

AN EMPIRICAL STUDY ON THE INFLUENCE OF FACTORS AND CHALLENGES ON ORGANIZATIONAL PERFORMANCE THROUGH DEI PRACTICES IN MANUFACTURING COMPANIES

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ABSTRACT

Diversity, Equity, and Inclusion (DEI) practices have increasingly moved from ethical considerations to strategic imperatives that drive innovation, retention, and competitiveness. In India's manufacturing sector, however, adoption has been uneven due to cultural hierarchies, limited awareness, and resource constraints. This creates a research gap in understanding how enabling factors and persistent challenges influence organizational outcomes in industrial contexts. This study examines the influence of DEI practices on organizational performance in manufacturing companies in Coimbatore. A descriptive research design was adopted, with purposive sampling of 139 respondents directly engaged in manufacturing roles. Primary data were collected through a structured questionnaire consisting of 45 close-ended statements covering factors, challenges, and performance outcomes. Analytical tools included descriptive statistics, regression models, coefficient analysis, and residual diagnostics. The results reveal that leadership encouragement, senior management commitment, inclusive HR policies, and diversity-conscious recruitment enhance employee loyalty, creativity, and workplace reputation. However, barriers such as lack of resources, recruitment biases, insufficient monitoring, and limited prioritization exert a stronger negative impact than enabling factors. Regression findings confirmed that both factors and challenges together explained 40.9 percent of performance variance, with challenges carrying greater influence. The study suggests strengthening leadership accountability, improving DEI training and mentoring, and adopting locally relevant frameworks. Addressing systemic challenges alongside reinforcing enablers can help manufacturing firms achieve measurable improvements in innovation, employee satisfaction, and long-term sustainability.

Keywords: DEI Practices, Organizational Performance, Manufacturing Sector, Leadership Commitment, Workplace Inclusivity.

1. INTRODUCTION OF THE STUDY

In the contemporary business environment, Diversity, Equity, and Inclusion (DEI) practices have gained prominence as key elements in organizational strategy. Traditionally seen as compliance-driven or ethical considerations, DEI initiatives are now increasingly recognized for their role in shaping organizational performance, innovation, and sustainability. The manufacturing sector, in particular, has been slow in comparison to other industries to adopt DEI frameworks, primarily due to entrenched cultural structures, hierarchical systems, and resistance to change (Li et al., 2024; Latif & Wibowo, 2025). However, as globalization, workforce diversity, and stakeholder expectations expand, manufacturing companies are compelled to integrate DEI principles into their strategic and operational agendas. Manufacturing industries worldwide are recognizing the business case for DEI. Reports suggest that organizations with higher gender and ethnic diversity are more

likely to financially outperform those with lower diversity (Wickham et al., 2025). Innovation, employee engagement, and reduced attrition are consistently associated with inclusive policies. Yet, the "diversity paradox" highlights that poorly designed DEI efforts may create backlash, disconnection, or even undermine team cohesion (Burnett & Aguinis, 2023). This makes the study of factors that influence DEI effectiveness, alongside challenges in implementation, especially relevant in complex industrial sectors like manufacturing.

The Indian context presents a compelling backdrop for exploring DEI dynamics. A survey conducted by Valuvox for Indeed revealed that 77% of employers in India believed not prioritizing diversity, inclusion, and belonging (DI&B) could negatively impact performance. At the same time, only 21% of organizations had formal DI&B policies in place, while 39% admitted their awareness was inadequate (PTI, 2022). Furthermore, 73% of employees expressed a preference to work in organizations actively promoting inclusion, underscoring employee demand for stronger DEI initiatives. These figures highlight a significant gap between organizational intent and practice in India's evolving labor market. Coimbatore, a prominent manufacturing hub in Tamil Nadu, offers a fertile ground for examining this issue. The city is home to diverse industries, including textiles, automotive components, precision tools, and engineering equipment. While companies here are adapting to global competition and technological advancements, their DEI strategies remain under-researched. Local firms often face challenges such as limited resources, cultural resistance, and the lack of leadership commitment to inclusivity. At the same time, successful DEI practices have the potential to enhance workforce participation, improve employee retention, and build stronger organizational reputation in both domestic and international markets (Mukherjee, 2025).

