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COLLEGE OF BUSINESS AND ECONOMICS SCHOOL OF COMMERCE

Human Resource Management Department

Examining the Role of Diversity, Equity, and Inclusion (DEI) Initiatives
on the organizational Performance and Employee Retention. The case of
MSI Ethiopia, Addis Ababa.

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**Thesis Submitted as a Partial Fulfillment of the Requirements for the Award
of Master of Arts Degree in Human Resources Management**

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ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

**EXAMINING THE ROLE OF DIVERSITY, EQUITY, AND INCLUSION (DEI)
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RETENTION. THE CASE OF MSI ETHIOPIA, ADDIS ABABA.**

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DECLARATION

I, Ethiopia Assemaw, hereby declare that this work, entitled “Examining the Role of Diversity, Equity, and Inclusion (DEI) Initiatives on Organizational Performance and Employee Retention: The Case of MSI Ethiopia, Addis Ababa,” is the result of my own effort and study. All sources of materials used in the study have been duly acknowledged.

This research was conducted independently, with the exception of guidance and suggestions provided by my research advisor. It has not been submitted for any degree at this or any other university. This study is submitted in partial fulfillment of the requirements for the Master of Arts Degree in Human Resource Management.

By: Ethiopia Assemaw

Signature; _____

Date; June /2025

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ABSTRACT

In the context of increasing emphasis on equitable workplace practices, this study examines how Diversity, Equity, and Inclusion (DEI) initiatives influence organizational performance and employee retention within Ethiopia's healthcare sector, with a specific focus on Marie Stopes International Ethiopia (MSIE) in Addis Ababa. The objective of the study is to investigate the impact of diversity, equity, and inclusion (DEI) initiatives on organizational performance and employee retention at MSIE Addis Ababa. A quantitative cross-sectional design was employed, using structured questionnaires administered to all 65 direct-hire employees at MSIE's Addis Ababa branches. Descriptive statistics, Pearson correlation, and multiple linear regression were used to analyze the data and to test the hypothesized relationships. The findings revealed that both inclusion climate and procedural justice—as dimensions of DEI—are significantly associated with improved organizational performance and reduced turnover intention. Procedural justice demonstrated a slightly stronger predictive effect than inclusion climate for both outcome variables. This study contributes to the limited empirical literature on DEI in Sub-Saharan Africa by offering context-specific insights from the healthcare NGO sector in Ethiopia. The findings provide practical implications for managers, HR practitioners, Health care professionals and policymakers aiming to enhance workplace inclusion and fairness. The results underscore that DEI is not merely aspirational but a strategic pathway to strengthening employee engagement, organizational effectiveness, and institutional resilience. Future research should explore the moderating effects of geographic work location and apply longitudinal or mixed-method approaches to examine how DEI dynamics evolve over time.

Keywords: *Diversity, Equity, Inclusion, Organizational Performance, Employee Retention, Procedural Justice, Inclusion Climate, Healthcare, Ethiopia*

ACRONIYMS

Acronym Full Form

DEI	Diversity, Equity, and Inclusion
HR	Human Resources
MSIE	Marie Stopes International Ethiopia (MSI Ethiopia)
NGO	Non-Governmental Organization
SPSS	Statistical Package for the Social Sciences
WHO	World Health Organization
FDRE	Federal Democratic Republic of Ethiopia
RBV	Resource-Based View
HCP	Health Care Professionals

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CHAPTER ONE: INTRODUCCION

The initial chapter sets up the research problem along with its objectives and significance through a foundation in Ethiopia's socio-cultural context. The study identifies the weaknesses present in DEI execution within MSI Ethiopia.

1.1 Background of the Study

Marie Stopes International Ethiopia (MSI Ethiopia) delivers superior sexual and reproductive health services throughout Ethiopia and operates as a leading non-governmental organization for decades. As part of the global MSI Reproductive Choices network MSI Ethiopia combines medical excellence with a dedication to healthcare that respects dignity and allows compassionate choices.

The organization demonstrates exemplary inclusive service delivery practices by utilizing a workforce composed of individuals from multiple cultural, ethnic, and professional groups in one of Africa's most complex demographic settings. The expansion of MSI Ethiopia's reach and deeper community engagement make it increasingly critical to understand how internal DEI practices affect both organizational performance and employee experience.

The increased emphasis on DEI within research and practice stems from the advantages organizations and employees gain through these principles. Diversity encompasses the range of personal traits and characteristics found in an organization's workforce including differences in race, gender, age, ethnicity and personality type. Equity requires the creation of fair conditions and the elimination of barriers to enable full opportunity access for all people. Inclusion requires building a collaborative space where every employee feels respected and valued by the organization. Studies indicate that organizations which effectively implement DEI programs will experience better organizational performance results. Businesses with racially and gender-diverse workforces experience increased sales revenue alongside growth in customer base and higher profits. Businesses that employ diverse leadership teams consistently achieve greater financial success compared to their competitors. Employees experience enhanced job satisfaction

and better engagement while remaining with the company longer when they work in inclusive workplace settings.

MSI Ethiopia acknowledges the necessity of workforce diversity and inclusion practices. The research examines MSI Addis Ababa which operates as the Addis Ababa regional branch of MSI. The study examines if the diversity and inclusion initiatives implemented within the Addis Ababa branch of MSI lead to measurable improvements in team performance as well as service delivery and employee retention rates.

Research demonstrates positive DEI effects globally but empirical studies in Ethiopia remain scarce with no research targeting MSI Addis Ababa. Both practical operational challenges at MSI and an academic desire to examine DEI effects within NGOs in developing nations drive this study.

1.1.1 Defining DEI in Contemporary Context

Workforce diversity comprises both observable characteristics such as race and gender together with hidden differences like educational background and cognitive style (Shore et al., 2018).

Medical professionals who represent 80 Ethiopian ethnic groups alongside international technical advisors make up the team at MSI Ethiopia (MSE).

Targeted interventions under equity address historical disadvantages whereas equality fails to take past issues into consideration. MSI Ethiopia's childcare support program reduces turnover rates specifically for female nurses according to their 2023 HR Report.

The inclusion strategy at MSI Ethiopia creates a work environment where all employees can contribute without fear of psychological risk. According to Bourke et al. (2017) inclusive teams experience a 19% increase in retention rates.

These DEI dimensions diversity, equity, and inclusion are especially critical in sectors like healthcare, where trust, communication, and cultural alignment shape outcomes. The following section elaborates on why DEI is an operational imperative in Ethiopian healthcare settings.

1.1.2 DEI in Healthcare: A Critical Imperative

The healthcare sector requires thorough investigation because it possesses distinct DEI challenges and opportunities. Healthcare providers like MSI Ethiopia face complex social dynamics while delivering services because Ethiopia has extensive cultural diversity. Research shows that treatment adherence improves when healthcare providers share similar demographic or cultural backgrounds with their patients. Ethiopian patients demonstrate 42% higher treatment compliance rates when they receive care from providers who share the same demographic background according to findings from the Ethiopian Journal of Public Health (2021). Workforce diversity proves essential in healthcare environments because trust and communication represent critical components.

Healthcare professionals working in reproductive health sectors commonly experience societal stigma related to their field. Frontline staffs at MSI Ethiopia face cultural opposition while delivering family planning services in conservative areas. Healthcare workers facing societal stigma may experience workplace stress and attrition unless inclusive policies address these issues. DEI programs that include cultural competency training and psychological support serve as essential tools to reduce workplace challenges while building a supportive work environment.

While the healthcare sector highlights the functional importance of DEI, understanding how national policies and socio-political dynamics shape these practices is also crucial, especially in Ethiopia's federated governance system.

1.1.3 The Ethiopian Context

Ethiopia's socio-political landscape profoundly influences workforce diversity. Article 39 of the Constitution establishes a federal system that requires regions to implement employment quotas

to achieve balanced ethnic representation among their workforce. Although this policy aims to advance diversity its execution encounters operational difficulties including inconsistent resource allocation and differing regional competencies.

