table 5 : Path C (Total Effect IV → DV) - D&I initiatives had a direct influence on innovation

The correlation coefficient (R = 0.431) indicates a moderate positive correlation between Diversity & Inclusion (D&I) Initiatives (Independent Variable) and Innovation (Dependent Variable). This suggests that as D&I Initiatives increase, Innovation also tends to improve.

The R^2 value is 0.186, meaning that 18.6% of the variance in Innovation can be explained by D&I Initiatives. This implies that while D&I Initiatives play a role in fostering Innovation, other factors also contribute significantly. The Adjusted R^2 value is 0.138, which accounts for the number of predictors in the model. Though slightly

lower than R^2, it remains statistically significant, confirming that the model is still relevant after adjustment. The F Change value is 3.889, with a "p-value" of 0.001, indicating that the model is statistically significant. This means that D&I Initiatives have a meaningful impact on predicting Innovation and that the relationship is unlikely to be due to chance. The Regression Sum of Squares (46.440) represents the portion of the variance in Innovation explained by D&I Initiatives. This value highlights the extent to which the independent variable contributes to the total variance in the dependent variable. The "Total Sum of Squares" (249.433) represents the overall variance in Innovation, combining both the explained and unexplained variance. This helps in assessing how well the model fits the data.

The "F-value" of 3.889 and p-value of 0.001 indicate that the regression model is statistically significant, confirming that D&I initiatives have a measurable impact on innovation.

Overall, "D&I Initiatives" have a significant direct effect on Innovation (p = 0.001). However, they explain only 18.6% of the variance, suggesting that other factors also play a crucial role in driving Innovation.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.610[a]	.372	.335	.544	.372	10.085	7	119	.000

a. Predictors: (Constant), How frequently are D&I initiatives reviewed and adjusted based on feedback and outcomes in your organization?, How would you rate your organization's efforts to prevent and address workplace discrimination?, On a scale of 1-5, how would you rate the inclusiveness of your organization's recruitment and hiring practices? , To what extent does your organization have formal D&I policies and practices in place?, Does your company have Employee Resource Groups (ERGs) to support D&I initiatives?, Do you have D&I training programs or initiatives in your organization to raise awareness and promote inclusive behavior?, On a scale of 1-5, to what extent do you believe your company's leadership is committed to D&I efforts?

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.887	7	2.984	10.085	.000[b]
	Residual	35.208	119	.296		
	Total	56.094	126			

a. Dependent Variable: Is your organization inclusive, where all employees feel valued and included?

Table 6 : Path A (IV → MV) - D&I initiatives also influenced employee perception

The "correlation coefficient" (R = 0.610) indicates a strong positive correlation between Diversity & Inclusion (D&I) Initiatives (Independent Variable) and Employee Perception of "D&I Initiatives" (Mediating Variable). This suggests that as D&I Initiatives increase, Employee Perception of inclusion also improves.

The R^2 value is 0.372, meaning that 37.2% of the variance in Employee Perception can be explained by D&I Initiatives. This indicates that D&I Initiatives play a significant role in shaping how employees perceive inclusion efforts in the organization. The Adjusted R^2 value is 0.335, which accounts for the number of predictors in the model. Despite the adjustment, the model remains strong and well-fitted, reinforcing the reliability of the results. D&I Initiatives also significantly influence Employee

Perception, showing a direct impact of inclusion efforts on how employees perceive their workplace environment. The F Change value is 10.085, with a "p-value" of 0.000, indicating that the model is highly significant. This confirms that D&I Initiatives have a strong and meaningful impact on Employee Perception, making the relationship statistically valid. The Regression Sum of Squares (20.887) represents the variance in Employee Perception explained by D&I Initiatives, further highlighting the strength of the model. The Total Sum of Squares (56.094) represents the overall variance in Employee Perception, helping assess how well the model explains the dependent variable.

The "F-value" of 10.085 and "p-value" of 0.000 indicate that the regression model is highly significant, confirming that D&I initiatives strongly influence employee perception of inclusion.

