

## THE IMPACT OF ORGANIZATIONAL CULTURE AND WORKPLACE DIVERSITY ON ORGANIZATIONAL INNOVATION: THE MODERATING ROLE OF EMPLOYEE MOTIVATION

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### Abstract

The purpose of this study is to explore the relationship between organizational culture, workplace diversity, employee motivation and organizational innovation in both public and private sector organizations having business in Pakistan. The general aim is to examine the relationship between organizational culture and organizational diversity and the effect of this relationship on organizational innovation by using employee motivation as a moderating variable. The research used was a Quantitative research approach based on a Cross sectional design. A structured questionnaire was adopted to gather data from 370 employees who had at least two years of experience at their work. Correlation and regression analysis were applied to the study to look at the relationships between the variables. The research results show that organizational culture is very influential in achieving workplace diversity, thereby improving organizational innovation. Additionally, employee motivation bolsters the link between workplace diversity and organizational innovation, lending to the idea that motivated employees are more likely to have a greater impact on innovative outcomes. The findings also revealed that fostering positive and inclusive organizational culture is important to boost innovation performance among organizations in Pakistan. The current study is significant to the literature, as it combines organizational culture, workplace diversity and employee motivation in one framework to account for organizational innovation in a developing country context.

### 1. INTRODUCTION

Today's world contains many challenges for businesses as they compete with other businesses worldwide, keep up with the ever-changing technology, and deal with the expectations of a changing workforce. The environment is dynamic and organizational innovation is now a key ingredient to success in the long run and to sustainable competitive advantage. In today's unpredictable and challenging markets,

organizations need to create new products, services, and processes to stay competitive. Previous studies highlight that organizational environment factors like organizational culture, workplace diversity, leadership practices, and employee motivation play a crucial role in fostering innovation in addition to technological capabilities (Chen & Cai 2026).

Organizational culture is widely accepted as the key factor that influences the behaviour of

employees and organizational effectiveness. It is the common values, beliefs, and norms that influence the behaviors of employees in an organization. Organizational culture is present on three levels as outlined by (Sadovei et al., 2025) artifacts, espoused values, and underlying assumptions. Recent research has shown that innovation-oriented and adaptive organizational culture can promote creativity, knowledge sharing, and collaboration within the organization, thereby improving the organization's innovation performance (Li et al., 2026; Huang & Li, 2025) Fostering positive cultures is more likely to equip organizations to handle environmental uncertainty and technological disruption.

Diversity in the workplace is likewise a crucial asset for strengthening the competitive position of an organization. Diversity is defined as differences in women and men in terms of their age, ethnicity, education, professional experience, and cultural backgrounds. Diversity, when managed properly, can lead to a generation of a wider range of ideas, better decision-making and enhanced problem-solving capabilities with multiple perspectives integrated into the organization (Roberson et al., 2025; Gupta & Davies, 2024). But if diversity is not managed, there can be conflict, lack of communication, and less cohesion within an organization. Thus, organizational practices need to be inclusive to ensure that they produce innovative outcomes from the use of diversity. Empirical studies in recent years have supported findings that diversity in organizational climates has positive effects on employees' creativity and organizational innovation performance ((Hager et al., 2026).

Employee motivation is a key moderating factor in the relationship between organizational factors and innovation outcomes. Successful employees are engaged, creative and committed to organizational objectives. The research of HRM in the new era indicates that a positive organizational culture positively affects intrinsic motivation, which in turn promotes employees' innovation behavior (Deci et al., 2023; Lee et al., 2025; Nguyen et al., 2024). Furthermore,

motivation allows workers to positively leverage a variety of knowledge, skills and perspectives to bring innovative results to their organisations, making diversity and culture a tool for innovation.

Although the research in organizational culture, workplace diversity and innovation has increased in the last few years, the majority of the studies have focused on one area at a time. However, their combined effects on organizational innovation have been understudied, and the moderating effect of employee motivation has yet to be considered. The research gap is more pronounced in developing economies like Pakistan where there are immense issues in managing workforce diversity, employee engagement, and fostering innovation capability in an organization (Khan et al., 2025; Shah et al., 2026). Filling this gap is essential in order to grasp the ways in which organizations can successfully incorporate cultural and diversity issues into the development of innovation.