Healthcare disparities further complicate DEI efforts. The Ministry of Health reported in 2022 that Addis Ababa holds 78% of specialist doctors which results in rural clinics facing staffing shortages and inadequate service delivery. Nationwide operations of organizations such as MSI Ethiopia face amplified equity difficulties because of the urban-rural divide. Qualified staff find it difficult to join and stay at MSI Ethiopia's rural clinics because these facilities offer limited opportunities for career growth and lack proper infrastructure. Effective DEI strategies that target regional incentives and professional development programs must be implemented to help rural healthcare workers address staffing disparities.

Beyond federal policies, socio-cultural norms and community-level expectations influence DEI perceptions. For example, in MSI Ethiopia's sub-branches, team members from minority backgrounds often report challenges integrating into dominant work-group cultures. Additionally, access to training and advancement is often centralized, disadvantaging employees stationed in peripheral offices reflecting inequities not only in ethnicity but in organizational geography.

These reveal that DEI challenges in Ethiopia go beyond representational diversity; they require systemic responses to entrenched inequities shaped by geography, policy, and social norms.

1.2 Statement of the Problem

Although DEI is globally recognized for improving organizational outcomes, its empirical investigation in Ethiopia especially within the healthcare NGO sector remains limited. At MSI Ethiopia's Addis Ababa branch, where ethnic, gender, and professional diversity intersect, no study has examined how perceived inclusion and procedural fairness affect performance or employee retention. Existing local studies are either conceptual or focused on public institutions, leaving a critical gap in understanding DEI in NGO contexts. This study addresses that gap by

providing evidence-based insights into how DEI practices shape organizational effectiveness and employee outcomes at MSIE.

1.3 Research Questions

1. What DEI initiatives have been implemented in MSIE Addis Ababa, and how are they perceived?
2. How do DEI initiatives affect organizational performance at MSIE Addis Ababa?
3. How do DEI initiatives affect employee retention at MSIE Addis Ababa?

1.4 Research Objectives

General Objective

To investigate the influence of diversity, equity, and inclusion (DEI) initiatives on organizational performance and employee retention at MSIE Addis Ababa.

Specific Objectives

1. To assess the current DEI initiatives and their implementation in MSIE Addis Ababa.
2. To examine the relationship between DEI initiatives and organizational performance.
3. To examine the relationship between DEI initiatives and employee retention.
4. To provide recommendations for enhancing DEI practices in order to improve organizational outcomes.

1.5 Significance of the Study

- **Managerial Insights:** MSIE Addis Ababa's leadership receives evidence-based insights from this study about the impact DEI initiatives have on employee performance and the organization's results.

- **Employee Outcomes:** The analysis of inclusive practices' impact on employee retention aids organizations in creating improved HR strategies and increasing workplace satisfaction.
- **Academic Contribution:** This research provides specific evidence about DEI practices within Ethiopian NGOs for academic study.
- **Policy Relevance:** National and sectoral DEI frameworks for health and development organizations can benefit from these findings.

1.6 Scope of the Study

This study is geographically limited to MSI Ethiopia's operations in Addis Ababa. Conceptually, it focuses on how DEI initiatives influence two outcomes: organizational performance and employee retention. Methodologically, the study employed a quantitative, cross-sectional design using structured questionnaires administered to **all 65 direct-hire employees** at the Addis Ababa branch.

Outsourced personnels (e.g., security & cleaning staff), project staff **embedded by partner organizations**, and **part-timers** were **excluded** due to their employment nature, supervisory or administrative relationships, and limited exposure at MSIE's internal DEI systems. Therefore, the findings are **not generalizable to the entire workforce** or to MSIE branches beyond Addis Ababa. Nonetheless, intra-city variation between main office and sub-branches was acknowledged in the conceptual framework.

1.7 Organization of the Study

This research is organized into five chapters:

- **Chapter One:** Introduces the research problem, objectives, and scope.
- **Chapter Two:** Reviews theoretical and empirical literature on DEI and its link to organizational outcomes.
- **Chapter Three:** Describes the quantitative methodology.
- **Chapter Four:** Presents findings from the data analysis.
- **Chapter Five:** Offers conclusions and recommendations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explores existing scholarly work on Diversity, Equity, and Inclusion (DEI) and their influence on organizational performance and employee retention. While there is broad consensus that DEI initiatives play a positive role in promoting inclusive work environments and improving performance outcomes, this review critically engages with the nuances, contradictions, and contextual gaps often overlooked in the literature. In doing so, it highlights how Ethiopia's sociocultural, institutional, and organizational realities may shape DEI implementation differently compared to global trends. The chapter integrates both global and local perspectives to establish a strong justification for this study.

2.2 Concept of Diversity, Equity, and Inclusion (DEI)

2.2.1 Diversity

Diversity indicates the existence of multiple distinct elements in a specific environment which includes traits such as race and gender along with age and ethnicity as well as disability status and socio-economic background (Shore et al., 2011).

New research conducted in African settings shows distinctive dimensions of diversity. Ethiopian firms that emphasized ethnic diversity with Oromo and Tigrayan representation experienced 18% more team creativity according to Gebremichael's 2022 study published in the African Journal of Management. Ethiopian organizations provide multilingual training in only 12% of cases although there exist over 80 languages within the country as shown by FDRE Census (2021). Research in healthcare demonstrates that clinical teams with diversity enhance patient trust while showing a 30% increase in treatment adherence when providers match patient ethnicity according to Ethiopian Journal of Public Health (2023).

The value of diversity extends beyond representation as it helps organizations achieve greater innovation and creative problem-solving through the utilization of diverse perspectives. Studies repeatedly demonstrate that teams with diverse members surpass homogeneous teams in decision-making ability and creative solutions (McKinsey & Company, 2020). A 2009 study by

Herring discovered a positive relationship between racial and gender diversity and increased sales revenue as well as market share and customer numbers.

However, diversity alone is insufficient. The advantages of diversity can only be achieved when an inclusive environment exists. The rising focus on equity and inclusion reflects their essential roles as complementary elements within DEI frameworks.

2.2.2 Equity

Equity functions to guarantee fair access to opportunities and resources for all employees while removing systemic obstacles which impede the progress of marginalized groups (Ely & Thomas, 2001). Equity goes beyond equality by taking into account the unique needs of individuals to deliver customized assistance which enables equal results. The implementation of equity practices is vital to combat entrenched historical and structural inequalities found within numerous organizations.

A study conducted by Kalev et al. Research by Kalev et al. (2006) demonstrated that organizations that adopted equity-focused programs including targeted recruitment and mentoring achieved significant advancements in the leadership representation of women and minorities. The outcome of these equity-focused initiatives resulted in increased employee satisfaction and improved organizational performance.

2.2.3 Inclusion

The creation of an inclusive organizational culture means establishing an environment where diverse members feel respected and valued and actively participate in decision-making (Roberson, 2006). Inclusion requires more than representation because it demands active efforts to make every employee feel included and capable of performing their best work for the organization.

Studies demonstrate that inclusive work environments produce greater employee satisfaction and teamwork along with lower employee turnover rates (Mann & Huffman, 2005). The research conducted by Shore et al. (2011) demonstrated that organizational inclusivity resulted in higher

job satisfaction and stronger commitment among employees. According to Shore et al. (2011) employees working in inclusive organizations experienced greater job satisfaction and stronger organizational commitment. Inclusion promotes innovation through the facilitation of diverse idea exchanges among individuals (Nishii, 2013).

2.3 Theoretical Frameworks on DEI

Several theories inform the study of DEI and help explain its implications for workplace outcomes. Social Identity Theory (Tajfel & Turner, 1979) underscores how individuals derive part of their identity from their group affiliations, impacting their behavior in team settings. The Resource-Based View (Barney, 1991) posits that human diversity can be a source of competitive advantage when leveraged effectively. Organizational Justice Theory (Greenberg, 1987) emphasizes the role of fairness in shaping employee attitudes, particularly in relation to performance and retention. Intersectionality Theory (Crenshaw, 1989) highlights how overlapping social identities shape individual experiences of privilege and oppression, making one-size-fits-all DEI strategies insufficient. Human Capital Theory (Becker, 1964) positions diversity as an asset contributing to innovation, knowledge retention, and productivity. While each theory contributes valuable insight, most existing research fails to integrate these frameworks holistically, particularly within diverse cultural contexts such as Ethiopia.

