

Topic: Inclusive Growth: Integrating Diversity and Sustainabilities of Smes in Northeast Odisha.

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Abstract: The purpose of this research is to examine the diversity and sustainability practices in the SMEs and their proactive roles for the cause of inclusive growth in the selected region of Northeast Odisha. The socio-cultural environment within the region is diverse; however, the SMEs have many challenges, including a lack of resources and adequate infrastructure. To examine how factors of diversity integration and sustainability and growth inclusion affect inclusive growth, this study uses structural equation modeling with socio-cultural factors as the moderator. The results show that cross disciplinary immersion and sustainable business approach enhances the SMEs growth path. Moreover, social and cultural factors are key enablers of sustainable practice change on this level. The study therefore supports the development of policies that address diversity and sustainability in SMEs for further economic and regional development and social integration. Some policy recommendations drawn from the studies are; increasing financial support, strengthening the relation with communities and creating networks among SMEs for the sharing of information. This research can be a framework to other areas experiencing similar problems in their development processes in achieving sustainable development and inclusive growth.

Keywords: Inclusive growth, diversity integration, sustainability practices, small and medium enterprises (SMEs), Northeast Odisha, socio-cultural factors, structural equation modelling

Introduction

This paper examines how workforce diversity affects organizational success and performance in relation to SMEs. In this paper, the performance of sustainable diverse workforce and its impact on organizational performance, employees' engagement, and overall organizational effectiveness will be evaluated through an empirical study of these SMEs to understand the advantages and disadvantages of diversity at the workplace (Tempelaar et al. 2020). It is the intention of the research to add to the emerging body of knowledge on diversity management and its impact on the improvement of competitive advantage among SMEs in regional economies.

Overview of SMEs in NORTHEAST ODISHA

In general, there is a scarcity of literature comparing diversity in large incorporated firms and SMEs. They possess fewer resources and are more likely to be affected in a different way from large firms to make them a different category. However, other empirical research including those by Carter et al. (2020) reveal that there is still much that diversity management can do to enhance SME performance. This is because SMEs are more adaptable and can easily affect changes hence, are.

perfectly placed to harness, various ideas as well as engage in innovative practices. However, lack of formal diversity policies within the structure of many SMEs may work against the obvious benefits of diversification

The context of the North-East region of Odisha contributes to the investigation of diversity and organisational effectiveness. Despite being an economically developing region, this area has been paid relatively little attention to the performance of SMEs and their employees' diversity. Some of the issues that are common among the SMEs of Odisha are scarcity of resources, inadequate infrastructure, and skills deficiency of workers (Dey *et al.* 2022).

Literature Review

Introduction to Workforce Diversity

Workforce diversity refers to a broad cross-section of factors such as age, gender, colour, belief education, years of service, origin. It is for this reason that contemporary workplaces and organisations are paying more attention in appreciating diversity as a determinant of organisational performance with special reference to global village and multiversity (Matoreaand Khairani 2020). Thus, managing diversity in the context of SMEs, where the issues of resource availability and competition are crucial can be advantageous and disadvantageous to the improvement of organizational performance.

Sustainable Development of SMEs

This underscores the fact that SMEs have unique potential to deliver more inclusive growth if only they will embrace sustainable management practices. The lack of the evaluation and implementation of sustainable management strategies evidences the importance of incorporating economic, social and environmental concerns in business development models (Gander *et al.* 2020). The article describes the main problems that SMEs in underdeveloped and resource-scarce areas, including Northeast Odisha, may encounter, including financing constraints and technology limitations. When SMEs adopt effective and efficient means - including using resources optimally, recruiting people, and implementing environmental- friendly technology, the SMEs not only establish a competitive edge but also foster regional development and inclusive economic growth.

Diversity and Sustainable Business Practices in Indian SMEs

The work is aimed at presenting an analysis of the impact of diversity and sustainability on the SMEs to improve its performance. This paper contends that inclusion of multicultural, socialist and business models into corporate developments creates adaptability and creativity. The fact has been emphasised that different cultural settings of the regions like Northeast Odisha affect the business structural set up and thus requires specific adaptation of business models to fit the region's socio-cultural context (Pradhan and Husain, 2021). SMEs can positively influence the economic development of regions, increase the impact on improving the social situation, and promote environmentally friendly processes for the future.