Thus, the purpose of this study is to explore the effect of organisational culture and workplace diversity on organisational innovation and to explore the moderation role of employee motivation. This study builds on the existing body of research in a number of ways. The first is that it combines three important organizational constructs in a single conceptual framework. Secondly, it offers empirical evidence of the moderating effect of employee motivation in enhancing the innovation outcomes. Thirdly, it presents practical implications for managers and policy makers who want to create inclusive, innovative and high performing organizations in emerging economies.

## 2. LITERATURE REVIEW

### 2.1 Organizational Culture and Workplace Diversity

Organizational culture is known as one of the most important factors influencing employee behavior, organizational effectiveness and innovation capability. Shared values, beliefs, norms and assumptions which influence employee behaviour inside an organisation (

Ouchi & Wilkins, 1985) Recent studies highlight the importance of organizational culture in fostering innovation-driven behavior, co-creation and flexibility in dynamic contexts (Shafi & Parveen, 2025).

A good organizational culture helps to ensure that the actions of employees are consistent with that of the organization's strategy and operational practices, which in turn improves efficiency and innovation results (Hussain & Farooque, 2021). Culture also serves as a socialization tool for employees to absorb the norms, values and behaviors that are expected of them in organizations (Lai et al., 2025). But too much conformity can make people less tolerant of differences and promote less creativity.

Workplace diversity means that the workplace is made up of people who are different in terms of gender, age, ethnicity, education, professional experience and cultural background (Tubussum et al., 2025). Recent research indicates that diversity is a demographic fact and is also a strategic asset that can help improve innovation, problem-solving and decision-making skills (Htut et al., 2025). Research indicates that adopting an inclusive culture can create organizations more conducive to achieving diversity benefits (Bijalwan et al., 2024). Without management, however, poor communication, conflict, and decreased cohesion between members of teams can occur (Wu et al., 2026). Hence, creating an inclusive organizational culture is crucial to ensure diverse employees are included and contribute their best to organizational results. Additionally, the findings of recent research emphasize the importance of psychological safety and inclusive leadership in improving the positive effect of diversity on innovation performance (Parker II, 2026).

**H1: Organizational culture has a significant positive relationship with workplace diversity.**

## 2.2 Workplace Diversity and Organizational Innovation

The value of workplace diversity is also becoming more apparent in terms of innovation within organisations, especially those in knowledge-

intensive and technology-based sectors (Fearn et al., 2023). The variety of the work force offers a wide array of cognitive resources, viewpoints and competencies that boost creativity and innovation performance (Østergaard & Timmermans, 2025). Having to combine heterogeneous knowledge bases allows organizations to build innovative solutions and to be more adaptive to the complexity of the environment (Haned & Nguyen 2014).

Knowledge-based perspective sees diversity as a resource to increase absorptive capacity (Bello-Pintado & Bianchi 2021) of organizations, enabling them to acquire, process, and use external knowledge. Furthermore, different teams increase the possibilities for knowledge recombination and communication which are key in innovation generation Garcia Martinez & Garcia Marco 2017).

Empirical studies in recent years have found that there is a positive relationship between diversity climate and employee innovation and organizational performance (Al-Monawer et al., 2024). In addition, inclusive diversity management practices also foster employee creativity and innovation, which, in turn, enhances collaboration and psychological safety Al-Hamli et al., 2025).

But a lack of management can also create coordination costs and interpersonal conflict in diversity (Hope Pelled & Albers Mohrmad 1999). So, a connection between diversity and innovation is frequently dependent on leadership, culture, and inclusion practices.

**H2: Workplace diversity has a significant positive relationship with organizational innovation.**

## 2.3 Employee Motivation

Motivation is an important psychological factor influencing employee's behaviour, job performance and innovation results. Engaged, creative and committed employees are a direct reflection of the organizational effectiveness (Mathew & Johnson 2015). Recent studies have validated the relationship between employee motivation and innovative work behavior, as well

as organizational performance in both developed and emerging nations (Lee et al., 2025; Nhan & Anh 2025).

