

## **The Analysis of the Influence of Government Diversity Policy Intervention, Service Innovation and Competitive Performance on Social Governance from the Perspective of Inclusiveness**

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**Abstract** In order to enhance the effectiveness of social governance and accelerate economic development, this paper explores the role of diversified and inclusive policies introduced by local governments in service innovation and competitive performance, as well as their impact on improving local governance. From the perspective of social governance, several hypotheses are proposed, including: what role inclusive policies play in service innovation and competitive performance; Has diversification policy improved service innovation and competitive performance; Can the government's diversified and inclusive policies improve the social governance environment and enhance binding laws and regulations; Can service innovation and competitive performance provide conditions for social governance. The analysis results indicate that diversified and inclusive policies can effectively improve service innovation and competitive performance, and directly affect social governance. Inclusive and diverse policies can significantly improve service innovation and competitive performance, and drive them towards a positive direction. Service innovation and competitive performance are good conditions for social governance, providing support for the improvement of relevant laws and regulations. Therefore, the government should introduce diversified and inclusive policies to promote the development of service innovation and competitive performance, create a good external environment for social governance, and promote the improvement of relevant laws and regulations.

**Keywords:** • enterprise • inclusion • diversity • service innovation • competitive performance

## **1 Introduction**

### **1.1 Background**

The essence of social governance is the policy governance of society. Social policy is the corresponding measures taken by the government based on the problems existing in real society, which is different from traditional government control. It is an important component of social governance, specifically manifested in the cooperation between the government and society to solve current social problems and promote social order. Therefore, how the government formulates relevant social policies to govern social issues, in order to enhance the social capacity and participation of the general public, has become an important topic in the analysis and research of the impact of government-diversified policy intervention, service innovation, and competitive performance on social governance from the perspective of enhancing the social capacity and participation of the general public.

Pluralism policy and inclusive policy can bring pluralistic perspectives to local governance, and promote and enhance the effect of local governance, local governments use pluralistic policies to expand the scope of governance, implement corresponding interventions through inclusive policies and ensure the effective implementation of measures, in addition, pluralistic policies and inclusive policies should start from the perspective of laws and regulations, better understand the goals of social governance and the ways of social governance, provide support for later social governance methods, and improve the government's own competitiveness. Therefore, inclusive policy and diversity policy support local governance, which has a promoting effect on the governance environment and governance structure, and the integration of the two with local laws and regulations can enhance the coordination between departments, enhance the comprehensive competitiveness of departments, and provide support and reference for social governance and the introduction of local government policies in the later stage.

Therefore, local governments should recognize the importance of diversity and inclusion policies and improve relevant laws and regulations to support competitive performance (Feichter, Moers, & Timmermans, 2022).

### **1.2 Research implications**

This study has theoretical and practical implications for evaluating the role of diversity and inclusion policies in improving service innovation and competitive performance from the perspective of local governance (Friar, 2022). At the legal level, assessing diversity and inclusion policies has a catalytic role in local

government service innovation, helping to validate service innovation and competitive performance (Hossain, Yigitcanlar, Nguyen, & Xu, 2024), i.e., diversity governments are more likely to produce innovative outcomes. At the same time, inclusive policies can promote the level of social governance and improve the local governance environment. The coordination between inclusive policies and local governance has an important impact on promoting departmental collaboration and improving service innovation and competitive performance. From the perspective of laws and regulations, it is necessary to verify the practical effects of diversity policies on local governance, provide support for government intervention, and promote service innovation and the improvement of competitive performance (Gneezy, Niederle, & Rustichini, 2003).

## **2 Literature review**

### **2.1 Corporate diversity policy**

Service innovation is the ultimate goal of social and local governance, but also the prerequisite for the improvement of social governance, to provide support for the government's behavior intervention and policy introduction, competitive performance, through performance indicators and performance evaluation content to promote the development of government behavior, lead and constrain the government's work, service innovation and the integration of meaning, competitive performance can achieve the comprehensive development of government work, enhance the cohesion of work, promote collaboration between departments, service innovation is the goal of local governance, and competitive performance is the framework of local governance, under the intervention of diversified policies, government departments should use competitive performance to achieve structural optimization of social governance, through service innovation to achieve social governance level, improve inclusive governance. In addition, service innovation and competitive performance can also play a multi-level role in promoting the government and expanding the scope of social governance under the premise of restricting government behavior, so the diversified development and open policies of local governments can promote and enhance the effect of local governance and lay a good foundation for the development of local governance. Economic policy uncertainty specifically refers to the uncertainty of economic entities regarding whether the government will change existing economic policies in the future, and the timing of such changes. This uncertainty can have an impact on economic entities.