Theoretical frameworks provide additional context. Signaling theory suggests that DEI commitments enhance a firm's reputation by sending positive signals to employees, investors, and customers. The resource-based view highlights diverse human capital as a unique organizational capability that, if managed effectively, can provide sustainable competitive advantage (Wickham et al., 2025). Empirical studies support these perspectives, showing that firms with robust DEI commitments experience positive abnormal stock returns, higher innovation levels, and stronger organizational creativity (Li et al., 2024; Jeong & Shin, 2019). However, challenges such as recruitment bias, unclear communication, and lack of accountability mechanisms continue to dilute the impact of DEI initiatives (Latif & Wibowo, 2025; Matthews et al., 2024). The Indian corporate landscape offers both examples of progress and persistent barriers. CEAT, a leading tire manufacturer, has committed to achieving 25% gender diversity on shop floors and 20% in leadership positions by 2027, compared to an industry average of only 6–8% (Mukherjee, 2025). Such efforts illustrate that inclusive hiring and supportive policies can yield measurable progress. In contrast, multinational companies operating in India have had to navigate global shifts in DEI momentum. While firms in the United States scaled back DEI efforts in 2024–2025 due to political pressures, Indian subsidiaries largely maintained or adapted their inclusion frameworks, highlighting the resilience of Indian corporate practices (Phadnis, 2025).

Against this backdrop, the present study aims to empirically investigate how factors influencing DEI and challenges in implementation shape organizational performance in Coimbatore's manufacturing companies. By bridging theoretical insights with empirical realities, the study seeks to fill the research gap in India's manufacturing sector and provide actionable insights for managers and policymakers on leveraging DEI for sustainable growth.

1.1 STATEMENT OF THE PROBLEM

Manufacturing companies today operate in an environment where competitiveness depends not only on technology and productivity but also on the ability to create inclusive

and equitable workplaces. Diversity, equity, and inclusion (DEI) practices are increasingly recognized as essential for enhancing employee satisfaction, creativity, and retention. However, in many Indian manufacturing firms, the adoption of DEI remains uneven, shaped by leadership attitudes, organizational culture, and the level of awareness among employees. While some organizations have introduced inclusive policies and training initiatives, there is still limited clarity on how such factors translate into measurable improvements in organizational performance.

At the same time, several challenges hinder the effective implementation of DEI practices. Issues such as resource constraints, recruitment biases, lack of managerial commitment, and insufficient employee engagement often reduce the impact of DEI programs. These barriers not only affect the inclusivity of the workplace but also influence key performance outcomes such as teamwork, innovation, and employee loyalty. The absence of empirical evidence linking DEI-related factors and challenges with organizational performance in the manufacturing sector creates a research gap. Addressing this gap is vital to understand whether DEI initiatives can strengthen organizational outcomes and how challenges limit their effectiveness, which provides the foundation for the present study.

1.2 OBJECTIVES OF THE STUDY

1. To examine how factors influencing DEI practices contribute to organizational performance in manufacturing companies.
2. To analyze the challenges in implementing DEI practices and their impact on organizational performance in manufacturing companies.

2. REVIEW OF LITERATURE

The relationship between Diversity, Equity, and Inclusion (DEI) and organizational performance is well theorized, yet evidence within manufacturing settings in emerging economies remains developing. Three streams shape the discourse: the performance effects of DEI, the organizational factors that enable DEI, and the challenges that constrain outcomes. Global findings are increasingly complemented by Indian evidence that reflects local culture, governance, and labor market realities.

2.1 DEI AND ORGANIZATIONAL PERFORMANCE

Studies link strong DEI commitments with positive market and workplace outcomes. In manufacturing contexts, specific and credible DEI announcements are associated with improved market performance, supporting a signaling effect to investors and other stakeholders (Li, Lo, Tang, & Zhou, 2024). Integrating DEI into strategic and human resource systems is further associated with higher innovation, productivity, and employee well-being when leadership emphasis is sustained over time (Latif & Wibowo, 2025; Jeong & Shin, 2019). Indian evidence reinforces the business case. A national survey reported that 77 percent of employers believe that not prioritizing diversity, inclusion, and belonging could harm performance, although only 21 percent had formal policies, revealing an intent–practice gap that can dilute results if unaddressed (PTI, 2022). Company cases illustrate measurable movement. CEAT has progressed from 11 percent overall diversity in 2019 to 17 percent, with targets of 25 percent shop-floor and 20 percent leadership diversity by 2027, signaling a structured path from activity to outcomes in a core manufacturing domain (Mukherjee, 2025). At the ecosystem level, despite global headwinds, Indian operations of multinationals have largely maintained DEI momentum, suggesting organizational resilience when inclusion is embedded in talent frameworks (Phadnis, 2025).