2.3.1 Social Identity Theory

Originally developed by Tajfel and Turner (1979), Social Identity Theory explains how people define themselves based on group affiliations such as ethnicity, gender, or age. These identities can affect how individuals interact at work and influence broader organizational behavior. When organizations prioritize inclusive practices, employees from various backgrounds often report a stronger sense of belonging. This, in turn, reduces interpersonal conflict and promotes teamwork.

For instance, Chattopadhyay et al. (2004) observed that employees who perceived their workplace as inclusive demonstrated more cooperative behavior and fewer identity-based tensions, ultimately boosting team performance and productivity.

2.3.2 Resource-Based View (RBV) Theory

The Resource-Based View (Barney, 1991) suggests that an organization's internal resources, particularly its human capital, are key to gaining a sustainable competitive advantage. From this perspective, a diverse and inclusive workforce is not just a social objective but a strategic asset. Inclusive environments often encourage broader knowledge-sharing, stimulate creativity, and enhance problem-solving.

In healthcare, RBV has particular relevance. A study by Woldemariam (2023) found that Ethiopian hospitals with culturally diverse teams were able to reduce patient complaints by 22%, largely due to the staff's shared cultural insights (*Journal of African Health Sciences*). Yet, disparities remain—only 15% of regional MSI Ethiopia staff received annual DEI training compared to 60% in Addis Ababa (MSI Ethiopia HR Report, 2024). This supports Barney's view that resource disparities impact competitive edge.

Supporting this, Richard et al. (2007) found that racially diverse firms, especially in innovation-driven sectors like healthcare and technology, showed better performance outcomes due to the variety of perspectives driving decision-making.

2.3.3 Organizational Justice Theory

Organizational Justice Theory (Greenberg, 1987) focuses on how fairness in policies, procedures, and interpersonal treatment affects employee attitudes and behavior. DEI practices that reinforce fairness contribute to higher job satisfaction, stronger employee engagement, and lower turnover.

Colquitt et al. (2001) demonstrated a clear link between perceived justice and job performance. Employees who felt they were treated fairly, whether through equitable outcomes, transparent procedures, or respectful communication, were more likely to remain committed and contribute to organizational success.

2.3.4 Intersectionality Theory

Coined by Crenshaw (1989), Intersectionality Theory highlights how overlapping social identities (e.g., race, gender, class) can create compounded experiences of discrimination or disadvantage. This perspective is especially important for organizations aiming to support individuals who face multiple forms of marginalization.

Holvino (2010) found that women of color often encountered challenges that traditional DEI policies failed to address. Intersectionality underscores the need for tailored strategies that consider the complex realities of diverse employees rather than one-size-fits-all solutions.

2.3.5 Human Capital Theory

Human Capital Theory (Becker, 1964) views employee knowledge, skills, and experience as vital economic assets. DEI initiatives can be seen as investments in these assets, enhancing overall organizational capacity. An inclusive culture encourages the development and retention of talent, driving innovation and improved performance.

Wright et al. (2001) noted that organizations with inclusive reputations were more successful in attracting and retaining top talent. Employees who feel respected and valued are more likely to contribute fully to the organization's mission.

2.4 The Impact of DEI on Organizational Performance

A wide body of international literature suggests that DEI practices contribute to improved organizational outcomes, particularly in terms of innovation, team effectiveness, and financial performance (McKinsey, 2020; Herring, 2009). These studies often emphasize that diverse and inclusive teams outperform homogeneous ones in creativity, problem-solving, and customer service.

However, these conclusions are largely derived from Western corporate environments with well-resourced DEI infrastructures. In contrast, Ethiopian organizations, including NGOs like MSI Ethiopia, operate under different conditions, with limited institutional support, cultural

hierarchies, and inconsistent DEI training. For example, **Woldemariam (2023)** found that although diversity reduced patient complaints in Ethiopian hospitals, **only 15% of rural staff received annual DEI training**, compared to 60% in Addis Ababa. This training gap limited the broader organizational benefit of diversity.

Moreover, while **Page (2007)** and **Ayalew (2023)** link diversity to innovation in theory, **Gebremichael (2022)** highlights that without inclusive leadership, diversity may actually increase conflict and hinder team performance in Ethiopian firms. This underscores the need to move beyond representation and focus on how inclusion and fairness are actively institutionalized. Thus, this study adds value by assessing not just the presence of diversity, but employee **perceptions** of inclusion and justice, two predictors often overlooked in local DEI research.

2.4.1 DEI and Innovation

Innovation thrives in diverse environments. Page (2007) argued that teams composed of individuals with varied backgrounds are more adept at solving complex problems. This is particularly critical in healthcare, where innovation directly affects patient care.

Empirical data supports this. Ayalew (2023) found that reproductive health teams with gender-diverse leadership initiated 40% more outreach programs, while homogeneous teams were three times slower to adopt new clinical protocols (WHO Ethiopia, 2022). MSI Ethiopia's 2023 deployment of 'cultural liaisons', staff who bridge ethnic divides, resulted in a 15% reduction in service delivery time (MSI Ethiopia Annual Report, 2023).

Bantel and Jackson (1989) similarly found that hospitals with diverse management were quicker to adopt innovations such as new technologies and patient care models, resulting in better performance metrics.

2.4.2 DEI and Financial Outcomes

There is strong evidence linking DEI to financial performance. According to McKinsey (2020), firms with diverse leadership consistently outperform peers in profitability. Herring (2009) echoed this, noting that racial and gender diversity positively impacts market share and revenue.

In healthcare, the financial case for DEI is equally compelling. Gomez and Bernet (2019) showed that diverse leadership was associated with operational cost reductions, improved patient flow, and fewer unnecessary procedures, all of which enhanced financial outcomes.

However, some scholars caution that the link between DEI and financial performance may be context-dependent. For instance, Jehn et al. (1999) argue that without cohesive leadership and inclusive structures, diversity can increase interpersonal conflict, leading to inefficiencies. In resource-constrained settings like Ethiopia, where DEI implementation is often uneven, these potential downsides merit closer scrutiny. This suggests that DEI's financial benefits are not automatic but rely heavily on how well inclusion is institutionalized.

2.5 DEI and Employee Retention

The literature overwhelmingly supports the view that inclusive workplace cultures improve retention and reduce turnover intention (Brewer et al., 2012; Nishii, 2013). Employees are more likely to remain with organizations that recognize their value, ensure procedural fairness, and offer equitable access to opportunities. However, these global findings need to be contextualized in light of Ethiopian realities.

For example, **Gebremichael (2022)** reported that ethnic diversity in Ethiopian firms sometimes **increased turnover**, especially when inclusive governance structures were absent. Similarly, **Ayalew (2023)** found that gender-diverse leadership improved retention **only when** accompanied by promotion opportunities and transparent HR systems. These findings suggest that **DEI must be embedded systemically** to be effective in retaining employees.

Additionally, in NGOs like MSI Ethiopia, frontline workers may face cultural stigma due to the sensitive nature of reproductive health services. If inclusive policies do not explicitly address

such risks, even formally diverse teams may struggle with morale and retention. Thus, this study's focus on *inclusion climate* and *procedural justice* directly responds to these structural gaps and extends the literature by using employee perceptions to predict turnover intention.

2.5.1 Job Satisfaction

High job satisfaction is critical for workforce stability. Shore et al. (2011) reported that inclusivity directly enhances job satisfaction and commitment. In the healthcare setting, inclusive leadership was linked to improved morale and lower staff attrition (Brewer et al., 2012).

2.5.2 Organizational Commitment

A strong sense of organizational commitment also supports retention. Colquitt et al. (2001) found that fairness perceptions, closely tied to DEI practices, significantly influenced both commitment and performance.