Overall, "D&I initiatives" have a substantial positive impact on employee perception (p = 0.000). With 37.2% of the variation in employee perception explained by D&I initiatives, the results suggest that employee perception is a strong mediator in the relationship between D&I initiatives and innovation.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.353[a]	.124	.103	1.333	.124	5.826	3	123	.001

a. Predictors: (Constant), On a scale of 1-5, how satisfied are you with the current state of D&I efforts in your organization?, On a scale of 1-5, how would you rate the inclusiveness of your organization's recruitment and hiring practices? , On a scale of 1-5, to what extent do you believe your company's leadership is committed to D&I efforts?

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.032	3	10.344	5.826	.001[b]
	Residual	218.401	123	1.776		
	Total	249.433	126			

a. Dependent Variable: How often do you observe a direct connection between your company's D&I initiatives and the following organizational outcomes? [Innovation and creativity]

Table 7 : Path B (MV → DV) - Employee perception has an impact on innovation

The "correlation coefficient" (R = 0.353) indicates a moderate positive correlation between Employee Perception of D&I Initiatives (Mediating Variable) and Innovation (Dependent Variable). The "R^2 value" is 0.124, meaning that 12.4% of the variance in Innovation & Creativity can be explained by Employee Perception of D&I Initiatives. This indicates that while perception plays a role, other factors also contribute significantly to innovation. The Adjusted "R^2 value" is 0.103, which accounts for the number of predictors in the model. Even after this adjustment, the model still explains a small but meaningful portion of the variance in innovation. The F Change value is 5.826, with a "p-value" of 0.001, confirming that the model is statistically significant. This means that Employee Perception of D&I Initiatives has a significant impact on Innovation, reinforcing its importance. The Regression Sum of Squares (31.032)

reflects the variance in innovation explained by employee perception of “D&I initiatives”, indicating that employees' views on inclusion efforts significantly impact innovation levels.

According to Table 7, (Path B: MV → DV), Employee Perception significantly impacts Innovation, demonstrating that fostering positive perceptions of D&I efforts can influence creativity and innovation outcomes. The Total Sum of Squares (249.433) represents the overall variance in Innovation, helping to assess how well the model explains the dependent variable.

The F-value of 5.826 and p-value of 0.001 indicate that the regression model is statistically significant, confirming that employee perception of “D&I initiatives” impacts innovation.

Overall, Employee Perception of “D&I Initiatives” has a significant effect on Innovation (p = 0.001). However, since it explains only 12.4% of the variance, it suggests that other factors also play a crucial role in driving innovation. Despite this, the significance level confirms that Employee Perception is an important predictor of Innovation and should not be overlooked.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.469[a]	.220	.174	1.279	.220	4.788	7	119	.000

a. Predictors: (Constant), Does your company have Employee Resource Groups (ERGs) to support D&I initiatives?, To what extent does your organization have formal D&I policies and practices in place?, How often do you think instances of discrimination or bias are reported and addressed in your organization?, How well does your organization integrate D&I considerations into its recruitment and hiring practices?, On a scale of 1-5, how would you rate the inclusiveness of your organization's recruitment and hiring practices? , Do you have D&I training programs or initiatives in your organization to raise awareness and promote inclusive behavior?, On a scale of 1-5, to what extent do you believe your company's leadership is committed to D&I efforts?

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.818	7	7.831	4.788	.000[b]
	Residual	194.616	119	1.635		
	Total	249.433	126			

a. Dependent Variable: How often do you observe a direct connection between your company's D&I initiatives and the following organizational outcomes? [Innovation and creativity]

Table 8 : Path B & C (Direct & Indirect Effects)

The “correlation coefficient” (R = 0.469) indicates a moderate positive correlation between D&I Initiatives and Innovation, considering both direct and indirect effects. This suggests that diversity and inclusion efforts have a meaningful influence on innovation levels.