2.2 FACTORS INFLUENCING DEI EFFECTIVENESS

Leadership commitment and HR stewardship consistently emerge as enabling conditions. Inclusive leadership, supported by fair hiring, anti-bias training, and inclusive evaluations, creates the routines through which DEI moves from policy to practice (Kulkarni,

2024; Latif & Wibowo, 2025). From a resource-based view, organizations realize value from DEI when they develop complementary capabilities such as cultural competence, data systems, and accountability mechanisms that connect inclusion to core processes and performance metrics (Wickham, Fiedler, & Donnelly, 2025). Contextualization also matters. Local culture and organizational structures influence how employees interpret DEI signals and whether they experience psychological safety needed for voice and participation (Bay, Craig, & Masters-Wheeler, 2023). Indian practice shows that leadership engagement and governance discipline differentiate high-maturity firms from peers. Organizations at transformative stages report stronger board involvement, clearer dashboards, and tighter links between DEI and business results (ET Bureau, 2025). Practitioner commentary aligns with this trajectory, noting that employee belonging correlates with engagement, retention, and employer choice in the Indian labor market (Mittal, 2024).

2.3 CHALLENGES IN DEI IMPLEMENTATION

Barriers persist across communication, measurement, and culture. Poorly designed initiatives can backfire when employees perceive tokenism or unclear intent, producing cynicism and resistance rather than engagement (Burnett & Aguinis, 2023). Leadership ambivalence and limited measurement tools obscure accountability and learning cycles, increasing the risk of the “diversity paradox,” where diversity is present but value capture is weak (Matthews, Gold, & Schleper, 2024; Latif & Wibowo, 2025; Wickham et al., 2025). Indian analyses warn against uncritical borrowing of Western templates. Overreliance on race-framed models can underplay local inequities related to caste, region, language, disability, and care burdens, resulting in partial inclusion that benefits only elite segments (Thakur, 2025). Ambivalence among employees and managers can further slow progress if organizations do not cultivate open dialogue and emotional engagement to support behavioral change (Creary, 2025). Maturity diagnostics in India show many firms remain at early stages where DEI is event-driven and compliance-oriented, rather than strategy-linked with measurable outcomes on hiring, progression, and psychological safety (ET Bureau, 2025).

2.4 RESEARCH GAPS AND DIRECTIONS

Gaps remain in longitudinal, sector-specific, and regionally grounded studies of DEI within manufacturing in India. Existing evidence affirms the potential for performance gains but also shows mixed outcomes when implementation quality is uneven. Scholars call for context-sensitive models that align DEI with operational realities, supply chain structures, and workforce compositions in manufacturing clusters such as Coimbatore (Wickham et al., 2025; Latif & Wibowo, 2025; Matthews et al., 2024). Future work should track how leadership accountability, measurement systems, and localized inclusion architectures convert DEI from policy commitments into durable improvements in innovation, retention, and competitiveness.

3. RESEARCH METHODOLOGY

This study examines the influence of factors and challenges of DEI practices on organizational performance in manufacturing companies. A quantitative approach was employed to measure the relationship between inclusive practices, workplace barriers, and performance outcomes, with data drawn from employees in the manufacturing sector of Coimbatore district.

3.1 RESEARCH DESIGN

A descriptive research design was adopted as it captures the perceptions of employees without manipulating organizational conditions. This approach was suitable for identifying patterns in DEI practices and understanding their effect on performance outcomes.

3.2 SAMPLING DESIGN AND TECHNIQUE

The study applied purposive sampling to select respondents who were directly engaged in manufacturing organizations and had experience with workplace practices relevant to DEI. This ensured that the responses reflected authentic industrial perspectives.

3.3 SAMPLE SIZE

The analysis was based on 139 respondents, which provided sufficient representation for statistical testing and regression analysis. The chosen sample size was appropriate to draw reliable insights into the influence of DEI on organizational performance.

