European Journal of Business and Innovation Research, 14(3),62-77, 2026
Print ISSN: 2053-4019(Print)
Online ISSN: 2053-4027(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development -UK

Diversity, Equity, And Inclusion (DEI) Practices and Organisational Outcomes: A Comparative Analysis of Innovation and Employee Retention in Nigerian Public and Private Sector Organisations

Olaitan Ameenah Salaudeen, Nasamu Gambo, Abdullahi Maikudi Usman
Department of Business Administration, Nile University of Nigeria Abuja

doi: https://doi.org/10.37745/ejbir.2013/vol14n36277 Published July 15 , 2026

Citation: Salaudeen O.A., Gambo N., Usman A.M. (2026) Diversity, Equity, And Inclusion (DEI) Practices and Organisational Outcomes: A Comparative Analysis of Innovation and Employee Retention in Nigerian Public and Private Sector Organisations, *European Journal of Business and Innovation Research*, 14(3),62-77

Abstract: *This paper undertakes a comparative examination of Diversity, Equity, and Inclusion (DEI) practices and their effects on two critical organisational outcomes, namely innovation and employee retention, across public and private sector organisations in Nigeria. Given Nigeria's distinctive ethnocultural plurality and the structural differences between its governmental and corporate workplaces, the study interrogates how DEI frameworks operate differently within these two institutional settings. Drawing on a systematic review of empirical literatures and anchored theoretically in Social Identity Theory, the Resource-Based View, and Social Exchange Theory, the paper establishes that robust DEI practices yield measurably positive organisational outcomes when implemented with contextual intentionality. The evidence reveals that private sector organisations in Nigeria tend to exhibit more formalised and outcome-driven DEI strategies, correlating with higher innovation indices and lower voluntary turnover, whereas the public sector remains constrained by bureaucratic rigidity and the paradoxes associated with the Federal Character Principle. Significant research gaps persist regarding the longitudinal measurement of DEI outcomes in Nigerian organisations, the intersectionality of DEI dimensions within indigenous institutional contexts, and sector-specific implementation frameworks. The paper concludes with targeted recommendations and directions for future inquiry.*

Keywords: diversity, equity, and inclusion (DEI), innovation, employee retention, public sector, private sector, federal character principle.

INTRODUCTION

The global conversation on Diversity, Equity, and Inclusion (DEI) has evolved from an ethical obligation rooted in civil rights discourse to a strategic organisational imperative with demonstrably quantifiable consequences for performance. Scholarly interest in the relationship between workforce diversity and organisational outcomes has proliferated significantly in the past decade, with mounting evidence suggesting that organisations that strategically integrate inclusive practices into their human capital architecture are better positioned to innovate, attract talent, and retain skilled employees (McKinsey & Company, 2023; Okatta, Ajayi & Olawale, 2024). However, the preponderance of existing literature on DEI remains situated in the Global North, leaving a considerable empirical vacuum with respect to African institutional contexts, particularly Nigeria.

Nigeria presents an analytically compelling case for the study of DEI. As Africa's most populous nation and largest economy, it is characterised by extraordinary ethnocultural heterogeneity, with over 250 distinct ethnic groups, multiple religious' traditions, and significant geopolitical fault lines, all of which render the management of workforce diversity a simultaneously complex and consequential undertaking (Owolabi & Tijani-Adenle, 2022; Demarest & Langer, 2023). This diversity is not merely demographic but is constitutionally codified through instruments such as the Federal Character Principle, which mandates equitable representation across ethnic and regional lines in public institutions (Nnamani, Tochukwu, Ugwuanyi & Okeke, 2022). While this principle represents a formal DEI mechanism at the structural level, its practical consequences for organisational performance remain contested (Okereka & Okolie, 2022).

A critical yet underexplored dimension of the Nigerian DEI landscape is the marked divergence between public and private sector organisations in how inclusion policies are conceived, institutionalised, and measured. Private sector firms, particularly those with multinational affiliations or those operating in competitive knowledge-based industries, have progressively adopted DEI frameworks modelled on international best practices. The public sector, by contrast, continues to operate within a bureaucratic tradition in which DEI compliance tends toward tokenism rather than transformative inclusion (Ekejiuba, Lamino & Ogedengbe, 2023). This duality creates a natural comparative framework for examining whether DEI practices produce different organisational outcomes across institutional settings.

This paper addresses this gap by conducting a comparative analysis of DEI practices in Nigerian public and private sector organisations, with a particular focus on two organisational outcomes that are highly sensitive to inclusion dynamics: innovation and employee retention. Innovation capacity is of particular strategic relevance, as inclusive workplaces have been shown to facilitate the exchange of heterogeneous knowledge and the generation of novel ideas (Chaarani, Skaf & Khalife, 2022; Krekel, Ward & De Neve, 2021). Employee retention, on the other hand, is a recurrent challenge in Nigeria's labour market, exacerbated by economic instability, the "Japa" syndrome of skilled emigration, and inadequate workplace belonging experiences (Okunade & Awosusi, 2023; Ameyaw, Boateng & Agyemang, 2023). Understanding how DEI moderates or exacerbates these dynamics is therefore of both theoretical and practical urgency.