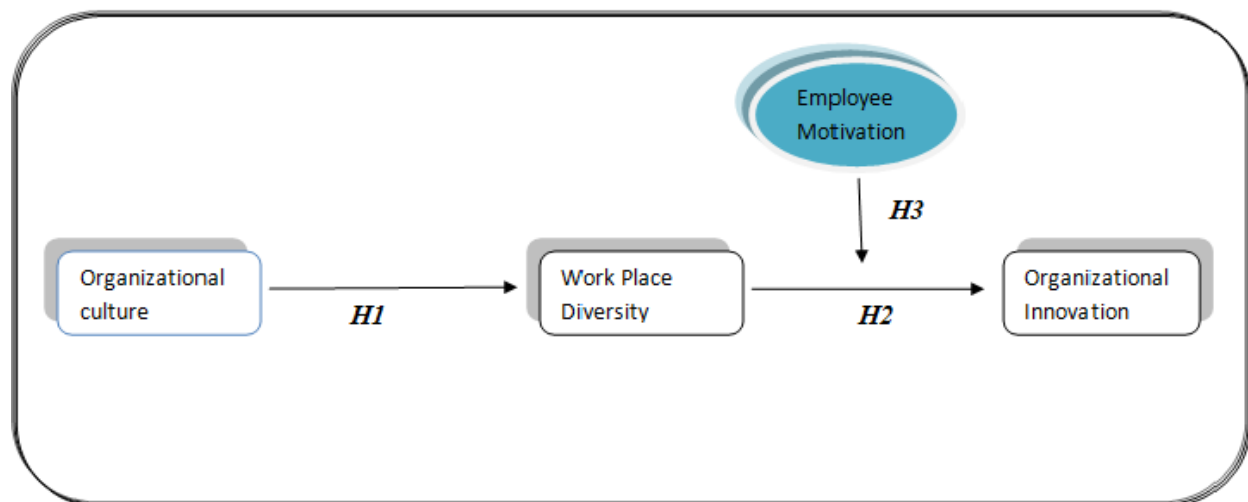
Motivation influences the effectiveness of employees' use of skills, knowledge and effort to achieve organisational goals. Specifically, motivated workers are more likely to explore problems creatively and do tasks related to innovation. On the other hand, low motivation due to ineffective management, unequal behaviors or insufficient compensation leads to

low performance of employees and their ability to innovate.

More recent HRM research has highlighted the ability of employee motivation to augment the effects of organisational culture and diversity on the outcomes of innovation (Kandoth & Shekhar 2025). Motivation plays an important role as a moderating mechanism in the organizational innovation model because motivated employees are able to contribute diverse perceptions and turn them into innovative products.

**H3: Employee motivation strengthens the relationship between workplace diversity and organizational innovation.**

**2. THEORETICAL FRAMEWORK**



**2. THEORETICAL FRAMEWORK**

The relationships between the study variables are thought to be as shown in the conceptual diagram below. The model has organizational culture as an independent variable, workplace diversity as a key mediating/connecting construct, organizational innovation as a dependent variable and employee motivation as a moderating variable that strengthens the relationship between workplace diversity and organizational innovation.

**2.1 Organizational Culture**

Diversity in the workplace is defined by differences in gender, age, ethnicity, education,

skills, experiences and perspectives among the members of a workplace. Diversity in the workforce group can combine individual differences such as ideas, knowledge, and problem solving, creating an increase in organizational learning and innovation potential. Workplace diversity, if managed well, can be a strong advantage in enhancing creativity, decision making and organizational flexibility. Teams with diverse members can think outside the box to come up with solutions and possibilities to address complex organizational needs (Roberson, 2023; Jackson et al., 2024). Yet inclusion practices must be good to create diversity or it

might result in communication problems and conflict.