3.5 DATA COLLECTION AND TOOLS OF ANALYSIS

Primary data were gathered through a structured questionnaire with 45 close-ended items covering factors influencing DEI, challenges in implementation, and organizational performance, measured on a five-point Likert scale. Section A included demographic details, while Section B addressed organizational initiatives like DEI training and responsibility. The data were analyzed using descriptive statistics, regression models, coefficient analysis, and residual diagnostics to ensure accuracy and reliability of results.

4. ANALYSIS AND INTERPRETATION

Table No.1: Factors Influencing the Effectiveness of DEI Practices

Factors	Mean	Std. Deviation
Leaders at all levels encourage DEI practices.	3.713	1.226
HR policies promote inclusivity across all roles.	3.642	1.247
I have attended DEI-related training relevant to my role.	3.418	1.289
Recruitment process considers diverse applicants.	3.669	1.232
I am aware of DEI because of workplace initiatives.	3.584	1.243
Resources provided for DEI are sufficient.	3.529	1.274
Compliance with legal requirements improves DEI.	3.604	1.209
Senior management shows visible DEI commitment.	3.688	1.197
Communication about DEI is clear in the organization.	3.556	1.214
Digital tools support DEI learning effectively.	3.461	1.293
Benchmarking with other companies motivates DEI.	3.479	1.261
Teamwork in my department respects inclusivity.	3.632	1.221
Mentoring supports diversity and inclusion.	3.407	1.282
Recognition systems reward inclusivity efforts.	3.573	1.231
Employees from diverse groups are seen in leadership roles.	3.615	1.216

Source : Computed from Primary data

INFERENCE: From table no.1, the descriptive statistics for the Factors Influencing the Effectiveness of DEI Practices are ranked as follows: Leaders encourage DEI (3.713) stood first, followed by Senior management commitment (3.688) in second, Recruitment considers diversity (3.669) in third, HR policies promote inclusivity (3.642) in fourth, and Teamwork respects inclusivity (3.632) in fifth. Next, Diverse leadership representation (3.615) ranked sixth, Legal compliance improves DEI (3.604) seventh, Awareness from initiatives (3.584) eighth, Recognition for inclusivity (3.573) ninth, and Clear DEI communication (3.556) tenth. Mid-range scores were Resources sufficient (3.529) in eleventh, Benchmarking motivates DEI (3.479) in twelfth, Digital tools support learning (3.461) in thirteenth, and Attended DEI training (3.418) in fourteenth. The lowest mean was Mentoring supports diversity (3.407), ranking fifteenth.

Table No.2: Challenges in Implementing DEI Practices

Factors	Mean	Std. Deviation
Employees in different roles resist DEI changes.	3.619	1.264

Colleagues lack understanding of DEI concepts.	3.648	1.236
Training opportunities for DEI are too limited.	3.573	1.271
Leaders are not always committed to DEI.	3.549	1.248
Recruitment decisions show bias.	3.672	1.228
Lack of resources creates problems in DEI.	3.694	1.219
Negative attitudes towards DEI are visible.	3.608	1.283
Communication about DEI is sometimes unclear.	3.498	1.291
Cultural differences hinder DEI adoption.	3.452	1.307
Senior employees resist DEI adoption.	3.532	1.241
Management focuses on short-term results.	3.587	1.218
Employees are not encouraged to participate in DEI.	3.468	1.265
HR staff need more expertise in DEI practices.	3.443	1.281
Monitoring DEI progress is insufficient.	3.637	1.224
DEI is not treated as a top priority.	3.681	1.205

Source : Computed from Primary data

INFERENCE: From table no.2, the descriptive statistics for the Challenges in Implementing DEI Practices are ranked as follows: Lack of resources (3.694) stood first, followed by DEI not a top priority (3.681) in second, Recruitment bias (3.672) in third, Colleagues lack understanding (3.648) in fourth, and Monitoring insufficient (3.637) in fifth. Mid-level rankings included Employee resistance (3.619) in sixth, Negative attitudes (3.608) in seventh, Short-term focus by management (3.587) in eighth, Limited DEI training (3.573) in ninth, and Leaders not committed (3.549) in tenth. Lower mean scores were recorded for Senior employee resistance (3.532) in eleventh, Unclear communication (3.498) in twelfth, Lack of employee encouragement (3.468) in thirteenth, Cultural barriers (3.452) in fourteenth, and the lowest was HR expertise insufficient (3.443), ranking fifteenth.