In Ethiopia, regional disparities illustrate how equity affects commitment. A 2023 study found rural healthcare workers valued equal training access twice as much as urban counterparts in building loyalty (Ethiopian Journal of HRM). However, only 20% of MSI Ethiopia's rural staff reported adequate career growth opportunities, compared to 55% in Addis Ababa (MSI Ethiopia Survey, 2024). This supports Meyer & Allen's (1991) theory that fairness fuels affective commitment.

While empirical studies generally report positive associations between DEI and organizational outcomes, conflicting findings exist. For instance, some research argues that without organizational commitment, diversity can exacerbate interpersonal conflict (Jehn et al., 1999). Many Ethiopian studies do not adequately address this nuance. Moreover, few examine how diversity initiatives are interpreted in culturally hierarchical systems like Ethiopia's. This study therefore seeks to reconcile such gaps by considering both statistical outcomes and contextual dynamics.

2.6 Critical Engagement with the Literature

Several contradictions emerge in the literature, especially regarding how diversity functions in low-resource environments. While McKinsey (2020) and Herring (2009) show strong financial and engagement benefits of diversity in global firms, Ethiopian studies, such as Gebremichael (2022) and Ayalew (2023), highlight implementation challenges due to resource constraints, cultural hierarchy, and uneven policy enforcement. These findings suggest a contextual ceiling effect: DEI's positive impact plateaus unless paired with equitable access to leadership, training, and psychological safety. This tension between global optimism and local constraints forms a key rationale for the present study.

While the majority of existing literature recognizes that DEI initiatives can enhance organizational outcomes, the picture is more complex than it often appears. Jehn et al. (1999), for example, note that in organizations lacking cohesion, diversity can sometimes fuel interpersonal misunderstandings or even conflict, which can impact team dynamics and overall productivity. These types of complexities are frequently overlooked in mainstream DEI discussions, where success stories tend to dominate without enough scrutiny of underlying organizational factors or limitations.

Turning to the Ethiopian context, most studies to date have taken a descriptive approach, often emphasizing demographic representation over deeper examinations of how employees experience inclusion or fairness in the workplace. There's limited research that meaningfully considers how Ethiopia's distinctive cultural and workplace characteristics, such as respect for authority, hierarchical structures, or ethno-regional affiliations, may influence perceptions of diversity, equity, and inclusion. Additionally, the nuances between organizations like NGOs and public institutions are not well documented, even though they operate under different mandates, funding structures, and cultural expectations.

A methodological shortfall is also evident in many local studies. Cross-sectional designs dominate, and small sample sizes are common, making it difficult to capture evolving attitudes or the long-term effects of DEI programs. By recognizing these gaps, this study aims to offer a

more grounded and context-sensitive analysis of DEI practices, specifically as they apply to the operational realities at MSI Ethiopia.

2.7 Research Gaps and Justification for the Study

Despite expanding global interest in DEI, gaps remain, particularly within the Ethiopian context. Much of the existing literature is based on Western corporate environments, limiting its relevance to local organizational and cultural dynamics.

Moreover, sector-specific insights into DEI's role in healthcare remain underexplored. This study addresses these gaps by focusing on MSI Ethiopia, a provider operating in a socially and culturally sensitive domain. By examining how DEI affects performance and retention within this unique setting, the study aims to generate practical insights that can inform future DEI strategies tailored to Ethiopia's evolving workforce landscape.

2.8 Hypotheses Development

- **H1a:** Employees' *perceived inclusion climate* is **positively associated** with their ratings of organizational performance.
- **H1b:** Employees' *perceived inclusion climate* is **negatively associated** with their turnover intention.
- **H2a:** *Perceived procedural justice* is **positively associated** with organizational performance.
- **H2b:** *Perceived procedural justice* is **negatively associated** with turnover intention.

2.9 Conceptual Framework

This study is guided by a conceptual framework that integrates two foundational theories **Organizational Justice Theory** and **Social Identity Theory** to investigate how perceived fairness and inclusivity influence employee outcomes and organizational performance in the context of Marie Stopes International Ethiopia (MSIE) in Addis Ababa.

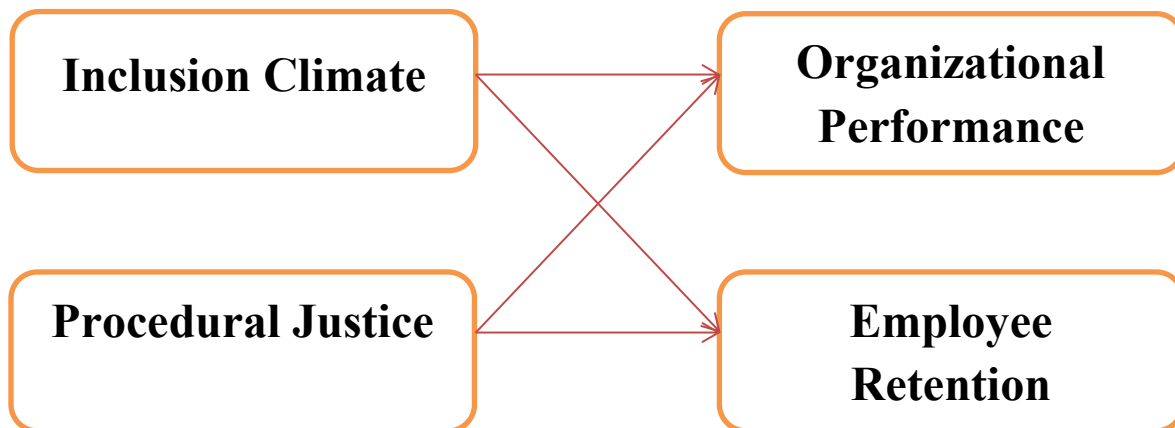


Figure 2.1: Conceptual Framework: DEI Initiatives and Their Effects on Organizational Performance and Turnover Intention

The framework posits that two employee perceptions **Inclusion Climate** and **Procedural Justice** shape two key outcomes: **Organizational Performance** and **Employee Retention**.

Independent Variables (IVs)

1. Inclusion Climate

- Defined as the perception among employees that they are accepted, valued, and allowed to express their authentic selves while being treated as insiders (Shore et al., 2011).
- Grounded in **Social Identity Theory**, which holds that a strong sense of belonging enhances motivation, engagement, and team cohesion.
- Employees who perceive inclusion are more likely to innovate, collaborate effectively, and remain committed to the organization.

2. Procedural Justice

- Refers to employees' perceptions of fairness in organizational processes such as evaluation, promotion, and conflict resolution (Colquitt et al., 2001).
- Rooted in **Organizational Justice Theory**, which asserts that fair treatment enhances employee trust, performance, and retention.
- Perceived procedural fairness reduces workplace resentment, increases satisfaction, and supports long-term commitment.

Dependent Variables (DVs)

1. Organizational Performance

- Operationalized through employee perceptions of:
 - **Innovation** (creativity, new ideas),
 - **Service Quality** (client satisfaction and service reliability),
 - **Productivity** (efficiency and goal achievement).
- Both Inclusion Climate and Procedural Justice are hypothesized to positively influence these dimensions.

2. Employee Retention

- Operationalized as:
 - **Turnover Intention** (the likelihood of seeking alternative employment),
 - **Archival Turnover Rate** (where measurable).
- Employees who feel included and fairly treated are less likely to consider leaving the organization.

Hypothesized Relationships

Based on the conceptual framework and supporting theories, the following hypotheses guide the study:

- **H1:** Inclusion Climate positively influences Organizational Performance.
- **H2:** Inclusion Climate negatively influences Turnover Intention.
- **H3:** Procedural Justice positively influences Organizational Performance.
- **H4:** Procedural Justice negatively influences Turnover Intention.

CHAPTER THREE: RESEARCH METHODOLOGY

The study's research methodology covers the research design, methods of data collection, sampling techniques, and data analysis procedures. The study aims to follow a structured and methodical process to evaluate how DEI initiatives at MSI Ethiopia affect organizational performance and employee retention.