Importance of sustainability in workforce diversity

Workforce diversity is therefore anchored on sustainable work management principles that seek to create viability in the business world. The strengths of a diverse workforce are the ability to have a pool of different ideas, skills, background and experiences that will improve problem-solving, creativity, and decision-making at workplace. Sustainability blends into workforce diversity in a way that makes diversity programs socially responsible and economically sensible. In the following areas: diversity, equal employment, and equal opportunities and treatment in the workplace, organizations ought to apply sustainable strategies to secure top talents, which these factors meet in the growing market. Furthermore, an organization's sustainable diversity practices work to ensure social integration for society through the promotion of the underprivileged and the provision of basic needs for the deprived individuals. They ensure blueprints organizational objectives in tune with broader society requirements and solution handle environmental, economy and social requirements.

Such alignment enhances organizational credibility, engages the employees, and retains the customer. That is, sustainable workforce diversity management is about more than just legal compliance and creating better opportunities for candidates, of benefiting society and increasing organizational value in the long-run.

Research problem

The area of research problem is the volatility that hampers the accomplishment of inclusive growth and development in the South-Eastern part of Odisha special focus on SMEs diversity and sustainability. However, there are challenges that SMEs in the region face which include; resource constraints; infrastructural endowment; and socio-cultural hindrances. Therefore, this research aims at examining how various and specific socio-cultural factors and sustainable business strategies can be successfully implemented in SME to promote inclusion growth. The purpose of the research is to examine the barriers to this integration and to examine the way that SMEs can be encouraged to play a positive role in development of the regions with respect to social and ecological justice.

Objectives and hypotheses of the study

Objectives

To evaluate the level of workforce diversity in the selected SMEs in the North-East region of Odisha presently.

To investigate and estimate the consequences of integrating the diversity and sustainable practices on the SMEs inclusive growth policy in Northeast Odisha.

To examine how the socio-cultural factors affect the integration of sustainable business practices by the SMEs in the region.

Hypothesis

Null Hypotheses (H0):

The adoption of diversity and sustainability does not demonstrate a positive impact of the growth of SMEs in the region specifically in Northeast Odisha.

The socio-cultural environment as a factor has been found out to have little influence or effect on SMEs' implementation of sustainability business practices within the Northeast Odisha region.

Alternative Hypotheses (H1):

The incorporation of diversity and sustainable elements thereby has a considerable impact on the successful and evolutionary establishment of SMEs in the Northeast Odisha.

Socio-cultural factors play a major role in determine how SMEs in Northeast Odisha incorporate sustainable business practices.

Significance of the study

The relevance of this study is derived from the possibility of building knowledge on how the links between diversity and sustainability can foster development of SMEs in Northeast Odisha. Given the kind of challenges and opportunities that these enterprises portray, the research can help the government and other stakeholders to know the best way to approach development, equity, and environmentalism. Moreover, the results could be useful for other regions with similar problems and can be an input for the discussion on sustainable development. In the long run, this study seeks to enable the SMEs to optimize growth in a diverse and sustainable manner for the enhancement of economic base, and quality of life for the community.

Methodology and Data analysis

Method

For this study on workforce diversity and organizational effectiveness of SMEs of North-East region of Odisha, a positivist research philosophy means the research is conventional, sample collected factual and data measured or counted. It entails the application of quantitative techniques like questionnaires and inferential tools for the sake of validating theories on the effects of diversity on organizational performance (Adjabeng *et al.* 2022).

A conclusive research design for this study aims at attaining conclusion-related findings on the relationship between workforce and organisational performance in the chosen SMEs of the North-East region of Odisha. This design involves the use of survey or quantitative methods in an attempt to present well defined findings (Korkmaz, 2022). The objective is to provide specific and accurate results that support or dismiss the hypotheses, which will enable the suggestion of strategies on how diversity affects the performance of the organizations in the SMEs sector of this region.

Data analysis

As quantitative data is going to be employed for the study, then statistical analysis will have to be conducted on the data collected from the different SMEs in the North-East region of Odisha to establish relationship between the workforce diversity and the organizational effectiveness. Surveys collected in will be analyzed through applications like SPSS or Excel for modest descriptive statistics, correlation, as well as regression tests (Chaudhry *et al.* 2021).

In this study, 300 participants have been selected from some SMEs operating in the North East Region of Odisha through random sampling. This method helps to avoid bias to some extent, making sure that all the employees within the workforce of the SME has equal likelihood of being selected in the sample (Miklian and Katsos, 2024).