The R^2 value is 0.220, meaning that 22% of the variance in Innovation is explained by D&I Initiatives. This is a higher explanatory power compared to previous models, highlighting the combined direct and indirect effects. The Adjusted R^2 value is 0.174,

which accounts for the number of predictors. Even after this adjustment, the model still explains a significant portion of the variance, reinforcing the impact of D&I Initiatives on Innovation. The F Change value is 4.788, with a p-value of 0.000, confirming that the model is statistically significant. This means that "D&I Initiatives" significantly impact Innovation, both directly and indirectly. The Regression Sum of Squares (54.818) represents the variance in Innovation explained by D&I Initiatives. This suggests that D&I efforts contribute substantially to innovation outcomes. The Total Sum of Squares (249.433) represents the overall variance in Innovation, providing a reference for evaluating the model's explanatory power.

According to Table 8 (Path B & C: Direct & Indirect Effects), D&I Initiatives significantly influence Innovation through direct and mediated pathways. This reinforces the importance of fostering inclusion for driving innovation. The "F-value" of 4.788 and "p-value" of 0.000 indicate that the regression model is statistically significant, providing strong evidence that D&I initiatives directly and indirectly influence innovation.

Overall, D&I Initiatives significantly impact Innovation (p = 0.000), explaining 22% of the variance. This model has stronger explanatory power than Path B (R^2 = 0.124), indicating that when considering both direct and indirect effects, D&I Initiatives have a greater influence on Innovation. This suggests that while Employee Perception of D&I Initiatives mediates the relationship, there remains a direct effect of D&I Initiatives on Innovation.

$$\begin{aligned} \text{Indirect Effect} &= \text{Path A} \times \text{Path B} \\ &= 0.610 \times 0.353 \\ &= 0.215 \end{aligned}$$

Equation 1 : Indirect Effect

Path A (0.610) shows that "D&I Initiatives" positively influence Employee Perception of Inclusion (strong effect). Path B (0.353) indicates that Employee Perception of Inclusion significantly impacts Innovation (moderate effect). Indirect Effect (0.215) suggests that D&I Initiatives indirectly enhance Innovation through Employee Perception of Inclusion by 21.5%.

Employee Perception of Inclusion is a crucial mediator, companies should focus on improving perceived inclusion to maximize innovation. The total impact of D&I Initiatives on Innovation is not just direct, part of it works through employees feeling included and valued. Since the indirect effect is positive and substantial, organizations should enhance both D&I programs and efforts to strengthen perceived inclusion.

SOBEL TEST

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	95.0% Confidence Interval for B Upper Bound
1	(Constant)	1.155	.400		2.888	.005	.363	1.946
	On a scale of 1-5, how would you rate the inclusiveness of your organization' s recruitment and hiring practices?	.107	.078	.151	1.375	.172	-.047	.262
	On a scale of 1-5, to what extent do you believe your company's leadership is committed to D&I efforts?	.183	.083	.246	2.206	.029	.019	.347
	Do you have D&I training programs or initiatives in your organization to raise awareness and promote inclusive behavior?	.227	.080	.289	2.846	.005	.069	.384
	To what extent does your organization have formal D&I policies and practices in place?	-.034	.056	-.048	-.604	.547	-.145	.077
	Does your company have Employee Resource Groups (ERGs) to support D&I initiatives?	.068	.072	.087	.937	.350	-.075	.211
	How would you rate your organization's efforts to prevent and address workplace discrimination?	.054	.045	.092	1.201	.232	-.035	.143
	How frequently are D&I initiatives reviewed and adjusted based on feedback and outcomes in your organization?	.116	.056	.162	2.072	.040	.005	.226

a. Dependent Variable: Is your organization inclusive, where all employees feel valued and included?