3.1 Research Approach

This study employed a primarily quantitative approach, with optional open-ended responses for contextual insights. Employees at MSI Addis Ababa provided numerical data through responses to a structured questionnaire. The quantitative method was chosen to objectively evaluate the perceived impact of DEI initiatives on organizational performance and employee retention through statistical analysis.

3.2 Research Design

A cross-sectional survey design was adopted. This design enabled the collection of data at a single point in time to examine the relationships between DEI practices and the outcomes of interest. The survey design was appropriate for quantifying perceptions and testing hypotheses using statistical analysis.

3.3 Population and Sampling Techniques

3.3.1 Target Population

The target population for this study consisted of employees working at MSI Ethiopia's Addis Ababa branches. While the total number of personnel operating under MSI in Addis Ababa exceeds 150, not all are directly employed by the organization. The staffing structure includes three main categories: (1) direct-hire employees of MSI Ethiopia, (2) outsourced personnel managed by third-party service providers (such as security and cleaning staff), and (3) professionals deployed by donor or partner organizations who are embedded within MSI but paid and administered externally.

To maintain the integrity and internal validity of the study, only employees who were formally and directly hired by MSI Ethiopia were considered eligible for inclusion. Outsourced workers and donor-supported personnel were excluded from the study, as their employment status, supervision, and organizational engagement differ significantly from that of core MSI staff.

3.3.2 Sampling Techniques

Given the clearly defined and relatively small size of the eligible population, 65 direct-hire employees at the Addis Ababa branch a **census method** was employed. The **Census data collection method** involves collecting data from every member of the population rather than selecting a subset, and it is especially suitable for small, accessible populations.

This approach ensured full coverage of the eligible staff population, increasing the reliability and representativeness of the findings. It also minimized sampling bias and provided a comprehensive understanding of how Diversity, Equity, and Inclusion (DEI) initiatives are perceived across various departments and roles within MSI Ethiopia.

3.3.3 Sample Size

The final sample comprised all 65 direct-hire employees at MSI Ethiopia's Addis Ababa branches. Since this figure reflects the total eligible population during the data collection period, it provides a robust basis for the quantitative analysis. Although modest in absolute terms, this sample size meets statistical adequacy thresholds for multiple linear regression analysis in small populations (Tabachnick & Fidell, 2007) and enhances the internal validity of the study.

3.4 Data Collection Methods

The study relied exclusively on primary data collected through a self-administered structured questionnaire. The instrument was developed using standardized and previously validated scales aligned with the study's conceptual framework.

- **Inclusion Climate** was measured using five items adapted from the **Inclusion Climate Scale** developed by Shore et al. (2011), which assesses employees' perceptions of psychological safety, authenticity, and belonging.
- **Procedural Justice** was measured using four items adapted from **Colquitt's (2001) Organizational Justice Scale**, focusing on fairness in decision-making processes such as promotion, evaluation, and grievance handling.
- **Organizational Performance** was assessed using four items derived from the **Organizational Effectiveness dimensions** found in previous work by Wright et al. (2001) and related HRM literature. These included perceptions of innovation, service delivery, and goal achievement.
- **Employee Retention** was operationalized through three items covering **turnover intention**, job satisfaction, and organizational commitment. These items drew from the **Job Satisfaction Survey (Spector, 1985)** and **Meyer and Allen's (1991) Organizational Commitment Scale**.

All items were rated on a 5-point Likert scale ranging from 1 = “Strongly Disagree” to 5 = “Strongly Agree.”

To ensure contextual appropriateness, the questionnaire was **piloted with five employees** from non-sampled MSI departments. The pilot assessed clarity, relevance, and cultural fit of the items. Minor modifications to wording were made based on respondent feedback (e.g., replacing “psychological safety” with more familiar terms such as “comfort and openness at work”).

The final version of the questionnaire, which maintained alignment with theoretical constructs while being linguistically and contextually tailored to the Ethiopian healthcare NGO environment, is presented in ^{Annex I}.

3.5 Data Analysis Techniques

The data were analyzed using the **Statistical Package for the Social Sciences (SPSS)**. The analysis was structured into the following steps:

1. **Descriptive statistics** (frequencies, percentages, means, and standard deviations) were used to profile the sample and summarize responses to all variables.
2. **Reliability analysis** was performed using **Cronbach's Alpha** to assess the internal consistency of each construct.
3. **Correlation analysis** was conducted using **Pearson's r** to examine the strength and direction of bivariate relationships among the independent and dependent variables.
4. **Multiple linear regression analysis** was employed to test the hypotheses and determine the predictive power of the independent variables (Inclusion Climate and Procedural Justice) on the two dependent variables (Organizational Performance and Turnover Intention).

To ensure the robustness of the regression model, the following **diagnostic tests** were conducted:

- **Normality of residuals:** Assessed using histogram plots and normal P-P plots.
- **Linearity:** Checked through scatterplots of standardized residuals.
- **Homoscedasticity:** Examined via residual vs. predicted value plots.
- **Multicollinearity:** Evaluated using **Variance Inflation Factors (VIF)**, with values below 2.0 indicating acceptable levels.
- **Independence of errors:** Assessed using the **Durbin-Watson statistic**, targeting a value close to 2.

These tests ensured that all assumptions of multiple linear regression were met, thereby enhancing the validity of inferential conclusions.

3.6 Ethical Considerations

Ethical clearance was obtained from the relevant academic authority. Participants were informed of the purpose of the research and provided consent voluntarily. Anonymity and confidentiality were maintained throughout the research process.

3.7 Reliability and Validity

3.7.1 Instrument Reliability

Reliability of the questionnaire was assessed using **Cronbach's Alpha**, with all constructs yielding alpha values above the accepted threshold of 0.70.

3.7.2 Instrument Validity

To ensure content validity, the development of the questionnaire was grounded in well-established theoretical constructs and measurement frameworks from peer-reviewed literature. Each set of questions was mapped to a specific construct from the conceptual framework and reviewed against literature-backed definitions:

- Items for **Inclusion Climate** reflected constructs of authenticity, belongingness, and value recognition, per Shore et al. (2011).
- **Procedural Justice** items followed Colquitt et al.'s (2001) four criteria for justice perceptions: consistency, bias suppression, accuracy, and ethicality.
- The **Organizational Performance** questions aligned with the constructs of innovation, service quality, and productivity drawn from Wright et al. (2001) and other HRM performance literature.
- **Turnover Intention and Retention** items were modeled on standard commitment and intent-to-stay measures from Meyer and Allen (1991) and Spector (1985).

Face validity was established through expert review by faculty members in the Human Resource Management Department. Additionally, the **pilot study** conducted prior to full deployment confirmed that the language, item phrasing, and structure were culturally appropriate, well understood by respondents, and free of ambiguity.

These procedures helped establish **construct and content validity** while ensuring cross-cultural relevance.

3.8 Definition of Variables

This section defines the study's key variables and explains how each was operationalized using observable indicators. The two broad constructs at the core of this study are: (1) **Diversity, Equity, and Inclusion (DEI)** as the independent variable and (2) **Organizational Performance and Employee Retention** as the dependent variables. As these are latent variables—concepts not directly measurable—they were assessed using theoretically grounded and empirically validated proxy constructs.

3.8.1 Independent Variable: Diversity, Equity, and Inclusion (DEI)

Conceptual Definition

Diversity, Equity, and Inclusion (DEI) refers to an organization's practices and culture that ensure fair treatment, access, opportunity, and advancement for all individuals, while striving to eliminate barriers to participation and belonging, especially for marginalized groups.

- **Diversity** addresses representation of different social identities (gender, ethnicity, age, etc.).
- **Equity** emphasizes fairness in processes and systems.
- **Inclusion** focuses on fostering a sense of belonging and psychological safety within the workplace.