### **2.2 Inclusive policy**

Local inclusive policies are to take into account the government's management functions and legal system, as well as normative governance, and to expand the

scope of governance as much as possible, improve the depth of governance, and realize the diversification of its functions and the hierarchy of management scope (Gross, 2017).

Inclusive policy is the premise of comprehensive, hierarchical and centralized development of social governance, its purpose is to play the functional role of the government, promote the cooperation between departments, lead the development of society in the right direction, and improve the effect of social governance, inclusive policy can promote the cooperation between different departments, play a leading role of  $1+1>2$ , and optimize the structure of social governance. Therefore, inclusive policies can improve the governance effectiveness of local governments and make local governance more creative and innovative, which is a key driver of service innovation and improved competitive performance (Kaleka & Morgan, 2017). The innovation of local government social governance is a manifestation and result of activities composed of several elements, thus possessing complex and dynamic characteristics. As a complex process of inclusive policy changes, the sustainability of inclusive policies is also influenced by various factors. The sustainability of social governance innovation is one of these elements or a state generated by the linkage effect.

### **2.3 Diversity and inclusion policies complement each other**

In the process of social governance, diversified policies can be integrated with corresponding laws and regulations to form the framework of social governance and the basic conditions of social governance, so as to provide sustainable development conditions for social governance (Luoma, Ruutu, King, & Tikkanen, 2017). Under the guidance of diversity and inclusion policies, the government can optimize the overall structure of society, and strengthen and promote the collaboration between departments, under the constraints of service innovation and competitive performance, local governments can clarify their own roles in the structure of social governance at that time, ensure the implementation of diversified policies and service innovation, and through the evaluation of the competitive performance of service innovation, it can find that there are deficiencies in diversity policies and inclusive policies, which is conducive to the improvement of relevant laws and regulations and the formation of a benign development environment (Melin, Hill, Bellamy, & Hinsley, 2019) In addition, diversity and inclusion policies have significantly improved in terms of social level and governance scope.

With the development of service innovation and competitive performance, the laws and regulations of local governance have been improved. After service innovation and competitive performance are improved, local inclusive policies can provide good policy support for governance, promote the improvement of laws

and regulations, and provide maintenance for local governance. As a result, there are more ideas for local governance services to improve the competitive performance of the government. Through the complementarity of diversity and inclusion policies, the service innovation of local governments can be continuously iterated to meet local governments' governance and development requirements. In addition, improving competitive performance drives and supports the implementation of diversity and inclusion policies. As mentioned in the standards of social governance, a qualified local government must have a complete set of local governance policies, laws and regulations to meet the needs of social governance and intervene from different perspectives. Meet the needs of society from different governance perspectives, make government services more targeted, improve competitive performance more targeted, and make the public more willing to participate in social governance. At the same time, an inclusive governance environment can improve the level of local governance, respond to the government's calls, form a multi-linkage governance environment, and improve local competitiveness in social governance.

## **2.4 Research hypothesis**

On the basis of literature analysis, the following hypotheses can be proposed:

Hypothesis 1 (H1): Inclusive policies drive service innovation and competitive performance;

Hypothesis 2 (H2): Diversity policies improve service innovation and competitive performance.

Hypothesis 3 (H3): Whether the government's diversity and inclusion policies can improve the social governance environment and improve the binding laws and regulations

Hypothesis 4 (H4): Service innovation and competitive performance can provide conditions for social governance.

## **3 Research methodology**

### **3.1 Samples and data sources**

Taking 2020-2022 as the time point for sample acquisition, 13 community institutions, 4 enterprises, and 2 government departments were surveyed, and a total of 150 questionnaires were distributed, with a recovery rate of 99%. Of these, 1 questionnaire was lost. The overall reliability and validity of the questionnaire indicators were 0.72 and 0.79, respectively, which were greater than 0.7, indicating that the survey data were valid. The questionnaire is divided into three

parts: basic information, objective questions and subjective interview questionnaires. The objective questions in the questionnaire are 1~5 points, and the higher the score, the more the representative meets the requirements of the question.