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	5.768	.521		11.062	.000
	On a scale of 1-5, how would you rate the inclusiveness of your organization' s recruitment and hiring practices?	-.148	.187	-.099	-.791	.431
	On a scale of 1-5, to what extent do you believe your company's leadership is committed to D&I efforts?	-.046	.203	-.029	-.225	.822
	On a scale of 1-5, how satisfied are you with the current state of D&I efforts in your organization?	-.396	.170	-.263	-2.326	.022

Table 9 : Sobel Test

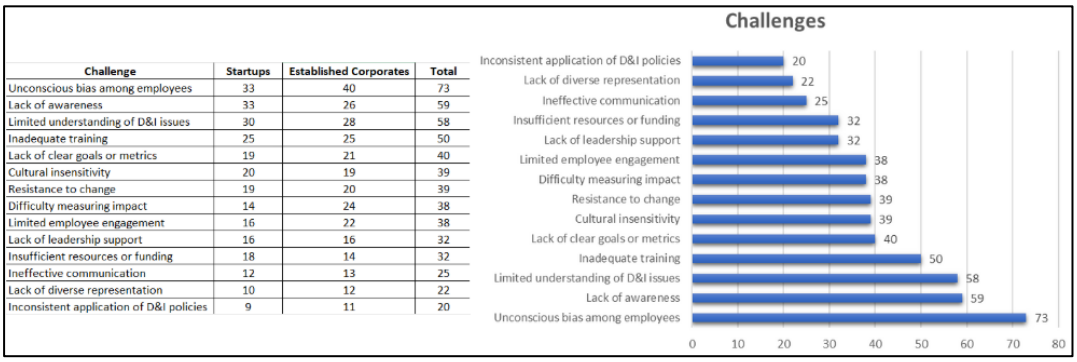
$$z = \frac{a \cdot b}{\sqrt{(b^2 \cdot SE_a^2) + (a^2 \cdot SE_b^2)}}$$

- **Path A (Effect of D&I initiatives on employee perception of D&I):**
  - Coefficient (**a**) = **1.155**
  - Standard Error (SE_a) = **0.400**
- **Path B (Effect of employee perception of D&I on innovation):**
  - Coefficient (**b**) = **5.768**
  - Standard Error (SE_b) = **0.521**

The Sobel test statistic of 2.794 exceeds 1.96, indicating a significant mediation effect at the 95% confidence level. This shows that employee perception of “D&I initiatives” plays a key role in linking “D&I initiatives” to innovation.

KEY CHALLENGES

Challenge	Startups	Established Corporates	Total
Unconscious bias among employees	33	40	73
Lack of awareness	33	26	59
Limited understanding of D&I issues	30	28	58
Inadequate training	25	25	50
Lack of clear goals or metrics	19	21	40
Cultural insensitivity	20	19	39
Resistance to change	19	20	39
Difficulty measuring impact	14	24	38
Limited employee engagement	16	22	38
Lack of leadership support	16	16	32
Insufficient resources or funding	18	14	32
Ineffective communication	12	13	25
Lack of diverse representation	10	12	22
Inconsistent application of D&I policies	9	11	20



The table presents a list of common D&I challenges and the number of startups and established corporates reporting them. The total column indicates the overall frequency of each challenge.

Inference:

- **Most Common Challenge:**
  - Unconscious bias among employees is the most cited issue, affecting 73 organizations (33 startups, 40 corporates). This suggests that implicit biases remain a significant barrier in both types of organizations.

- **Awareness and Understanding Issues:**
  - Lack of awareness (59) and limited understanding of "D&I issues" (58) are among the top three concerns. Startups report a slightly higher lack of awareness (33 vs. 26) corporates, which could indicate lesser exposure to structured D&I programs.
- **Training and Goal Setting Deficiencies:**
  - Inadequate training (50) and lack of clear goals or metrics (40) suggest that both startups and corporates struggle with defining and measuring D&I progress. These issues point to the need for better frameworks and accountability mechanisms.
- **Cultural & Change Resistance Issues:**
  - Cultural insensitivity (39) and resistance to change (39) indicate how organizational culture plays a significant role in hindering "D&I efforts", highlighting the need for leadership-driven cultural transformation.

- **Lower Reported Challenges:**
  - Inconsistent application of D&I policies (20) and lack of diverse representation (22) are reported less frequently, but they are still notable concerns. These issues might be underreported due to a lack of visibility in smaller organizations.