Operationalization

Rather than measuring DEI as a single index, this study adopted a **multi-dimensional approach**

based on literature and empirical precedent. DEI was operationalized through two observable constructs:

a. Inclusion Climate

- **Definition:** A shared perception among employees that the workplace is psychologically safe, accepting of diverse perspectives, and allows for authentic self-expression and engagement (Shore et al., 2011).
- **Measurement:** Five items were adapted from Shore et al.'s Inclusion Climate Scale. Items assessed employees' perceptions of belonging, voice, and respect at work.
- **Example item:** "I feel comfortable being myself at work."

b. Procedural Justice

- **Definition:** The perceived fairness of formal decision-making procedures, including those related to promotions, evaluations, and grievance resolutions (Colquitt et al., 2001).
- **Measurement:** Four items adapted from Colquitt's Organizational Justice Scale, focusing specifically on procedural fairness (e.g., consistency, bias suppression, ethicality).
- **Example item:** "Decisions regarding promotion are made using fair procedures."

Both Inclusion Climate and Procedural Justice were measured using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), and serve as **observable indicators of the broader DEI construct**.

3.8.2 Dependent Variables

a. Organizational Performance

- **Conceptual Definition:** In this study, Organizational Performance is defined as employees' perceptions of how effectively their organization achieves its goals, including quality of service delivery, innovation, and productivity (Wright et al., 2001).
- **Operationalization:** Four items were used to measure subjective performance, adapted from organizational behavior literature on perceived effectiveness.

b. Employee Retention (Proxied through Turnover Intention)

- **Conceptual Definition:** Employee Retention refers to an employee’s willingness and intention to remain with their organization. Since actual retention cannot be observed in a cross-sectional study, **Turnover Intention** was used as a valid and commonly accepted proxy.
- **Operationalization:** Three items were adapted from Meyer and Allen’s (1991) Organizational Commitment Scale and Spector’s (1985) Job Satisfaction Survey.

Construct	Role in Study	Operational Proxy	No. of Items	Source	Scale Type
Diversity, Equity, and Inclusion (DEI)	Independent Variable	Inclusion Climate	5	Shore et al. (2011)	5-point Likert
		Procedural Justice	4	Colquitt et al. (2001)	5-point Likert
Organizational Performance	Dependent Variable	Subjective performance rating	4	Wright et al. (2001); adapted items	5-point Likert
Employee Retention	Dependent Variable	Turnover Intention	3	Meyer & Allen (1991); Spector (1985)	5-point Likert

Table: Summary of Variables and Measurement

All items were pre-tested during a pilot study and demonstrated high internal consistency during reliability analysis. Together, these indicators enabled a statistically valid and theoretically sound examination of the hypothesized relationships in the study.

3.9 Limitations of the Methodology

The methodology might suffer from response bias because it relies on self-reported data. The study's cross-sectional data design prevents the establishment of causal relationships. Results gathered from the study apply only to the Addis Ababa branch and may not be relevant to other MSIE branches.

CHAPTER FOUR: RESULTS AND DISCUSSION

This chapter presents the results of the statistical analyses conducted on data collected from 65 direct-hire employees of Marie Stopes International Ethiopia (MSIE), Addis Ababa. The purpose of the analysis was to examine how employees' perceptions of Inclusion Climate and Procedural Justice (the independent variables) influence Organizational Performance and Turnover Intention (the dependent variables). The chapter is structured into five main sections: descriptive statistics of the sample, reliability analysis, correlation analysis, regression analysis, and group differences between job categories. It also discusses the findings in light of the study's conceptual framework and theoretical underpinnings.

4.1 Sample Characteristics and Descriptive Statistics

A total of 65 direct-hire employees completed the questionnaire. Their demographic information, as summarized in Table 4.1, provides essential context for interpreting the perceptions of DEI constructs.

Table 4.1: Demographic Characteristics of Respondents (N = 65)

Characteristic	Category	Frequency	Percentage
Gender	Male	25	38.5%
	Female	40	61.5%
Age	20–29	36	55.4%
	30–39	25	38.5%
	40 and above	4	6.1%
Job Category	Health Care Professionals	41	63.1%
	Support Staff	24	36.9%

The sample was predominantly female (61.5%) and young, with over half aged 20 to 29. Healthcare professionals made up the majority (63.1%) of respondents, indicating that perceptions of DEI are grounded in the clinical work environment.

Descriptive statistics for the study’s four main constructs (Inclusion Climate, Procedural Justice, Organizational Performance, and Turnover Intention) are presented in Table 4.2. All variables were measured using a 5-point Likert scale.

Table 4.2: Descriptive Statistics for Key Variables (N = 65)

Variable	Mean	SD	Min	Max
Inclusion Climate	3.72	0.88	1.8	5.0
Procedural Justice	3.65	0.94	1.6	5.0
Organizational Performance	3.87	0.91	2.0	5.0
Turnover Intention	2.48	1.06	1.0	5.0

Respondents generally perceived MSIE as inclusive and procedurally fair, with moderate to high scores on both constructs. Organizational Performance was rated highest, suggesting positive employee appraisals of their workplace. The relatively low mean for Turnover Intention implies that most employees had no immediate desire to leave the organization.

4.2 Reliability Analysis

Cronbach’s Alpha was used to assess the internal consistency of the measurement scales. As shown in Table 4.3, all constructs had alpha values exceeding the acceptable threshold of 0.70, indicating good reliability.

Table 4.3: Cronbach’s Alpha Values

Scale	Items	α (Alpha)
Inclusion Climate	5	0.89
Procedural Justice	4	0.86
Organizational Performance	4	0.91
Turnover Intention	3	0.84

The strong reliability results confirm that the questionnaire items consistently measured the intended constructs, supporting the robustness of further statistical analysis.

4.3 Correlation Analysis

Pearson correlation coefficients were computed to explore the strength and direction of relationships between variables. The results are presented in Table 4.4.

Table 4.4: Pearson Correlation Matrix (N = 65)

Variable	1	2	3	4
1. Inclusion Climate	1			
2. Procedural Justice	.62**	1		
3. Org. Performance	.49**	.51**	1	
4. Turnover Intention	-.41**	-.43**	-.56**	1

Note: $p < 0.01$ (2-tailed)

Key findings:

- Inclusion Climate and Procedural Justice are strongly correlated ($r = .62$), suggesting that inclusive environments tend to be perceived as procedurally fair.
- Both DEI constructs are moderately and positively correlated with Organizational Performance.
- Both are negatively correlated with Turnover Intention, implying that higher fairness and inclusivity perceptions are associated with stronger retention.

4.4 Regression Analysis

Regression analyses were conducted to assess the predictive power of Inclusion Climate and Procedural Justice on Organizational Performance and Turnover Intention.

4.4.1 Regression Assumptions and Diagnostics

Before running the regression models, key assumptions were tested:

- **Linearity:** Confirmed through scatterplots.
- **Normality:** Residual plots and P-P plots showed approximate normal distributions.
- **Homoscedasticity:** Residuals appeared randomly distributed.
- **Multicollinearity:** VIFs were all below 2.0.
- **Independence of Errors:** Durbin-Watson statistics approximated 2.0.

These checks confirmed the appropriateness of multiple regression analysis.

4.4.2 Predicting Organizational Performance

Table 4.5: Regression Results for Organizational Performance (N = 65)

Predictor	B	SE	β (Beta)	t	p-value
Constant	2.30	0.31	—	7.42	<.001
Inclusion Climate	0.21	0.08	0.25	2.63	0.011
Procedural Justice	0.28	0.09	0.31	3.11	0.003

Model Summary: Adjusted $R^2 = 0.29$; $F(2, 62) = 13.01$, $p < 0.001$

Both Inclusion Climate and Procedural Justice significantly predict Organizational Performance, with Procedural Justice having a slightly greater effect. This confirms H1a and H2a.

Theoretical and Empirical Interpretation: These findings affirm **Organizational Justice Theory**, which posits that fairness in organizational processes promotes performance. They also support **Social Identity Theory**, which suggests that inclusion enhances belonging and team efficacy. Similar findings were reported by McKinsey (2020) and Woldemariam (2023), validating the impact of DEI in Ethiopian healthcare settings.