## 2.2 Workplace Diversity

Diversity in the workplace is defined by differences in gender, age, ethnicity, education, skills, experiences and perspectives among the members of a workplace. Diversity in the workforce group can combine individual differences such as ideas, knowledge, and problem solving, creating an increase in organizational learning and innovation potential. Workplace diversity, if managed well, can be a strong advantage in enhancing creativity, decision making and organizational flexibility. Teams with diverse members can think outside the box to come up with solutions and possibilities to address complex organizational needs (Roberson, 2023; Jackson et al., 2024). Yet inclusion practices must be good to create diversity or it might result in communication problems and conflict.

## 2.3 Employee Motivation

Motivation of employees is the degree of commitment, energy, engagement, and creativity that employees put into the work. It's one of the most important psychological motivators that impact employee performance and organizational effectiveness. In all economic climates, organizations make an ongoing effort to find ways to motivate their employees to boost productivity and innovation results.

A positive attitude from employees tends to translate into proactive behaviour, new ideas and organization improvement. Additionally, motivation can also help to increase employee commitment, minimise employee turnover, and improve efficiency within the workplace (Mathew, 2009; Lee et al., 2023; Nguyen et al., 2024).

## 2.4 Organizational Innovation

Organizational innovation is defined as the introduction and integration of new ideas, processes, products or methods into an organization that leads to better organizational

performance and/or a competitive edge. It is about continually finding creative answers and converting knowledge to action.

Innovation can happen in the management processes, structures, and management, as well as technological advancements. Innovation culture is the more powerful to adapt to changes in the environment and sustain competitiveness in the long term (Huang et al., 2024; Parveen et al., 2023).

## 2.5 Framework Explanation

This study has a conceptual framework that has four major variables. Organizational culture is the independent variable that affects the workplace diversity in the organization. Organizational innovation is the dependent variable with workplace diversity serving as a key intervening variable. Employee motivation is used as a moderating variable to enhance the relationship between workplace diversity and organizational innovation.

Based on the model, it is proposed that the culture of an organization plays a significant role in whether or not diversity is encouraged in the workplace. It is therefore suggested that the culture of an organization has a great influence on whether or not diversity is fostered in the workplace. Cultivating diversity in the workforce, in turn, contributes to creativity, knowledge sharing, and performance in innovation. Moreover, the relationship between employee motivation and their involvement in innovation-related activities is reinforced by their heightened engagement in the process, which increases the value of using various perspectives.

In general, the framework suggests that organizational innovation occurs as a result of the interaction between organizational culture, workplace diversity and employees' motivation.

## 3. METHODOLOGY

### 3.1 Research Design

This research was conducted quantitatively with cross sectional design, was derived from collecting data at one time. The research is explanatory research because it is to examine the cause-and-

effect relationship of organizational culture, workplace diversity, employee motivation and organizational innovation.

The study centres on employees in both the public and private sector organizations to provide a wider understanding of organizational behaviour in various work environments.

**3.2 Measurement and Sampling**

Information was gathered from workers with at least two years of professional experience in order to get informed responses. The questionnaire was used as the major data collection tool in a structured manner.

The study used purposive sampling method which is a non-probability sampling technique as it was important to select the samples of the respondents according to the specific criteria and objectives of the study. A total of 370 respondents were included in the sample.

All the variables were measured using a 5-point Likert scale, which the following scoring of variables was applied:

- 1 = Strongly Agree
- 2 = Agree

- 3 = Neutral
- 4 = Disagree
- 5 = Strongly Disagree

**3.3 Scale Development**

The instruments used in this study were taken from the previous studies which have been established and validated. Organizational culture and workplace diversity were adopted from (Bana et al., 2016), employee motivation scale was adopted from (Shahzadi et al., 2014) and organizational innovation scale was adopted from (Ismail et al., 2002). The constructs employed in this study are reliable and valid as evidenced by the use of these instruments.

**3. ANALYSIS AND RESULTS**

**3.1 Demographic Details**

The following characteristics of the respondents are presented. Gender and educational background has been included in the analysis to give an overview of the composition of the sample. There were a total 378 valid responses, analyzed.