Table No.3 :Organizational Performance through DEI Practices

Factors	Mean	Std. Deviation
DEI practices help improve my work performance.	3.659	1.213
DEI makes me more creative and innovative.	3.684	1.207
I feel more motivated because of DEI practices.	3.629	1.229
Fewer colleagues leave because of DEI initiatives.	3.417	1.296
DEI improves customer satisfaction.	3.578	1.238
DEI strengthens workplace reputation.	3.652	1.223
Teamwork is stronger due to inclusivity.	3.613	1.214
I feel greater job satisfaction with DEI policies.	3.636	1.226
Diversity helps in better problem-solving.	3.596	1.252
DEI helps attract skilled employees.	3.562	1.268
Community engagement improves company's image.	3.473	1.279
Fair evaluations encourage better performance.	3.539	1.257
Collaboration across roles has improved.	3.486	1.246
Inclusivity reduces conflicts in workplace.	3.553	1.234
I feel loyal to the organization due to DEI.	3.668	1.210

Source : Computed from Primary data

INFERENCE :From table no.3, the descriptive statistics for the Organizational Performance through DEI Practices are ranked as follows: Creativity & innovation (3.684) stood first, followed by Employee loyalty (3.668) in second, Work performance (3.659) in third, Workplace reputation (3.652) in fourth, and Job satisfaction (3.636) in fifth. Mid-level

rankings included Motivation from DEI (3.629) in sixth, Teamwork strengthened (3.613) in seventh, Problem-solving ability (3.596) in eighth, Customer satisfaction (3.578) in ninth, and Attracting skilled employees (3.562) in tenth. Lower means were Conflict reduction (3.553) in eleventh, Fair evaluation (3.539) in twelfth, Collaboration improved (3.486) in thirteenth, Community image (3.473) in fourteenth, and the lowest was Reduced attrition (3.417), ranking fifteenth.

Hypothesis No.: 1

Null Hypothesis (H_0): There is no significant linear relationship between factors influencing DEI practices, challenges in implementing DEI practices, and organizational performance in manufacturing companies.

Alternative Hypothesis (H_a): There is a significant linear relationship between factors influencing DEI practices, challenges in implementing DEI practices, and organizational performance in manufacturing companies.

Table No.4: Model Summary and ANOVA Analysis between Factors and Challenges on Organizational Performance through DEI Practices

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.639 ^a	.409	.400	6.87461	.409	46.975	2	136	.000	1.778
a. Predictors: (Constant), Challenges in Implementing DEI Practices, Factors Influencing the Effectiveness of DEI Practices										
b. Dependent Variable: Organizational Performance through DEI Practices										
ANOVA ^a										
Model		Sum of Squares		df	Mean Square		F	Sig.		
1	Regression	4440.133		2	2220.066		46.975	.000 ^b		
	Residual	6427.393		136	47.260					
	Total	10867.525		138						
a. Dependent Variable: Organizational Performance through DEI Practices										
b. Predictors: (Constant), Challenges in Implementing DEI Practices, Factors Influencing the Effectiveness of DEI Practices										

Source : Computed from Primary data

INFERENCE: Table No.4 presents the model summary and ANOVA results for the regression analysis assessing the influence of factors and challenges of DEI on organizational performance in manufacturing companies. The R square value of 0.409 indicates that the predictors together explain 40.9% of the variance in performance. The Durbin-Watson statistic of 1.778 suggests no major autocorrelation in residuals. The F-value of 46.975 with a significance of 0.000 confirms that the model is statistically significant at the 1% level. This shows that both DEI factors and challenges collectively have a strong influence on organizational performance.

Table No.5: Coefficients between Factors and Challenges on Organizational Performance through DEI Practices

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	10.155	5.300		1.916

Factors Influencing the Effectiveness of DEI Practices	.249	.113	.155	2.193	.030
Challenges in Implementing DEI Practices	.595	.075	.566	7.983	.000

a. Dependent Variable: Organizational Performance through DEI Practices

Source : Computed from Primary data

INFERENCE: Table No.5 shows that both predictors have significant effects on organizational performance. Factors influencing DEI practices have a positive impact with a coefficient of 0.249, t-value of 2.193, and p-value of 0.030, confirming statistical significance. Challenges in implementing DEI practices demonstrate a stronger influence with a coefficient of 0.595, t-value of 7.983, and p-value of 0.000. This indicates that while both factors and challenges are important, challenges carry a greater explanatory power in shaping organizational outcomes in manufacturing companies.