Structural equation modelling

In case of structural equation modelling (SEM), the structures of the relationships between the latent variables are usually defined in a set of equations (NTEMEN *et al.* 2024). It could involve possessing other constructs such as ‘diversity integration’ as endogenous to the model so they can be used to determine their direct and indirect impact on ‘inclusive growth.’

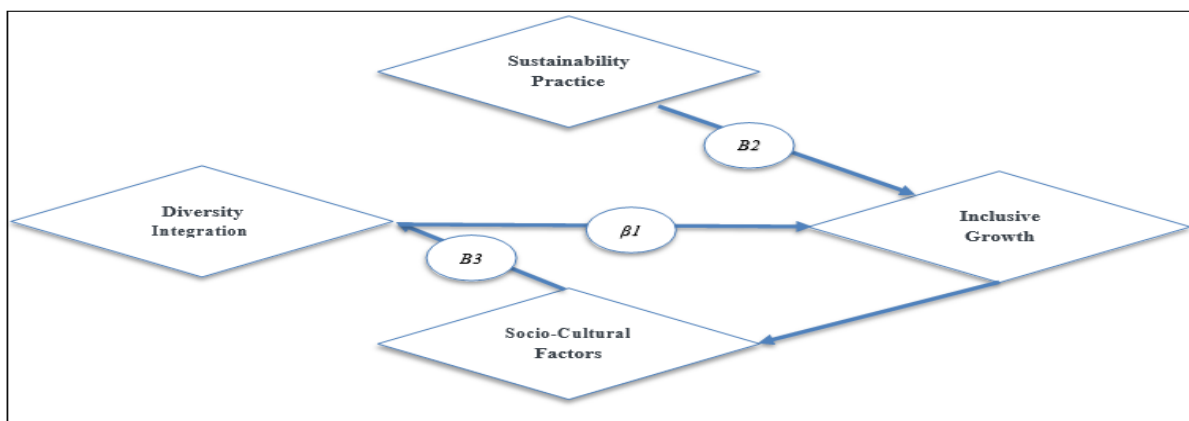


Figure 1: Structural equation modelling

(Self-made)

Equation:

$$IG = \beta1(DI) + \beta2(SP) + \beta3(SC) + \epsilon$$

Where:

- IG = Inclusive Growth (dependent variable)

DI = Diversity Integration (independent variable)

SP = Sustainability Practices (independent variable)

SC = Socio-cultural Factors (mediator variable)

$\beta_1, \beta_2, \beta_3$ = Path coefficients indicating how strong and which way the connections are

ϵ = Error term for more variables influencing inclusive growth

This equation defines the extent that diversity integration, sustainability practices and socio-cultural factors determine inclusive growth.

Results and discussion

Descriptive statistics

		Statistics							
		@4. Diverse teams contribute positively to the overall performance	@5. Workforce diversity enhances creativity and innovation within	@6. The organization has effective policies in place to manage	@7. Employee satisfaction and respect regardless of their background	@8. Diverse perspectives are actively sought and considered	@9. Workplace diversity contributes to better problem solving	@10. There are regular training and development programs focused	
N	Valid	300	300	300	300	300	300	300	
	Missing	0	0	0	0	0	0	0	
Mean		2.52	2.43	2.62	2.72	2.69	2.63	2.75	
Median		2.00	2.00	3.00	3.00	3.00	2.00	2.00	
Mode		2	2	2	2	2	2	2	
Std. Deviation		1.026	1.150	1.122	1.160	1.133	1.179	1.295	
Skewness		.553	.556	.268	.329	.388	.418	.337	
Std. Error of Skewness		.141	.141	.141	.141	.141	.141	.141	
Kurtosis		-.205	-.473	-.762	-.729	-.639	-.718	-1.025	
Std. Error of Kurtosis		.281	.281	.281	.281	.281	.281	.281	
Sum		755	730	787	816	808	789	826	

Figure 2: Descriptive statistics

(Self-made)

The information contains 300 participants' answers to questions about company policies and diversity (van de Schoot *et al.* 2021).

The average results fall between 2.43 and 2.75, indicating that participants are only somewhat in agreement with the claims made about the benefits of diverse teams, how diversity fosters creativity and innovation, and how successful organizational policies are (Rosa, 2024). The majority of replies were marginally below the midpoint on the scale, as indicated by the median values, which primarily fall between 2.00 and 3.00 and the mode, which is always 2. The moderate variety in responses, as indicated by standard deviations ranging from 1.026 to 1.295, suggests some degree of disagreement among individuals. Positive skewness values, which range from 0.268 to 0.556, indicate that there is a modest rightward bias in the response distribution and that more respondents are ranking above the mean (Mohajan, 2020). The negative kurtosis values, which range from -0.205 to -1.025, show that the responses are more evenly distributed and have fewer extreme values than a normal curve (Gross-Golacka *et al.* 2024).