**3.1 Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	233	61.6	61.6	61.6
	female	145	38.4	38.4	100.0
	Total	378	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Metric	2	.5	.5	.5
	Inter	16	4.2	4.2	4.8
	Under Graduate	179	47.4	47.4	52.1
	Graduate	145	38.4	38.4	90.5
	M.phill	35	9.3	9.3	100
	Total	378	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	21	5.6	5.6	5.6
	26-35	125	33.1	33.1	38.6
	36-45	179	47.4	47.4	86.0
	46-55	53	14.0	14.0	100.0
	Total	378	100.0	100.0	

Demographic analysis of the study sample offers three major characteristics of the respondents: gender, educational qualification, age distribution. Of the 378 responses received, 378 were counted as valid and analysed to understand the composition of the sample.

The results reveal a gender distribution, which is 61.6% male (n = 233) and 38.4% female (n = 145). This suggests the sample was relatively male dominated, possibly the gender balance of the employees within the selected organisations. The large percentage of women, however, allows for good representation of both genders in the study. With respect to educational qualification, 47.4% (n = 179) of the respondents were undergraduates while, 38.4% (n = 145) of the respondents were graduates. A smaller percentage had a M.Phil degrees (9.3%, n = 35), while only a limited number were from intermediate (4.2%, n = 16) and matric (0.5%, n = 2) levels. This means that most respondents have a relatively high level of education, which would imply they can comprehend organizational practice, organizational dynamics and the constructs of culture, diversity, motivation and innovation that were used in this study.

As for age distribution, the largest age group on the respondents is 36-45 years old (47.4%) followed by 26-35 years old (33.1%). Respondents aged 46-55 years account for 14.0% (n = 53), while the smallest group is 18-25 years (5.6%, n = 21). This indicates that the sample is predominantly made up of workers in the middle of their career, which means that they are likely to have more knowledge of the organizational systems and decision-making processes.

The demographic profile shows that the study respondents were moderately balanced in gender and mostly had attained undergraduate level and graduate education, and also mostly experienced employees in the mid age group. This reinforces the data's validity for further statistical analysis of organizational culture, organizational diversity, employee motivation, and organizational innovation.

### 3.1 Gender

Demographic analysis of the study sample shows three aspects of respondents: gender, educational qualification, and age distribution. The sample was analyzed in terms of its composition using 378 valid responses.

Gender distribution, as far as results were concerned, revealed that 61.6 per cent (n = 233) were males and 38.4 per cent (n = 145) were females. This means that the sample was relatively male dominated, which could be due to the gender make-up within the selected organisations. The percentage of women included in the study, however, allows for a good representation of both genders' perspectives.

As to educational qualification the most of the respondents were undergraduates (47.4%, n = 179) followed by graduates (38.4%, n = 145). A lesser percentage held M.Phil degrees (9.3%, n = 35), while only a limited number were from intermediate (4.2%, n = 16) and matric (0.5%, n = 2) levels. This means that the majority of the population in this study are relatively educated and can therefore be assumed to understand the construct of culture, diversity, motivation and innovation as well as the organizational practices and dynamics used in this study.

The age distribution reveals that the highest number of respondents is aged 36-45 (47.4%, n = 179), while 26-35 years is the second highest

(33.1%, n = 125). Respondents aged 46–55 years account for 14.0% (n = 53), while the smallest group is 18–25 years (5.6%, n = 21). This indicates that the sample consists primarily of mid-career employees that would likely have more experience within the organization and be aware of the systems and decision-making processes in the organization.

The demographic profile shows that the study sample is fairly balanced when it comes to

gender, most of the candidates are males, with higher education being the dominant category (undergraduate and graduate), and most of the candidates are experienced workers in the mid age range. To enhance the validity of the data for any statistical analysis of organizational culture, workplace diversity, employee motivation and organizational innovation.