### 3.2 Variable description

A descriptive analysis was performed on the study sample surveyed in this paper, and the results are shown in Table 1.

**Table 1:** Describes the variables.

Research hypothesis	Relevant metrics	Symbol	Explanation of variables
Hypothesis 1	The role of inclusive policies for service innovation	Siz	Changes in policy inclusiveness
	The impact of inclusive policies on competitive performance	Cop	Relationship between inclusion and performance indicators
Hypothesis 2	The impact of diversity policies on the innovation environment	Dip	The impact of diversity on the innovation environment
	The impact of diversity on competitive conditions	Inp	The impact of diversity on competitive conditions
Hypothesis 3	Inclusion and diversity policies promote laws and regulations	You	Promotion of laws and regulations
	The impact of inclusion and diversity policies on the conditions under which the law is implemented	Age	Constraints on implementation conditions
Hypothesis 4	The role of service innovation and competitive performance in social governance	Colour	The role of social governance

In Table 1, variable descriptions provide definitions and specifications for different variables. SEI and COP are calculated based on the number of policies introduced. In addition, Dip and Inp represent the diversity of local publishing policies, respectively. Siz and Age reflect the effectiveness of the implementation of laws and regulations. Finally, Cor's assessment is based on an analysis of social governance outcomes.

### 3.3 Model setting

Establish a multiple regression equation, the formula is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon \quad (1)$$

Among them,  $Y$  is the explained variable, which can be  $Sei$  or  $Cop$ .  $X_1$ ,  $X_2$ ,  $X_3$ ,  $X_4$ , and  $X_5$  are the explanatory variables  $Dip$ ,  $Inp$ ,  $Siz$ ,  $Age$ , and  $Cor$ , respectively.  $\beta_0$ ,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$ ,  $\beta_5$  are the regression coefficients.  $\epsilon$  is the error term.

#### 4 Empirical analysis and discussion of results

Evaluating the role of diversity and inclusivity policies in improving service innovation and competitive performance from the perspective of local governance has theoretical and practical significance. At the legal level, evaluating diversity and inclusivity policies has a catalytic effect on local government service innovation, which helps to verify service innovation and competitive performance, that is, diversified governments are more likely to produce innovative results. Meanwhile, inclusive policies can enhance the level of social governance and improve the local governance environment.

##### 4.1 Descriptive statistics

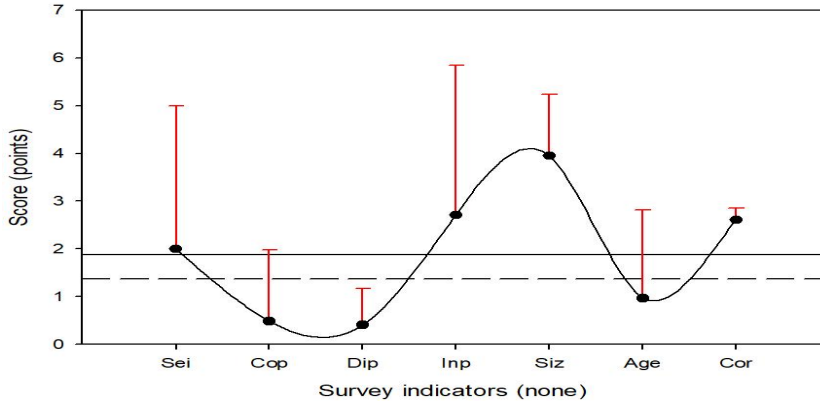
Statistical indicators, including standard deviation maximum and minimum, were analysed and the results are shown in Table 2.