Table No.6: Residuals Statistics between Factors and Challenges on Organizational Performance through DEI Practices

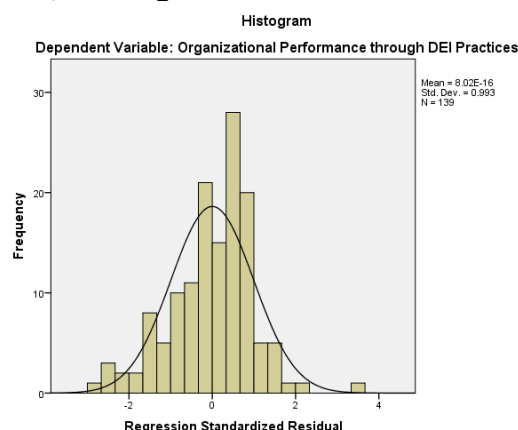
Residuals Statistics ^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	41.0409	65.0695	53.2158	5.67229	139
Residual	-19.90471	23.95914	.00000	6.82461	139
Std. Predicted Value	-2.146	2.090	.000	1.000	139
Std. Residual	-2.895	3.485	.000	.993	139

a. Dependent Variable: Organizational Performance through DEI Practices

Source : Computed from Primary data

INFERENCE: Table No.6 confirms the reliability of the regression model. Predicted values ranged between 41.04 and 65.07 with a mean of 53.21, while residuals had a mean of 0.00 and standard deviation of 6.82, showing balanced errors. The standardized residuals were within ± 3.5 , which indicates no serious outliers. These results support that the model is well-fitted and robust for analyzing the influence of DEI factors and challenges on organizational performance in Coimbatore's manufacturing companies.

Chart No.1 Histogram between Factors Influencing DEI Practices, Challenges in Implementing DEI Practices, and Organizational Performance in Manufacturing Companies



5. FINDINGS OF THE STUDY

The descriptive results show that the effectiveness of DEI practices in Coimbatore manufacturing firms is anchored in visible leadership and coherent people systems. The highest means were recorded for leaders encouraging DEI (3.713), senior management commitment (3.688), diversity-conscious recruitment (3.669), inclusive HR policies (3.642),

and inclusive teamwork (3.632). These patterns are consistent with evidence that inclusive leadership and HR integration translate DEI from policy to practice and are associated with higher innovation, engagement, and creativity (Kulkarni, 2024; Latif & Wibowo, 2025; Jeong & Shin, 2019). Correspondingly, organizational performance items with higher means were creativity and innovation (3.684), loyalty (3.668), work performance (3.659), reputation (3.652), and job satisfaction (3.636), which mirrors the business case that credible DEI signals and mature practices enhance market and workplace outcomes (Li et al., 2024; Wickham, Fiedler, & Donnelly, 2025). Indian market indicators reinforce this trajectory, with strong employee preference for inclusive employers and an acknowledged risk from not prioritizing inclusion (PTI, 2022). Firm-level movement, such as CEAT's structured targets for gender diversity, further illustrates how leadership intent coupled with formal mechanisms can yield measurable progress in manufacturing settings (Mukherjee, 2025).

At the same time, the challenges profile reveals capability and prioritization gaps that can dampen DEI returns if unaddressed. The most salient barriers were lack of resources (3.694), DEI not being a top priority (3.681), recruitment bias (3.672), limited understanding among colleagues (3.648), and insufficient monitoring (3.637). These findings align with scholarship on “backfire” risks when initiatives are under-resourced or poorly communicated, leading to cynicism or resistance, and with the “diversity paradox” where value capture is weak despite headcount diversity (Burnett & Aguinis, 2023; Matthews, Gold, & Schleper, 2024). The coefficient results substantiate this risk–return asymmetry: both predictors are significant, but challenges show a stronger effect on performance ($B = 0.595$, $p < .001$) than enablers ($B = 0.249$, $p = .030$), indicating that constraint removal may yield larger marginal gains than adding new programs alone. Indian maturity diagnostics similarly note that many firms remain at early stages where activity is not yet linked to outcomes and where leadership accountability is uneven, underscoring the need to upgrade governance, metrics, and board engagement (ET Bureau, 2025). Local commentators further caution that imported templates miss India-specific inequities related to caste, region, language, disability, and care burdens; localization is therefore essential for durable impact (Thakur, 2025; Bay, Craig, & Masters-Wheeler, 2023).