3.2 Analysis

5.2.1 Item Statistics & Reliability

	Mean	Std. Deviation	N	Cronbach's Alpha
OrgCul1	2.7063	1.07344	378	0.827
Orgcul2	2.6693	1.01404	378	
OrgCul3	2.7381	1.00539	378	
OrgCul4	2.4894	.93907	378	
oi1	2.5503	1.11363	378	0.807
oi2	2.6032	1.09796	378	
oi3	2.8862	.96916	378	
oi4	2.9021	1.11343	378	
wd1	2.5608	.84486	378	0.744
wd2	2.5053	.78529	378	
wd3	2.5556	.88208	378	
wd4	2.6772	.84725	378	
em1	2.5952	.78627	378	0.642
em2	2.5794	.84332	378	
em3	2.6085	.76400	378	
em4	2.2460	.88026	378	

Table 5.2.1 shows the reliability and descriptive statistics of the study variables. The analysis comprises of mean, standard deviation and Cronbach's Alpha for organizational culture, organizational innovation, workplace diversity and employee motivation.

The mean values of the organizational culture range from 2.48 - 2.73, and the standard deviations are between 0.93 - 1.07. The Cronbach's Alpha coefficient is 0.827 which

means that there is a good internal consistency within the items. This implies reliability and appropriateness of the scale for further analysis to examine organizational culture.

The mean values for organizational innovation are found between 2.55 and 2.90 and the standard deviation of the mean is between 0.96 and 1.11. Cronbach's Alpha is also 0.807, signifying a good level of reliability, where the items all measure the construct of organizational innovation.

Means of workplace diversity scores range from 2.50 to 2.67, and the standard deviations are between 0.78 and 0.88. Cronbach's Alpha coefficient of this scale is 0.744, indicating an acceptable reliability level (test-retest reliability).

The means of the employee motivation scores lie in the range from 2.24 to 2.60 and the standard deviations range from 0.76 to 0.88. The

Cronbach's alpha coefficient is 0.642 which is slightly low from the accepted value of 0.70, but is still considered moderately acceptable for exploratory research, especially in social science research.

The reliability results show that higher-order constructs have internal consistency ranging from acceptable to good for the majority of constructs. The organizational culture and the organizational innovation have very high reliability and workplace diversity and employee motivation have acceptable reliability. Therefore, the measurement scales are appropriate for conducting further statistical analyses such as correlation and regression.

**Hypothesis Testing**

**5.3.1 Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.788	.083		21.574	.000
Org Culture	.064	.037	.089	1.725	.045

a. Dependent Variable: Workforce Diversity

Organizational culture and workplace diversity are related as seen from the regression results in Table 5.3.1. The results show that organizational culture is positively and statistically significant on workplace diversity ( $\beta = 0.089$ ,  $t = 1.725$ ,  $p = 0.045$ ). This means that when an organization's culture improves, there is an increase in workplace diversity within the organization.

The value of the coefficient ( $B = 0.064$ ) also reinforces the finding that an increase of one unit in organizational culture results in an increase of 0.064 unit in workplace diversity. Constant value ( $B = 1.788$ ) is the level of workplace diversity when the organizational culture is zero. The relationship is statistically significant as the significance value ( $p < 0.05$ ) is obtained, which supports the Hypothesis H1.

**5.3.2 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.089 <sup>a</sup>	.018	.015	.47572

a. Predictors: (Constant), Org Culture

According to the model summary, organizational culture is a relatively weak yet statistically significant variable in relation to workplace diversity. The value of the R is 0.089, indicating low positive correlation between variables. An R-

square of 0.018 indicates that organizational culture accounts for just 1.8% of the variance in the workplace diversity.

The value of adjusted R square of 0.015 also supports the explanation that the explanatory

power of the model is limited. The model explained very little, but it is statistically significant, meaning that organizational culture

does have some measurable effect on workplace diversity, albeit a weak one.

5.3.3 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.438	.137		10.502	.000
	Workforce Diversity	.353	.069	.255	5.108	.000

a. Dependent Variable: Org Innovation

The constant value B = 1.438 is the baseline value of the organizational innovation when workplace diversity = 0. The significance value is <0.05 (p<0.05), which means that the

relationship is statistically significant. Thus, H2 is supported and suggests that workplace diversity is important in improving organisation innovation.