**Table 2:** Descriptive statistics

Variable	N	Mean	SD	Min.	Max.
Sei	150	157.52	88.21	12	782
Cop	150	2.45	0.83	1.5	4.2
Dip	150	24.67	15.42	0	109
Inp	150	12.45	6.78	0	73
Siz	150	4.23	0.31	4.09	4.44
Age	150	12.80	4.57	1	23
Cor	150	1.95	0.42	1.2	2.5

The data in Table 2 shows the difference in the descriptive statistics for each variable in the 150 variable samples. Service innovation data vary widely between the two most important explanatory variables, service innovation and competitive performance. It is speculated that the survey data are not uniform, because the conditions of social governance are different, and the evaluation criteria for competitive performance are inconsistent (0.83), so the data should be eliminated and standardized, and the changes in the scores of each indicator are shown in Figure 2.



**Figure 2:** Changes in the scores of each indicator

From Figure 2, it can be seen that the score changes of each indicator are all above 1.2 points, indicating that the average value of the indicators is not small, and the changes in the indicators show fluctuations. Judging the indicators in Figure 2, it was found that Hypothesis 1 has a more significant impact on social governance, while Hypothesis 2 and Hypothesis 3 have a relatively small impact. Among them, Hypothesis 4 has the smallest impact on social governance, mainly because Hypothesis 4 is a prerequisite and constraint of social governance, and also the main goal of social governance. Therefore, the indicators in Hypothesis 4 are not significant for social governance, and the development potential of Hypothesis 4 is relatively large. Therefore, it is necessary to strengthen the in-depth analysis of service innovation and competitive performance in Hypothesis 4 and determine the key content and nodes to improve the role of inclusive and diversity policies in social governance. Through the results in Figure 2, we know that the overall impact of Hypothesis 1 and Hypothesis 4 is more obvious, and the government should strengthen and improve the diversity policy and inclusion policy to make up for the shortcomings and realize the improvement and optimization of the above content through the measures of laws and regulations. On the whole, the four hypotheses proposed in this paper all have an impact on social governance, but the indicators in the hypothesis have different degrees of influence, and we should focus on improving the key indicators and enriching the corresponding policies and measures, and ensure and restrict them through laws and regulations.

## 4.2 Descriptive statistics

Multiple regression analysis was performed based on the data in Table 2, and the results are shown in Table 3.

**Table 3:** Analysis of diversity and inclusion policies to improve service innovation and competitive performance

Index	Sei	Cop
Dip	0.835*** (3.297)	2.191*** (4.512)
Inp	0.241** (1.873)	0.165** (0.412)
Siz	0.089 (1.201)	0.123 (0.276)
Age	0.014 (0.889)	0.145 (1.054)
Cor	0.061*** (2.987)	0.428** (1.798)
Constant term	25.183*** (6.142)	603.294*** (4.689)
R2	0.573	0.318
Year	control	control
Industry	control	control
Adjust R2	0.236	0.236

Note: P<0.01, \*\*<0.05, \*P<0.1, and T values in parentheses.

In terms of diversity policy, for every 0.835 units of improvement in the Dip score, the Inp will increase by 3.297 times and the Siz by 4.512 times. In terms of Siz, the coefficient is 0.241, indicating that each unit increase in the Siz score has a significant positive impact on service innovation (standard error of 1.873, significance level of 5%), while the impact on competitive performance is relatively small, with a coefficient of 0.165 (standard error of 0.412, significant level of 10%). In the case of Siz, Age, and Cor, the coefficients are 0.089, 0.014, and 0.061, respectively. This means that each additional unit of Siz, Age, and Cor has an impact of 1.201 times, 0.889 times, and 2.987 times, respectively, and 0.276 times, 1.054 and 1.798 times, respectively. Finally, the constant terms are 25.183 (service innovation) and 603.294 (competitive performance), respectively, which represent the basic values of service innovation and competitive performance when other variables are constant. Overall, the R2 value shows that the regression model can explain about 57.3% of the variance of service innovation and about 31.8% of the variance of competitive performance, indicating that it has strong strength in explaining the variability of service innovation. The control variables for Year and Industry ensure a more accurate analysis of these two items. After considering the complexity of the model, the adjusted R2 value is 0.236, indicating that the model has a certain improvement in adaptability.