Correlation

Correlations

		@4. Diverse teams contribute positively to the overall performance	@5. Workforce diversity enhances creativity and innovation with	@6. The organization has effective policies in place to manage	@7. Employees feel valued and respected regardless of their background	@8. Diverse perspectives are actively sought and considered	@9. Workplace diversity contributes to better problem-solving	@10. There are regular training and development programs focused
@4. Diverse teams contribute positively to the overall performance	Pearson Correlation	1	.263**	.181**	.178**	.154**	.153**	.146*
	Sig. (2-tailed)		.000	.002	.002	.008	.008	.011
	N	300	300	300	300	300	300	300
@5. Workforce diversity enhances creativity and innovation with	Pearson Correlation	.263**	1	.337**	.302**	.190**	.165**	.186**
	Sig. (2-tailed)	.000		.000	.000	.001	.004	.001
	N	300	300	300	300	300	300	300
@6. The organization has effective policies in place to manage	Pearson Correlation	.181**	.337**	1	.376**	.269**	.122*	.166**
	Sig. (2-tailed)	.002	.000		.000	.000	.035	.004
	N	300	300	300	300	300	300	300
@7. Employees feel valued and respected regardless of their background	Pearson Correlation	.178**	.302**	.376**	1	.250**	.198**	.136*
	Sig. (2-tailed)	.002	.000	.000		.000	.001	.018
	N	300	300	300	300	300	300	300
@8. Diverse perspectives are actively sought and considered	Pearson Correlation	.154**	.190**	.269**	.250**	1	.348**	.288**
	Sig. (2-tailed)	.008	.001	.000	.000		.000	.000
	N	300	300	300	300	300	300	300
@9. Workplace diversity contributes to better problem-solving	Pearson Correlation	.153**	.165**	.122*	.198**	.348**	1	.433**
	Sig. (2-tailed)	.008	.004	.035	.001	.000		.000
	N	300	300	300	300	300	300	300
@10. There are regular training and development programs focused	Pearson Correlation	.146*	.186**	.166**	.136*	.288**	.433**	1
	Sig. (2-tailed)	.011	.001	.004	.018	.000	.000	
	N	300	300	300	300	300	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

Figure 3: Correlation

(Self-made)

By examining the relationships between the dimension of workforce diversity and organisational effectiveness in the SMEs in the North-East region of Odisha, the following correlation analysis is seen. When linked to increased creativity and innovation, the positive contribution of diverse teams to organisational performance is moderately related, ($r = 0.263, p < 0.01$) and has a weak relationship with factors that include effective diversity policies and training programmes (Carter *et al.* 2020). The relationship between workforce diversity and creativity and innovation is moderate to highly significant with the common methods of diversity management policies = 0.337, $p < 0.01$ and moderate significance with the perceived valuation of the employees = 0.302, $p < 0.01$. Employee respect correlates positively with effective policies, ($r = 0.376, p < 0.01$) and better problem solving ($r = 0.122, p < 0.05$.) Views reported by the participants increase problem-solving ($r = 0.348, p < 0.01$) and correlate with the availability of training programmes ($r = 0.288, p < 0.01$). It was established that there is a significant link between the offer of formal training and development and the performance of problem solving where higher values are registered for the offer of training and development programs to their subordinates ($r = 0.433, p < 0.01$). Altogether, good practices and training in diversity are necessary for making an advantage out of the diversity in the workforce to improve organisational performance.