The model diagnostics indicate a well-fitted and informative specification. The regression explains 40.9 percent of the variance in organizational performance with strong overall significance ($F = 46.975$, $p < .001$; $R^2 = .409$), and residual statistics are balanced with no major autocorrelation or extreme outliers, supporting reliability for inference in this context. These results suggest that a material share of performance variance is captured by the interplay of DEI factors and challenges, while also leaving room for additional operational and market drivers that future studies may incorporate. Taken together with the literature, the evidence points to three managerial imperatives for Coimbatore manufacturers. First, consolidate leadership-led enablers that scored high in this study by embedding inclusive hiring, clear communication, and recognition into core HR and operations systems (Latif & Wibowo, 2025; Kulkarni, 2024). Second, neutralize high-impact constraints by prioritizing resource allocation, building DEI literacy, and installing outcome-oriented dashboards to monitor hiring, progression, and psychological safety, thereby avoiding backfire and paradox effects (Burnett & Aguinis, 2023; Matthews et al., 2024; ET Bureau, 2025). Third, contextualize DEI architecture to Indian legal and socio-cultural realities while maintaining momentum despite global headwinds, as seen in resilient Indian subsidiaries and sector exemplars (Phadnis, 2025; Mukherjee, 2025; PTI, 2022). This combined pathway is consistent with the resource-based view that competitive advantage emerges when organizations align inclusive capabilities with measurement and accountability to convert DEI commitments into sustained performance outcomes (Wickham et al., 2025).

5.1 SUGGESTIONS

The findings of the study suggest that manufacturing companies in Coimbatore need to strengthen leadership accountability and integrate DEI practices into their core strategies. Senior management commitment, inclusive HR policies, and recruitment practices that embrace diversity emerged as critical enablers. Companies should invest in regular awareness programs, structured DEI training, and mentoring systems to build a culture of inclusivity across all roles. Benchmarking with industry peers and adopting digital tools for learning can further support employees in understanding DEI values. Ensuring clear communication, recognition for inclusivity, and representation of diverse groups in leadership positions will reinforce organizational trust and improve long-term performance outcomes.

At the same time, overcoming the barriers highlighted in the study is equally important. Organizations should allocate adequate resources for DEI initiatives, treat inclusivity as a strategic priority, and introduce strong monitoring systems to track progress. Recruitment processes must be reviewed to address unconscious biases, while employees at all levels should be encouraged to participate actively in DEI programs. Building DEI expertise within HR teams and fostering dialogue around cultural differences will help in minimizing resistance and reducing backfire effects. A locally relevant DEI framework, aligned with Indian cultural and industrial contexts, will ensure that policies are both meaningful and impactful for manufacturing firms in Coimbatore.

5.2 CONCLUSION

The study establishes that effective DEI practices contribute meaningfully to enhancing organizational outcomes in manufacturing companies. Strong leadership commitment, inclusive HR frameworks, and diversity-conscious recruitment were found to build employee loyalty, creativity, and workplace reputation. When inclusivity is reinforced through clear communication, recognition systems, and representation in leadership, organizations are better positioned to retain talent and strengthen competitiveness. These findings highlight that inclusive strategies are not only ethical commitments but also serve as business imperatives for sustainable growth in a competitive industrial environment.

At the same time, the analysis shows that barriers such as lack of resources, limited prioritization, recruitment bias, and inadequate monitoring significantly weaken the impact of DEI initiatives. These challenges exert greater influence on performance outcomes compared to enablers, indicating that addressing constraints is crucial for realizing the full potential of DEI practices. The results confirm that organizations need to build accountability mechanisms, invest in resources, and adopt culturally relevant frameworks to overcome systemic gaps. By balancing enabling factors with the removal of barriers, manufacturing firms can achieve measurable improvements in innovation, employee well-being, and overall organizational performance.

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