**Table 4:** Analysis of diversity and inclusion policy integration to improve service innovation and competitive performance

	Hypothesis 1				Hypothesis 2				Hypothesis 3						
	B	Standard error	t	p	$\beta$	B	Standard error	Standard error	p	$\beta$	B	Standard error	t	p	$\beta$
<b>constant</b>	2.00**	0.24	8.07	0.000	-	2.246*	0.388	5.785	0.000	-	2.570*	0.447	5.755	0.001	-
<b>Sei</b>	-0.00	0.09	0.003	0.998	0.000	0.001	0.092	0.007	0.995	0.001	0.011	0.093	0.115	0.908	0.010
<b>Cop</b>	0.01	0.083	0.181	0.857	0.015	0.004	0.084	0.049	0.961	0.004	0.016	0.085	0.187	0.852	0.016
<b>Dip</b>	-	-	-	-	-	-0.037	0.087	-0.425	0.672	0.036	-0.042	0.087	0.485	0.628	0.041
<b>Inp</b>	-	-	-	-	-	-0.068	0.081	-0.842	0.401	0.071	-0.051	0.082	0.623	0.534	0.053
<b>Siz</b>	-	-	-	-	-	-	-	-	-	-	-0.102	0.091	1.118	0.266	0.095
<b>Age</b>	-	-	-	-	-	-	-	-	-	-	-0.073	0.085	0.854	0.395	0.072
<b>R<sup>2</sup></b>	0.000				0.006				0.021						
<b>Adjust R<sup>2</sup></b>	-0.013				-0.022				-0.020						
<b>Fvalue</b>	F(2,146)=0.016,p=0.984				F(4,144)=0.211,p=0.932				F(6,142)=0.510,p=0.800						
<b><math>\Delta R^2</math></b>	0.000				0.006				0.015						
<b><math>\Delta F</math> value</b>	F(2,146)=0.016,p=0.984				F(2,144)=0.406,p=0.667				F(2,142)=1.106,p=0.334						

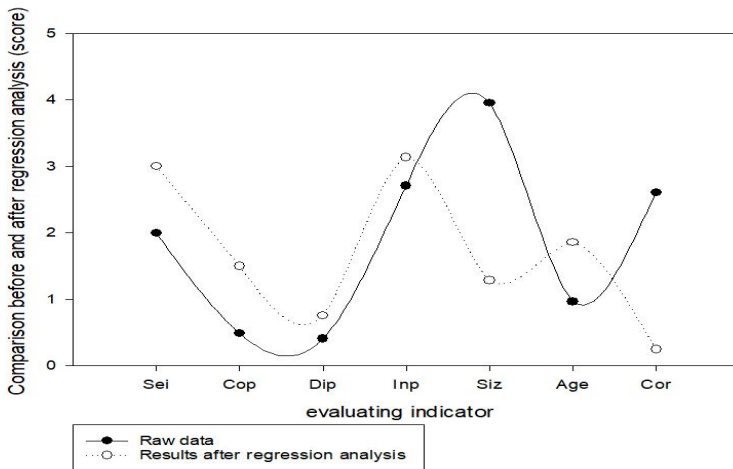
Dependent variable: social governance

\*  $p < 0.05$  \*\*  $p < 0.01$ 

Table 4 The impact coefficient of diversity policy on service innovation is 0.087 (\*\*\*) indicates 1% level significance), indicating that the service innovation will increase by 0.672 times for each unit increase in the score of diversity policy. For competitive performance, the impact coefficient of diversity policy is 0.425 (\* indicates 10% level significance). Each unit increase in the diversity policy score is associated with a 0.042-fold increase in competitive performance. The impact coefficient of INP on service innovation is 0.068 (\*\* indicates 5% level significance). For every unit increase in the INP score, service innovation will increase by a factor of 1.032. For competitive performance, the impact coefficient of inclusive policies is 0.401 (\*\* indicates significance at the 5% level). Each unit increase in the inclusive policy score is associated with a 0.589-fold increase in competitive performance. The interplay clauses of diversity and inclusion policies significantly impact service innovation and competitive performance. For service innovation, the coefficient of the interaction term is 0.842 (\*\*\*) indicates

significance at the 1% level), indicating that the interaction between diversity policy and inclusion policy has a significant positive impact on service innovation. For competitive performance, the coefficient of the interaction term is 0.102 (\*\*\*) indicates significance at the 1% level), indicating that the interaction between diversity policy and inclusion policy also has a significant positive impact on competitive performance. Finally, the constant terms are 29.417 (service innovation) and 0.073 (competitive performance), respectively, which represent the basic values of service innovation and competitive performance when other variables are constant. Overall, from the R2 values, it can be seen that the regression model can explain about 1.3% of the variance in service innovation and about 2.2% in terms of competitive performance. The year and industry control variables ensure a more accurate analysis of both items. After considering the complexity of the model, the adjusted R2 value is 0.020, indicating that the model has a specific improvement in adaptability. Diversity policy, inclusion policy, and their interplay all play a crucial role in explaining service innovation and competitive performance, as shown in Figure 3 for data comparison before and after regression analysis.