The paper is structured as follows: a literature review of related scholarship; conceptual clarification of key constructs; a theoretical review of the anchoring frameworks; an empirical review of relevant studies; identification of research gaps; a methodological statement; discussion of findings; and conclusions with recommendations for practice and further study.

LITERATURE REVIEW

The scholarly literature on DEI and organisational outcomes has grown substantially since 2020, with contributions spanning management science, public administration, organisational psychology, and development economics. This review maps the most relevant threads of this literature as they pertain to the Nigerian context and the two focal outcome variables, namely innovation and employee retention. At the global level, McKinsey and Company's (2023) landmark "Diversity Matters Even More" report, drawing on data from over 1,200 firms across 23 countries, documented that companies in the top quartile for gender diversity on executive teams were 39 percent more likely to achieve above-average profitability, while those leading on ethnic diversity demonstrated a 27 percent financial advantage over peers. This represents a sustained upward trend from earlier editions of the same research programme, suggesting that the returns on diversity investment are not static but deepen as inclusive culture matures. Boston Consulting Group's research corroborated this trajectory with specific reference to innovation: firms with above-average diversity in management teams reported substantially higher innovation revenues relative to industry peers (Avado Learning, 2026). Deloitte's inclusion research similarly found that inclusive organisational cultures are associated with markedly higher rates of employee innovation and engagement compared to non-inclusive environments, underscoring the compounding nature of inclusion effects (Bourke & Dillon, 2022).

Within the African context, Okatta, Ajayi and Olawale (2024) conducted a meta-analysis of 34 studies examining the impact of diversity and inclusion initiatives on organisational performance. Their findings confirmed that DEI efforts yield consistently positive effects on employee engagement, financial performance, and innovation capacity when anchored in authentic organisational commitment rather than compliance-driven tokenism. Significantly, the study included Nigerian and other African institutions in its dataset and concluded that the DEI-performance relationship is mediated by organisational culture, a finding with direct relevance to Nigeria where cultural attitudes toward hierarchy, ethnicity, and gender continue to shape the effective reach of diversity policies.

On the specific question of Nigerian public sector DEI dynamics, Ajayi and Fatoki (2022) found that the Federal Character Principle, while nominally promoting diversity in federal parastatals, is frequently distorted by ethnic patronage networks that subordinate merit to group affiliation, with adverse consequences for both innovation and service quality. Okereka and Okolie (2022) characterised the Principle's implementation as often counterproductive from a performance standpoint, generating compliance-driven diversity that lacks the psychological inclusion necessary to produce knowledge synergies. Ikpebe's (2025) empirical investigation of public servants' attitudes toward the Federal Character Principle similarly revealed widespread ambivalence, particularly among higher-performing employees who perceived the principle as undermining meritocratic norms.

On employee retention, Ramasamy, Natarajan and Mittal (2025) conducted an empirical study demonstrating that an inclusive diversity climate significantly reduces voluntary turnover and enhances discretionary effort. Their study's emphasis on perceived organisational support as a retention mechanism aligns directly with Social Exchange Theory and the Nigerian evidence base. Novatia Consulting's (2024) research on Nigerian talent retention strategies found that DEI initiatives, particularly those centred on inclusive career development and equitable promotion practices, significantly enhance employee loyalty, though their effectiveness is conditioned by economic factors such as wage competitiveness and geographic labour market conditions. The phenomenon of skilled emigration, widely described as the "Japa" syndrome, further complicates retention dynamics in Nigeria, representing a macro-economic push factor that even well-designed DEI programmes must contend with (Okunade & Awosusi, 2023; Ameyaw et al., 2023).

In the domain of innovation, Saeed, Waseem and Ali (2021) found that inclusive leadership practices significantly predict innovative work behaviour through the mediating role of creative self-efficacy and psychological safety, a finding that bridges the organisational culture and innovation literatures. An empirical meta-study by Al-Madadha, Al-Adwan and Zakzouk (2021) further confirmed that diversity management practices directly enhance both individual and team-level creative output across multiple industry contexts. Collectively, the existing literature establishes a robust positive relationship between DEI practices and organisational outcomes, while also flagging the institutional, cultural, and structural conditions that moderate this relationship, particularly in non-Western contexts such as Nigeria. A rigorous engagement with the subject matter requires precise conceptual grounding, given that the constituent terms of DEI are frequently used interchangeably in policy and popular discourse yet carry analytically distinct meanings in organisational scholarship.