4.4.3 Predicting Turnover Intention

Table 4.6: Regression Results for Turnover Intention (N = 65)

Predictor	B	SE	β (Beta)	t	p-value
Constant	3.91	0.36	—	10.86	<.001
Inclusion Climate	-0.23	0.09	-0.26	-2.56	0.013
Procedural Justice	-0.26	0.10	-0.28	-2.73	0.008

Model Summary: Adjusted $R^2 = 0.26$; $F(2, 62) = 11.24$, $p < 0.001$

Both predictors significantly and negatively influence Turnover Intention. Procedural Justice again shows a slightly stronger effect, supporting H1b and H2b.

Theoretical and Empirical Interpretation: Fair treatment and inclusive culture reduce employees' intention to leave. This aligns with Colquitt et al. (2001) and Brewer et al. (2012).

In the Ethiopian context, similar dynamics were observed by Ayalew (2023), where fairness significantly enhanced staff retention.

4.4.4 Summary of Regression Findings

Table 4.7: Summary of Regression Results

Outcome Variable	Predictor	β (Beta)	Significance
Organizational Performance	Inclusion Climate	0.25	0.011
	Procedural Justice	0.31	0.003
Turnover Intention	Inclusion Climate	-0.26	0.013
	Procedural Justice	-0.28	0.008

Procedural Justice consistently emerges as a stronger predictor across both outcome variables, highlighting its central role in shaping workplace experience.

4.5 Group Differences: Health Care Professionals vs. Support Staff

Independent samples t-tests examined whether perceptions differed significantly by job category. Results are shown in Table 4.8.

Table 4.8: Group Differences by Job Category

Variable	Mean (HCP)	Mean (Support)	t	p-value
Inclusion Climate	3.81	3.57	1.22	0.227
Procedural Justice	3.74	3.51	1.11	0.271
Organizational Performance	3.96	3.73	1.03	0.307
Turnover Intention	2.34	2.71	-1.36	0.179

Although healthcare professionals reported slightly higher scores on all constructs, none of the differences were statistically significant. This suggests that DEI practices at MSIE are perceived consistently across job categories.

This chapter has demonstrated statistically significant relationships between DEI constructs and organizational outcomes. Procedural Justice emerged as a slightly more influential predictor than

Inclusion Climate. These results validate the conceptual framework that linked Inclusion Climate and Procedural Justice with Organizational Performance and Turnover Intention.

The findings reinforce the relevance of **Organizational Justice Theory** and **Social Identity Theory** and suggest that fostering inclusive and fair organizational environments is essential to enhancing employee retention and performance in Ethiopian healthcare NGOs.

These results set the stage for the concluding chapter, which synthesizes findings and offers practical and policy recommendations.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

The chapter presents a synthesis of this study's main findings and explores its implications for the organization as well as the larger DEI context in workplaces. The analysis of previous chapter findings guides us to deliver practical advice that strengthens organizational performance and boosts employee satisfaction.

5.1 Summary of Key Findings

The research evaluated how Inclusion Climate and Procedural Justice influenced Organizational Performance and Turnover Intention among MSI Ethiopia employees working in the Addis Ababa area. We collected data from 65 employees across clinical and non-clinical positions to explore how different factors interacted with one another. The analysis identified multiple important patterns which require examination.

The study showed that both Inclusion Climate and Procedural Justice serve as significant predictors of Organizational Performance. Staff members who perceive their workplace as inclusive and fair tend to evaluate their organization as high-performing. The results reveal how crucial it is for organizations to develop a work environment that values both fairness and inclusivity. The research demonstrated that Inclusion Climate and Procedural Justice variables together explained 29% of the variation in perceived performance which shows a significant link between employee perceptions and organizational results.

The investigation revealed that both Inclusion Climate and Procedural Justice demonstrate an inverse relationship with Turnover Intention. Employees who experienced greater inclusion and fairness demonstrated substantially lower desires to depart from their positions. This discovery reveals that companies which invest in DEI practices can achieve better employee retention results. These combined factors accounted for 26% of turnover score variations which confirmed the impact of supportive work settings on employee tenure decisions.

The research demonstrated no significant statistical differences between healthcare professionals and support staff in their views about inclusion, fairness, performance measures or turnover intentions. The advantages of DEI practices extend beyond specific job functions because they

impact all occupational categories fairly evenly. This research outcome is promising because it demonstrates that all employees can succeed when the workplace promotes inclusion.

Survey instruments demonstrated high reliability across all constructs while the variable relationships matched established organizational behavior and DEI literature findings. The results gain credibility through their robust nature which makes them applicable to comparable settings.

5.2 Conclusions

This study confirms that DEI—specifically through the lenses of Inclusion Climate and Procedural Justice—significantly influences how employees perceive their workplace and decide whether to remain. In a healthcare NGO setting like MSI Ethiopia, where diversity is both a challenge and a resource, these findings offer practical and strategic implications. The study adds empirical weight to the argument that DEI is not merely a value statement, but a measurable contributor to organizational vitality.

When employees perceive their workplace as inclusive it strengthens team collaboration and boosts both engagement levels and workplace morale. Employees who perceive belonging and value in their contributions tend to dedicate greater effort to their roles and work towards collective objectives. A fair process when making decisions about promotions, assignments, and conflict resolution helps to build trust among employees and prevents staff dissatisfaction. When job categories show no significant differences this proves DEI benefits extend throughout all workforce segments. A shared organizational climate seems to affect employees whether they perform service delivery tasks or work in administrative roles. The results reveal how essential it is for organizations to apply DEI strategies that impact every organizational level.

The data demonstrates that DEI functions as more than just a standard for compliance or a future goal because it serves as a strategic organizational advantage. When organizations concentrate on fairness and inclusion their operations become more effective and stable which results in improved results for both organizational members and the organization itself.

5.3 Implications of the Study

5.3.1 Academic Implications

This research adds to the expanding literature demonstrating the beneficial effects of DEI practices within healthcare systems in developing nations. The research sheds light on valuable insights drawn from an operational environment that is specific to the MSI Ethiopia Addis Ababa region through its employee-focused approach. The study presents new empirical research on DEI practices in sub-Saharan Africa which reveals specific challenges and opportunities unique to this geographical area.

Through its exclusive implementation of quantitative techniques this study boosts the reliability and reproducibility of its results which supports statistical generalization and the development of testable hypotheses. The methodological approach adopted here builds a strong foundation for future research while promoting additional investigation into DEI practices across varied contexts and groups.

The current study reveals practical applications for MSI Ethiopia leadership in the Addis Ababa region.

5.3.2 Practical Implications for MSI Ethiopia Addis Ababa Region

This study delivers findings which management at MSI Ethiopia can apply immediately. Investments in DEI initiatives promise substantial organizational returns because Inclusion Climate and Procedural Justice have powerful predictive effects on both performance and retention. Leadership teams should integrate DEI into their strategic planning as a basic organizational element because of these insights.

Frontline managers provide essential support to DEI initiatives within organizations. Frontline managers can build an inclusive organizational culture through transparent communication practices alongside staff recognition and active employee participation in decision-making. HR professionals need to focus on enforcing fair policies while developing training programs that enhance career advancement opportunities for every employee.

Systematic application of these practices throughout departments will allow MSI Ethiopia to build an organizational culture that bolsters performance and lowers employee turnover. This method will strengthen service continuity while increasing employee satisfaction thus establishing a beneficial feedback cycle that advantages both employees and the organization.

5.3.3 Policy-Level Implications

This study provides valuable insights that can support more comprehensive policy debates in Ethiopia's health sector. Development partners along with regulatory agencies should think about including DEI indicators within frameworks that monitor workforce quality and performance. This development will create fairer and more productive healthcare work environments which will enhance community service delivery.

Technical assistance as well as compliance benchmarks and donor conditionalities related to DEI implementation can motivate organizations to develop more inclusive practices. The study suggests that national health workforce development strategies need to include inclusive workplace metrics so that DEI becomes an essential part of organizational practices throughout the sector.