5.3.4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.255 <sup>a</sup>	.065	.062	.63945

Predictors: (Constant), Workforce Diversity

The overall explanatory power of workplace diversity on organizational innovation is presented in the model summary in Table 5.3.4. The results show a positive weak to moderate relationship between workplace diversity and organizational innovation with an R value of 0.255.

The R Square of 0.065 indicates that 6.5% of the organizational innovation's variance is attributable to workplace diversity. The results show that workplace diversity does have

statistically significant influence, but the influence is not very strong, which suggests that other factors also play a great influence on the organizational innovation.

The Adjusted R Square value of 0.062 is also another evidence of the limited but meaningful power of the model, when adjusted for sample size. This small difference is between R Square and Adjusted R square, thus the model is stable and not overfitted.

5.3.5 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.438	.137		10.502	.000
	Work force Diversity	.353	.069	.255	5.108	.000
2	(Constant)	1.988	.200		9.955	.000
	Work force Diversity	.341	.068	.246	5.022	.000
	Emp Motivation	-.306	.082	-.183	-3.730	.000

3	(Constant)	1.876	.206		9.106	.000
	Work force Diversity	.319	.069	.230	4.656	.000
	Emp Motivation	-.297	.082	-.178	-3.630	.000
	Interaction	.062	.030	.103	2.076	.039

a. Dependent Variable: Org Innovations

In the relationship between workplace diversity and organizational innovation, the moderating effect of employee motivation is tested using the hierarchical regression model that is shown in Table 5.3.5. According to the results in Model 1, organizational innovation is positively and significantly influenced by workplace diversity ( $\beta = 0.255$ ,  $t = 5.108$ ,  $p < 0.001$ ), indicating that the greater the diversity, the better the innovative outcome results for the organization.

In Model 2, the concept of employee motivation is added to the analysis. The results reveal that workplace diversity is significantly and positively correlated with organizational innovation ( $\beta = 0.246$ ,  $t = 5.022$ ,  $p < 0.001$ ). The results show that employee motivation is negatively related to organizational innovation and significant ( $\beta = -0.183$ ,  $t = -3.730$ ,  $p < 0.001$ ) meaning that low

organizational innovation may be associated with low levels of motivation in the context studied.

The moderating effect is examined in Model 3 where the interaction term of workplace diversity and employee motivation is included. The results indicate that diversity at work is still positively significant ( $\beta = 0.230$ ,  $t = 4.656$ ,  $p < 0.001$ ) and negatively significant ( $\beta = -0.178$ ,  $t = -3.630$ ,  $p < 0.001$ ) with organizational innovation, respectively, with respect to employee motivation. Importantly, the interaction term is not only positive but it is also statistically significant ( $\beta = 0.103$ ,  $t = 2.076$ ,  $p = 0.039$ ), which validates that workplace diversity is a significant moderator of the relationship between employee motivation and organizational innovation. This positive relationship proves that when employees are more motivated, the positive impact of workplace diversity on innovation would be amplified.

### 5.3.6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.255 <sup>a</sup>	.065	.062	.63945
2	.314 <sup>b</sup>	.098	.094	.62874
3	.330 <sup>c</sup>	.109	.101	.62599

Table 5.3.5 shows the hierarchical regression analysis to explore the moderating effect of employee motivation on the relationship between workplace diversity and organizational innovation. The results of the Model 1 found that workplace diversity is positively and significantly related to organizational innovation ( $\beta = 0.255$ ,  $t = 5.108$ ,  $p < 0.001$ ), indicating that increasing the diversity level in the workplace will increase organizational innovation.

The analysis in Model 2 also incorporates the motivation of employees. The findings indicate

that organizational innovation is still positively and significantly related to workplace diversity ( $\beta = 0.246$ ,  $t = 5.022$ ,  $p < 0.001$ ). The motivation of employees, however, has a negative and significant relationship with organizational innovation ( $\beta = -0.183$ ,  $t = -3.730$ ,  $p < 0.001$ ) suggesting that low levels of motivation might be correlated with less innovative performance in the context studied.