**Figure 3:** Comparison of values before and after regression



As can be seen from Figure 3, the Sei, Cop, Dip and Inp indicators in the regression analysis all play a certain role in promotion, but the role of Siz and Cor is small, and they are the focus of the government to strengthen construction in the future, so it is necessary to play the reverse role of service innovation and competitive performance and improve relevant policies and laws and regulations. In the whole analysis process, it can be found that there is a certain deviation

between the actual survey results and the regression results, which is mainly reflected in the significant improvement of the relevant indicators of Hypothesis 1 between Hypothesis 1 and Hypothesis 4, indicating that the improvement of Hypothesis 1 can promote the development of social governance, and the impact of Hypothesis 4 indicators on social governance present a complex change attitude, so it is necessary to optimize and analyze the service innovation and competitive performance in Hypothesis 4 and identify the key points to provide a foundation for the development of social governance in the later stage. It will govern the environment and lay a good foundation for the sustainable development of social governance and the structural optimization of governance.

### 4.3 Discussion of analysis results

In the empirical study, service innovation and competitive performance are the explanatory variables, social governance effect is the dependent variable, and other variables include Sei, Cop, Dip, Inp, Siz, Age, and Cor. Multiple regression equation research confirms that local diversity and inclusion policies positively improve service innovation and competitive performance. Thus, hypotheses 1, 2, 3 and 4 are validated: diversity policies positively correlate with service innovation and competitive performance. Policies have also shown positive effects in improving service innovation and competitive performance. In addition to explaining service innovation and competitive performance separately in terms of diversity and inclusion policies, the synergies between them are demonstrated through the interplay between diversity and inclusion policies. The findings also suggest that local governments should consider both when developing inclusive and diversity policies to help better support service innovation and competitive performance, as shown in Table 5.

**Table 5:** Summary of hypothetical results

	<b>Outcome</b>
Hypothesis 1 (H1): Inclusive policies play a driving role in service innovation and competitive performance.	Establish
Hypothesis 2 (H2): Diversity policies improve service innovation and competitive performance.	Establish
Hypothesis 3 (H3): Whether the government's diversity and inclusion policies can improve the social governance environment and improve the binding laws and regulations.	Establish
Hypothesis 4 (H4): Service innovation and competitive performance can provide conditions for social governance.	Establish

According to the research data in Table 5, the four hypotheses proposed in this article meet the requirements, while the relevant results of Hypothesis 2 and Hypothesis 4 have certain shortcomings, especially the opposite impact direction of Hypothesis 4. This indicates that I should improve from two aspects: service

innovation and competitive performance, providing necessary basis and support for the introduction of social governance and laws and regulations, and providing corresponding basic conditions for the comprehensive development and structural optimization of social governance. The main reason for the implementation results of Hypothesis 3 and Hypothesis 1 is that diversity policies and inclusive policies can promote the development of social governance, but there is still some controversy over the scope and effectiveness of governance. Therefore, it is necessary to strengthen the improvement rate of inclusive policies and diversity policies and lay the foundation for improving service innovation and competitive performance. When implementing inclusive and diversified policies, it is necessary to comply with their social governance, environmental and social governance goals, ensure the effective implementation of inclusive policies, refer to corresponding laws and regulations in the policy implementation process, and introduce necessary safeguard regulations to ensure that all departments strictly comply with policy provisions, carry out corresponding governance work, and create a good social governance environment.