Challenge	Startups	Established Corporates	Total
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Limited understanding of D&I issues	30	28	58
Inadequate training	25	25	50
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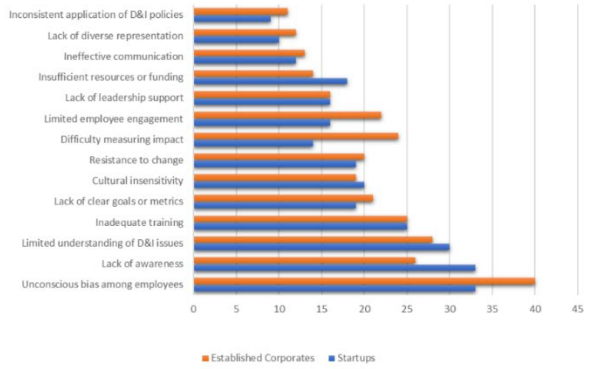

Table 10 : Comparison of Challenges

  - Startups report higher lack of awareness and limited understanding of D&I issues, which aligns with the assumption that larger corporates might have more structured D&I programs.
  - Corporates report slightly higher unconscious bias among employees, which might reflect larger workforce complexities.
  - Lack of leadership support is more prevalent in startups, suggesting that D&I efforts might not be a top priority in early-stage companies.

RESULT CONCLUSION

A. Difference in D&I Initiatives Between Startups and Corporates

- The statistical tests indicate a significant difference in D&I initiatives between startups and corporates.
- The analysis showed variations in the approach, implementation, and perceived effectiveness of D&I programs across startups and corporates.
- Corporates have structured and well-documented D&I programs with formal policies.
- Startups rely more on an informal, culture-driven approach with flexibility but lack structured mechanisms.

Inference: The null hypothesis (H_0) is rejected, confirming that D&I initiatives significantly differ between startups and corporates. Corporates allocate more resources to structured D&I efforts, whereas startups integrate D&I into their work culture without formal policies.

B. Impact of D&I Initiatives on Innovation

- The regression analysis and path model confirm that D&I initiatives positively impact innovation in both startups and corporates.
- The findings indicate that companies with strong D&I policies tend to have a more innovative work environment, likely due to diverse perspectives and inclusive work cultures.
- Diverse teams contribute varied perspectives, leading to better innovation outcomes.

Inference: The null hypothesis (H_0) is rejected, confirming that D&I initiatives positively contribute to innovation. A strong correlation was observed between D&I implementation and enhanced innovation performance.

FINDINGS

The statistical analysis reveals that Diversity & Inclusion (D&I) initiatives significantly differ between startups and corporates in terms of structure, implementation, and perceived impact. The key observations include:

1. Approach to D&I Initiatives:

- Corporates: Adopt a formal, structured approach to D&I, backed by policies, documented programs, and dedicated resources.
- Startups: Follow a culture-driven, flexible approach, often embedding D&I into their daily work environment without rigid policies.

2. **Implementation Variations:**
   - Corporates have dedicated HR teams overseeing D&I initiatives, ensuring compliance, training, and structured interventions.
   - Startups focus on organic inclusion, where diversity efforts emerge from company culture rather than formalized programs.
3. **Effectiveness & Employee Perception:**
   - Employees in corporates view D&I as compliance-driven, where policies exist but may not always translate into an inclusive culture.
   - Employees in startups perceive D&I as part of company culture, but the lack of structure often results in inconsistent experiences across teams.
4. **Differences in Specific Initiatives:**
   - Bias Training & Mentorship Programs: Corporates lead due to structured learning programs.
   - Employee Resource Groups (ERGs): More prevalent in corporates, where employees receive formalized support networks.
   - Inclusive Hiring & Accessibility Initiatives: Corporates surpass startups due to legal requirements and dedicated budgets for such programs.
5. **Structured D&I Enhances Innovation Output:**
   - Corporates with strong D&I frameworks report higher rates of breakthrough innovations due to diverse leadership and structured mentorship.
   - Startups with inclusive cultures exhibit faster decision-making and adaptability, though they may lack the systematic approach of corporates.

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