To examine the moderating effect, the moderating variable (interaction between workplace diversity and employee motivation) is

included in model 3. The results showed that workplace diversity is still negatively significant with employee motivation ( $\beta = -0.178$ ,  $t = -3.630$ ,  $p < 0.001$ ), and is still positively significant with organizational innovation ( $\beta = 0.230$ ,  $t = 4.656$ ,  $p < 0.001$ ). Importantly, the interaction term is positive and statistically significant ( $\beta = 0.103$ ,  $t = 2.076$ ,  $p = 0.039$ ) indicating that the relationship between workplace diversity and organizational innovation is significantly moderated by employee motivation. The positive interaction suggests that the positive relationship between workplace diversity and organizational innovation becomes stronger as employee motivation increases.

#### 4. CONCLUSIONS

The results of this study were found to be consistent with the objective of this study which examined the influence of the organizational culture on workforce diversity and its implications on organizational innovation and employee motivation as an influence was used in both government and private sector organizations. The results suggest that organizational culture significantly and positively affects the workforce diversity in organizations.

The research also indicates the need of organisations (public and private) to build and nurture robust organisational culture which aligns with their goals, especially innovation and improving performance. Innovation is among the factors that determine the productivity and competitiveness of an organization, the ability to harness a diverse workforce in a positive culture of the organization contributes to higher employee motivation which consequently leads to better organizational productivity and innovation.

The results further show that organizational culture is a strong predictor of workplace diversity for both sectors. As it is seen, however, the goals of the organization are hard to realize when management biases are present, or the right human resource policies are not followed. Hence, the use of best HRM is crucial to draw in, nurture and keep talented workers and also help

in the diversity and inclusion of the work environment.

Furthermore, enterprises with a culture of continuously improving, empowering employees, and promoting equitable HR practices are more likely to foster a diverse and motivated workforce. These groups can be more likely to realize their strategic vision and to thrive in the global business world. Organizational Culture is a key factor in promoting diversity in this context and accordingly implementation of inclusive HR policies is a must for any organization in the private and public sector of Pakistan.

There is also a need for operational managers and employees to be trained in modern HRM practices since the human resource department is a very pivotal department in ensuring the organization complies with diversity policies and fosters an inclusive environment. A positive culture fosters diversity, which results in a more motivated team with employees bringing diverse experiences, ideas and skills.

Employees have varied expertise and interests, which adds to the efficiency and innovation of the organization, due to the different ways in which they approach problems. This enables organisations to be more productive, competitive and innovative in their operations.

#### 5. FUTURE IMPLICATIONS AND RECOMMENDATION

There are some limitations of this study and suggestions for future research. The main drawback in this regard is the limited sample size. A larger sample size and participants across a wider range of regions and industries would also be beneficial in further studies to provide increased generalizability and explanatory power of the model. A larger and more diverse sample would provide more comprehensive and stronger statistical analysis and a better understanding of the connections between organizational culture, workplace diversity, employee motivation, and organizational innovation.

Another constraint is that self-reported data could have an element of bias, either social desirability or interpretation of the response.

Further studies could investigate the use of self-reported with organizational data to generate more reliable and valid results. Longitudinal research designs are also recommended to improve the understanding of the evolution of these relationships over time.

Furthermore, the current study only involves employees from certain public and private sector organizations and may not be reliably extrapolable to other sectors like manufacturing, education, or multinational companies. The model should be replicated in other organizational settings in order to increase the external validity of the study.

Moreover, the study did not include other relevant personal and organizational factors like employee engagement, leadership, organizational commitment, and cognitive capabilities of individual. These variables should be included in future studies to gain a more holistic perspective of the effects of organizational culture and workplace diversity on innovation outcomes.

Future research is also suggested to investigate other mediators and moderators to clarify the complicated relationships among these variables. Specifically, psychological empowerment, job satisfaction and organizational support could be used to gain deeper insights into employee motivation and innovative behavior.

In general, a more comprehensive and multi-faceted perspective is required to grasp the long-term effects of organizational culture, diversity in the workplace, and employee motivation on organizational innovation. More comprehensive research can help organizations create better HR strategies to boost innovation, performance and competitiveness.

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