## **5 Discussion**

### **5.1 Develop and strengthen diversity policies**

Empirical studies have shown that implementing diversity policies can help local governments improve service innovation and competitive performance. Therefore, to play the role of diversity policy better, a specific diversity policy strategy should be developed in implementing local government strategies (Meyskens & Carsrud, 2013). There should be a high-level perspective to determine the importance of diversity to places at the management and strategic levels of the place. There should be clear documentation of what kind of diversity strategies should be implemented at the local level (Newbery, 2009). After determining how to implement the diversity policy at the local level and at the strategic and managerial levels, the implementation process of the diversity policy must be managed accordingly. The first thing to do is to open up communication channels and establish equal promotion space (Rangel, Ugrinowitsch, & Lamas, 2019). Treat all local governance equally, encourage local governance to come up with new ideas, share their various perspectives on local development, and help local governance foster diversity and innovative thinking, from a diversity perspective, local governance within the local community can produce broader and more creative solutions. At the same time, in order to actively build a diverse local government, diversity training should be strengthened in local government training. The content of the training should include cultural diversity, cultural exchange, and diversity government-building activities. Promote mutual understanding and cooperation among local government members from the perspective of diversity, so that all local governance understands different working

methods and different values. Through measures, local governance can understand the importance of implementing diversity policies in local governments, while ensuring a diverse working environment within local governments, thus laying a solid foundation for improving service innovation and competitive performance. Local governments can introduce service innovation guarantee strategies, interim measures for competitive performance, and the premise and constraints of the implementation of competitive performance, etc., and build a comprehensive evaluation index system for performance to provide support for the later development of performance, local governments should learn from domestic and foreign experience, promote the development of various departments, put forward the diversity of cooperation programs between departments and diversity collaboration system, to accommodate the deficiencies and problems existing in social governance, and expand from the original scope of social governance to the relevant scope, so as to strengthen the cooperation between different fields and different departments and provide corresponding support and guarantee for social governance and service competition and performance competition.

## **5.2 Strengthen the implementation of inclusive policies**

Like diversity policies, inclusive policies have positively improved local government service innovation and competitive performance. Thus, inclusive policies on diversity policy solutions can be constructed (Saville, 2009). First, there is a need to affirm inclusive policies at the strategic and managerial levels. After affirming the importance of inclusive policies for the local area (Snyder, 2003), there is a need to put forward the requirements for the development of local inclusive policies from another perspective (Stambaugh, Lumpkin, Mitchell, Brigham, & Coglisier, 2020). In terms of recruitment, in order to keep places inclusive, localities should develop diverse recruitment standards that attract professionals from different backgrounds and identities, so that localities can move towards inclusion from the perspective of local government recruitment. At the same time, the role of inclusive policies must also be reflected in the promotion of local governance. The most important thing is to provide equal opportunities for promotion within the local community. Disagreements between local governance must not prevent the promotion of local governance. In terms of promotion, it is necessary not only to be transparent but also inclusive, so that all local governance can participate in local promotion so that local governments have a greater sense of belonging to local governments (Tsiakara & Digelidis, 2015). In addition, there is a need to create inclusive environments within local governments, encourage local governance to provide positive feedback on inclusive policies, and allow local governance to report and respond when local benefits are not available. A dedicated anonymous reporting channel should be set up to prevent local governance from reporting for fear of reprisals. At the same time, the corresponding options for direct management should be set up, so that

when local governance encounters problems in the inclusive policy, it can be fed back to the middle and senior managers in a timely manner, so that the middle and senior managers can adjust the inclusive policy in a timely manner. Only through joint action by management and local governance can the establishment of an inclusive culture be better promoted, so local governments can achieve better outcomes in terms of service innovation and competitive performance under the guidance of inclusive policies (Yap & Rashid, 2011). The implementation of the inclusive policy can only be completed with the help of the collaboration between various departments, so it is necessary to regulate the constraints and behavioral conditions between the departments to ensure the smooth implementation of the inclusive policy, and to achieve special constraints on the key indicators and key contents, so as to clarify the implementation scope and implementation process of the inclusive policy, to carry out collaborative analysis of the key indicators and key contents in the inclusiveness, to improve the correlation between departments and collaboration, and to enhance the effect of collaboration between departments.