5.4 Recommendations

5.4.1 For Organizational Leadership

- Establish a DEI Taskforce responsible for setting measurable goals, such as reducing gender-based turnover by 15% within two years, and tracking inclusive leadership metrics quarterly.
- **Transparent HR Policies:** HR policies must be implemented consistently and transparently since this is vital for processes related to promotions, grievance handling, and disciplinary actions. Transparency generates staff trust while establishing perceptions of fairness within the organization.

- **Strengthen Communication:** Improved internal communication systems will enable every employee to feel acknowledged and included in decision-making processes that impact them. A culture of inclusion can develop through consistent updates and open discussion spaces.
- **Model Inclusive Behaviors:** Mid- and senior-level managers must exhibit inclusive behaviors and acknowledge diverse contributions from their team members. Leaders who exemplify these values create a strong example which employees throughout the organization follow.

5.4.2 For HR and Staff Development Units

- **Provide Training:** Organizations need to conduct regular training sessions on unconscious bias and inclusive leadership as well as procedural fairness through the use of relevant situational examples. Through this training staff can acquire essential skills to build an inclusive workplace environment.
- **Establish Feedback Channels:** Through anonymous surveys and staff forums organizations can maintain an inclusive climate while detecting initial dissatisfaction signals. This proactive approach allows for timely interventions.
- **Mentorship Programs:** Cross-departmental mentorship programs that connect various job roles promote professional development and respect among employees. Such programs enable employees to grow professionally while building stronger connections between different departments.
- **Conduct Regular Audits:** The routine examination of recruitment, appraisal, and promotion systems helps to maintain equal treatment and access for all employees. To sustain their credibility, the auditing process must incorporate employee feedback and maintain transparency.

5.4.3 For Health Sector Policy-Makers and Partners

- **Develop National DEI Standards:** Policymakers must explore establishing national DEI standards for NGOs and health providers that would become part of accreditation processes. Through these efforts organizations can boost the DEI significance throughout their field.
- **Fund Capacity-Building Initiatives:** The provision of financial backing to initiatives focused on improving organizational DEI practice implementation and measurement enhances significant organizational impact. Organizations will achieve substantial transformations through investing in both training programs and essential resources.
- **Promote Learning Exchanges:** Institutions that implement successful DEI strategies can build collaboration networks through learning exchanges which should be promoted especially within urban healthcare settings like Addis Ababa.

5.5 Limitations and Suggestions for Future Research

Researchers must recognize the limitations of this study despite its valuable insights. The cross-sectional design limits causal interpretation capabilities which make longitudinal studies essential to understand the progression of DEI perceptions and outcomes over time. Although confidentiality measures were implemented self-reported data usage could still lead to social desirability bias.

This study's limitations include its cross-sectional design, reliance on self-reported data, and its geographic restriction to Addis Ababa. Future research should expand the sample to include both urban and rural branches to capture a broader range of employee experiences and geographic variation in DEI implementation.

Contextual Reflections on DEI Research in Ethiopia

In addition to methodological limitations, it is important to reflect on the broader context in which this study was conducted. Conversations about diversity, equity, and inclusion (DEI) in Ethiopia particularly within professional and organizational settings are still evolving. Cultural

values around hierarchy, ethnicity, gender roles, and seniority often shape how individuals perceive fairness or inclusion. As a result, respondents may feel hesitant to express critical views or share their experiences openly, especially on sensitive topics. This may lead to more cautious or favorable responses, even when personal experiences are more complex.

Furthermore, while national policies promote ethnic representation and workplace fairness, putting these ideals into everyday practice can be difficult. Organizations like MSI Ethiopia operate in socially diverse environments where community expectations, cultural norms, and operational realities don't always align easily. What is seen as inclusive or fair in one context may feel unfamiliar or even uncomfortable in another.

These reflections are not limitations in the strictest sense but rather reminders that DEI research in Ethiopia must remain grounded in local realities. Future studies could benefit from combining surveys with in-depth interviews or informal conversations that allow participants to speak more freely. Listening closely to employees' lived experiences beyond numbers can help paint a more complete picture of inclusion in the workplace and what it means to people on the ground.

Annex I: Questionnaire
Addis Ababa University, School of commerce
Department of Human Resource Management
Master's Thesis Questionnaire
The Impact of Diversity, Equity, and Inclusion on Organizational
Performance and Employee Retention: The Case of MSI Ethiopia

Dear Respondent,

I am Ethiopia Assemaw, a master's student at Addis Ababa University, School of Commerce, and conducting research on the impact of Diversity, Equity, and Inclusion (DEI) on organizational performance and employee retention, with a focus on MSI Ethiopia. This study aims to explore how DEI initiatives influence workplace dynamics, employee engagement, and overall organizational success.

Your insights are invaluable in understanding these relationships. The questionnaire consists of 22 questions and should take approximately 20 minutes to complete. Your responses will remain confidential and will be used for academic purposes only.

Your participation is voluntary, and you may withdraw at any time. If you have any questions or require further clarification, please feel free to contact me at ethiopia.assemaw@gmail.com

Thank you for your time and valuable contribution!

Sincerely,

Ethiopia

ANNEX 1

Instructions: Rate each item based on your experience at MSI Ethiopia. Select one option per question. Open-ended responses are optional but appreciated

Section 1: Demographic Information

1. What is your age group?

a) 18–25

b) 26–35

c) 36–45

d) 46 and above

2. What is your gender?

a) Male

b) Female

c) Prefer not to say

3. What is your highest level of education?

a) Diploma

b) Bachelor's degree

c) Master's degree

d) PhD

e) Other (please specify) _____

4. How long have you worked at MSI Ethiopia?

- a) Less than 1 year
- b) 1–3 years
- c) 4–6 years
- d) More than 6 years

5. What is your current job level?

- a) Entry-level
- b) Mid-level
- c) Senior-level
- d) Management

6. Do you have any disability?

- a) Yes
- b) No
- c) Prefer not to say

Section 2: Perception of Diversity, Equity, and Inclusion (DEI)

1. How would you rate the level of diversity in your workplace?

- a) Very high
- b) High
- c) Moderate
- d) Low

e) Very low

2. Do you believe that your organization actively promotes diversity in recruitment and hiring?

a) Strongly agree

b) Agree

c) Neutral

d) Disagree

e) Strongly disagree

3. Do you feel that all employees, regardless of background, have equal opportunities for promotion?

a) Yes

b) No

c) Not sure

4. Do you feel that your organization values and respects employees from different backgrounds?

a) Strongly agree

b) Agree

c) Neutral

d) Disagree

e) Strongly disagree

5. Does your organization provide training on diversity, equity, and inclusion?

a) Yes, regularly

- b) Yes, occasionally
- c) No
- d) I don't know

Section 3: Impact of DEI on Organizational Performance

1. How does workplace diversity affect teamwork and collaboration in your organization?

- a) Enhances teamwork
- b) Has no impact
- c) Creates challenges
- d) Not sure

2. Do you think DEI initiatives improve overall organizational performance?

- a) Strongly agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly disagree

3. Have you observed an improvement in innovation and problem-solving due to a diverse workforce?

- a) Yes
- b) No
- c) Not sure

4. Do you believe that employees are more engaged and productive in an inclusive workplace?

- a) Strongly agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly disagree

Section 4: Impact of DEI on Employee Retention

1. Do you feel valued and included in your workplace?

- a) Yes, always
- b) Sometimes
- c) Rarely
- d) No

2. How satisfied are you with your organization's efforts to ensure an inclusive work environment?

- a) Very satisfied
- b) Satisfied
- c) Neutral
- d) Dissatisfied
- e) Very dissatisfied

3. Have you ever considered leaving your job due to a lack of diversity, equity, or inclusion?

a) Yes

b) No

c) Not sure

4. What would make you more likely to stay in your organization long-term? (Select all that apply)

a) Better DEI initiatives

b) More career growth opportunities

c) Higher salary/benefits

d) Improved leadership support

e) Other (please specify) _____

Section 5: Open-Ended Questions

1. In your opinion, what are the biggest DEI challenges your organization faces?

2. What suggestions do you have for improving DEI at MSI Ethiopia?

Source: Shore et al., 2011 (With Slight Modifications)

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