Regression

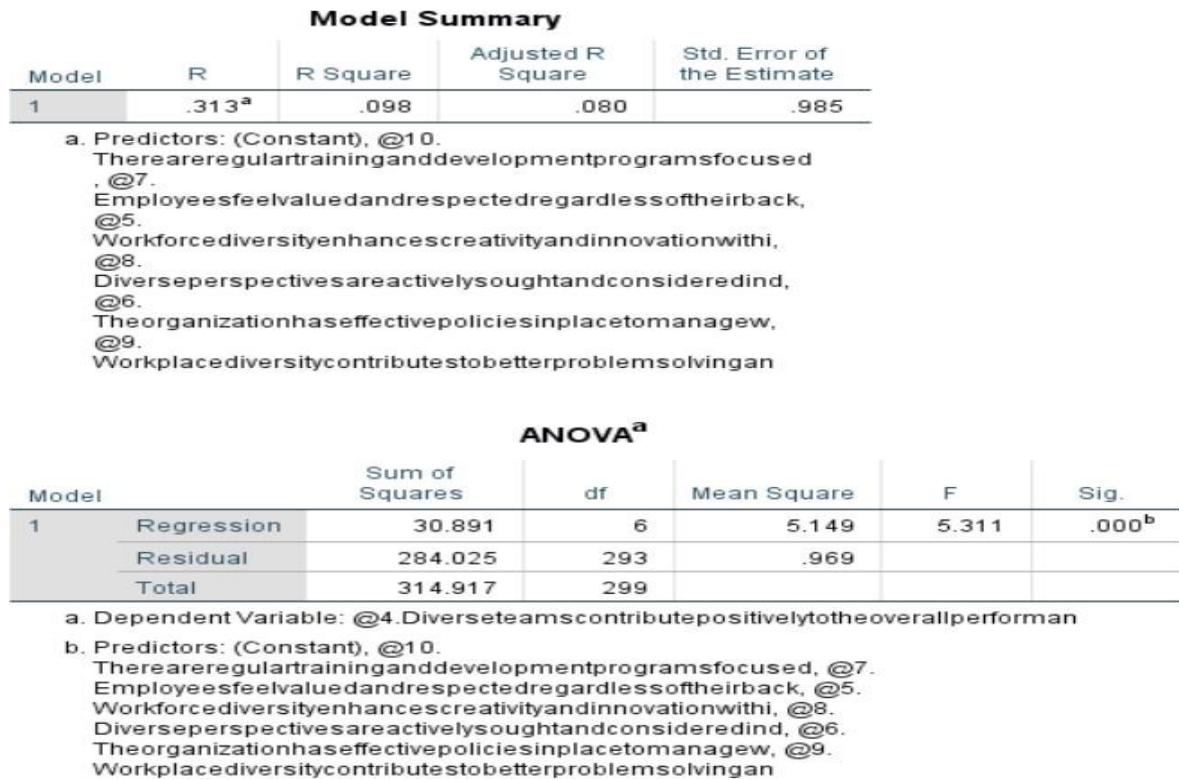


Figure 4: Regression

(Self-made)

Regression analysis is used to look at how different workforce diversity-related characteristics affect the general outcome of a set of SMEs in the northeastern Odisha region. The dependent variable (overall performance) and the independent variables (diversity-related characteristics) have a weak positive association, as indicated by the Model Summary's R value of 0.313. With a R Square value of 0.098, the model appears to be able to explain 9.8% of the variance in overall performance (NTEMEN *et al.* 2024).

Potential overfitting is taken into consideration by the Adjusted R Square of 0.080, which modifies the model's predictor count somewhat. The average separation between the observed values and the regression line is indicated by the Standard Error of the Estimate, which is 0.985.

The statistical significance of the model and the considerable impact of the independent factors on the dependent variable are demonstrated by the ANOVA table, which displays a significant F value of 5.311 with a p-value of 0.000. This implies that issues pertaining to worker diversity have a significant impact on the overall viability of SMEs in the area.

Conclusion and Regression

Conclusion

Overall, the findings of this study suggest that incorporating diversity and sustainability is of paramount importance to achieve inclusive growth objectives for SMEs in the selected region. If the SMEs focus on socio cultural issues and encourage sustainability, they stand to gain competitiveness and add value to the region. The study yields useful implications for policy makers and any stakeholders involved in supporting the sector, by underlining the importance of responding to these diverse contexts and blending interventions that enable SMEs to be more resilient in a changing environment, thereby promoting social justice and environmental conservation in the geography of the study.

Recommendation

From the research, therefore, it is suggested that spearheading policy formulators and players in SMEs of Northeast Odisha to develop diversity and sustainability policies. It could extend financial and material assistance to the sustainable element like green technologies and capacity building programmes in inclusive business models. Also, the practice of encouraging the relations between the SMEs and local populations will promote appreciation of each other's cultures or ways of doing things (Gidi *et al.* 2024). Promoting the formation of small and medium enterprise networks to foster the exchange of best practices on diversity and sustainability can still enhance another important economic system in regions. Lastly, the continuous research and monitoring to evaluate the implementation of these initiatives and the modification of strategies that will be part of the plan..

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