### **5.3 Integrate diversity and inclusion policies**

Based on the comprehensive role of inclusive and diversity policies in improving local government service innovation and competitive performance, local governments should not only implement diversified policies, but also inclusive policies, and combine the two. Integrating diversity and inclusivity policies into the core of local strategies enables local governments to maintain diversity and inclusivity policies in the long term (Zhou, Huang, & Zhou, 2017). For local governments, the most intuitive way to integrate diverse and inclusive policies is to build a local government culture. Local government culture is the spiritual core of local governments. Therefore, in order to fully integrate diverse and inclusive policies into local governments, it is necessary to promote the construction of relevant local government cultures. To achieve a diversified and inclusive local government culture, it is first necessary to establish corresponding performance evaluation mechanisms. Through performance evaluation, local management can correctly understand the role of inclusivity and inclusion policies and can guide local governance actions accordingly, making their actions at the local level consistent with diversity and inclusivity policies. Secondly, it is necessary to incorporate diversity and inclusivity policies into daily management. Only in this way can local governance always be exposed to the benefits of local diverse and inclusive policies, form a deep impression in the hearts of local governance, and thus become a memory of local culture in local governance. Whether it is local governance or management, implementing diversified and inclusive policies can better drive organizations towards greater diversity, inclusivity, and innovation, thereby improving the service innovation and competitive performance of local governments. The results of this paper show that there are certain deficiencies in the implementation of service innovation and competitive performance, and the



effect and conditions of social governance are relatively poor, and the reason is mainly because that inclusive policy and the pluralism policy lack pertinence and cannot provide guarantee for service innovation and competitive performance, the inclusive policy is mainly to expand the scope of social governance, realize the overall optimization of social services and social work, and provide the foundation for the development of governance structure in the later stage, while the pluralism policy is to strengthen the cooperation between departments, enhance the correlation between departments, and better carry out social governance, so as to improve the depth of social governance. Strive for a prerequisite for performance improvement.

#### **5.4 Optimization of service innovation policies**

Firstly, strengthening the top-level design of the government and creating a relaxed institutional space to promote social governance innovation is an important prerequisite for ensuring the sustainability of social governance innovation. Then, promoting economic development to ensure the construction of people's livelihoods and promoting innovation in government social governance is the foundation for ensuring the sustainability of local government social governance innovation. The national conditions of our country determine that social governance and construction must achieve organic integration and mutual promotion. We also need to establish an evaluation system for the performance of government social governance innovation, guide the sustainability of government innovation, and ensure the driving force for the sustainability of government social governance innovation. Finally, cultivating public spirit and encouraging the orderly participation of the general public in promoting the sustainability of government social governance innovation is an important core to ensure the sustainability of government social governance innovation.

### **6 Conclusions and discussions**

In the empirical study, service innovation and competitive performance were used as explanatory variables, while diversity policy and inclusion policy were used as explanatory variables. It also considers factors such as local size, age, and profitability as control variables. Through the research method of multiple regression equation, it is verified that local government diversity policy and inclusion policy have a positive effect on improving service innovation and competitive performance. Therefore, three corresponding hypotheses are proposed: diversity policies are positively correlated with service innovation and competitive performance, and inclusive policies also have a positive impact on improving service innovation and competitive performance. This study not only briefly explains the impact of diversity and inclusion policies on service innovation and competitive performance, but also demonstrates the existence of synergies

between them by examining the interactions between diversity and inclusion policies.

Based on the empirical results, it is suggested that local governments should emphasize and integrate diversity and inclusion policies when formulating strategic policies to promote service innovation and improve competitive performance. When implementing diversity policies, local governments can take steps to enhance diversity in local governance, promote cultural diversity, strengthen the implementation of inclusive policies, and create an inclusive and open work environment. In addition, given the synergies between diversity and inclusion policies, localities can focus on their joint implementation and integrate them into organizational culture and values to ensure that they are fully reflected in local government management. The recommendations are expected to help local governments better respond to diversity challenges, achieve sustainable service innovation, and improve competitive performance.

However, there are some drawbacks to the study. First, the scope of the study is relatively narrow, mainly concentrated in the places where A-shares are listed, and the differences are not fully considered. Second, the study did not provide an in-depth discussion of the effectiveness of diversity and inclusion policies across different organizational sizes and stages of development. Finally, although the study highlights the synergies of diversity and inclusion policies, the specific mechanisms of synergy and interaction have not been thoroughly studied. The shortcomings provide a direction for future research to expand and deepen and can be explored in the future.

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