Diversity, in organisational contexts, refers to the presence of differences among members of a workforce, encompassing surface-level attributes such as race, gender, ethnicity, age, and religion, as well as deeper-level characteristics including cognitive style, educational background, functional expertise, and value orientation (Ekejiuba et al., 2023; Okatta et al., 2024). Far from being a mere descriptive catalogue of human variation, diversity is understood in contemporary management scholarship as a structural resource whose heterogeneous composition generates distinct cognitive benefits for teams engaged in complex problem-solving (Chaarani et al., 2022). In Nigeria's context, diversity is particularly salient along ethnic, regional, and religious dimensions, reflecting the country's federated pluralism.

Equity, conceptually distinct from equality, refers to the proactive identification and removal of structural barriers that prevent certain groups from achieving proportionate access to opportunity, advancement, and reward within an organisation (Hoang, Suh & Sabharwal, 2022). While equality prescribes uniformity of treatment, equity acknowledges that different groups enter organisational settings from positions of unequal historical advantage and therefore require differentiated support structures to achieve comparable outcomes. In the Nigerian public sector, the Federal Character Principle can be interpreted as a macro-institutional equity mechanism, though its operational outcomes are complicated by implementation challenges and patronage dynamics (Ajayi & Fatoki, 2022; Nnamani et al., 2022).

Inclusion refers to the qualitative dimension of DEI. It speaks to the extent to which individuals from diverse backgrounds experience a genuine sense of belonging, psychological safety, and valued participation in organisational processes (Downey, Werff, Thomas & Plaut, 2014). Inclusion transforms demographic diversity from passive representation into active, productive engagement. Without inclusion, diversity initiatives risk producing a superficially heterogeneous workforce whose members remain functionally marginalised. As Nittrouer, Arena, Silver, Avery and Hebl (2025) note, the business and social case for DEI remains compelling precisely because inclusion, when operationalised authentically, unlocks the performance potential latent in diverse teams.

Innovation, in the context of this study, is understood as the capacity of an organisation to generate, adopt, and operationally exploit new ideas, products, services, or processes (Frontiers in Sociology, 2024; Saeed et al., 2021). It encompasses both radical innovation, namely the development of fundamentally new capabilities, and incremental innovation, which involves continuous improvement of existing processes. Inclusive workplaces theoretically provide a more fertile environment for both forms, as psychological safety encourages creative risk-taking and knowledge heterogeneity enriches the ideation process.

Employee retention denotes the ability of an organisation to maintain its workforce over a defined period, preventing voluntary or involuntary attrition of valued human capital (Ramasamy et al., 2025). Retention is a function of both push factors, meaning conditions that motivate an employee to consider leaving, and pull factors, meaning conditions that make remaining attractive. DEI practices influence retention through their bearing on organisational climate, perceived fairness, professional belonging, and career development equity (Adegbite, 2024; Bourke & Dillon, 2022).

Theoretical Review

This study is anchored in three complementary theoretical frameworks that collectively explain the mechanisms through which DEI practices translate into organisational outcomes.

Social Identity Theory

Social Identity Theory (SIT), originally formulated by Tajfel and Turner (1979) and subsequently elaborated by Turner, Hogg, Oakes, Reicher and Wetherell (1987), posits that individuals derive part of their self-concept from their membership in social groups and engage in inter-group comparisons that produce ingroup favouritism and outgroup discrimination. In organisational settings, SIT illuminates the psychological dynamics through which diversity initiatives are received by various workforce segments. When DEI programmes are perceived as exclusively benefiting specific minority groups rather than the organisation as a whole, they risk generating ingroup-outgroup tensions that undermine collaborative productivity (Prasad & Penanhoat, 2025). Conversely, when diversity is strategically framed as a collective organisational resource, positioning the entire workforce as a unified ingroup, SIT predicts enhanced cooperation, knowledge-sharing, and improved innovation outputs. This theoretical insight is particularly germane to Nigeria's ethnic-laden organisational landscape, where ingroup loyalties often map onto ethno-regional identities.

The Resource-Based View

The Resource-Based View (RBV) of the firm, attributed to Barney (1991) and recently extended to DEI contexts by Wickham (2025), provides a strategic management rationale for investing in diverse human capital. The RBV holds that sustainable competitive advantage derives from resources that are valuable, rare, inimitable, and non-substitutable. A diverse and inclusive workforce satisfies all four criteria: it generates heterogeneous knowledge combinations (value), is difficult to replicate across competitors (rarity), and emerges from deeply embedded organisational culture (inimitability). In Nigeria's increasingly competitive private sector, particularly in financial services, telecommunications, and technology, the RBV supports the proposition that DEI is not merely a social obligation but a source of strategic differentiation. In the public sector, the relevance of RBV is modified by the absence of competitive market pressures, which partly explains the weaker institutional incentive for meaningful DEI adoption.

Social Exchange Theory

Social Exchange Theory, originally formulated by Blau (1964) and revisited in contemporary scholarship by Cropanzano, Anthony, Daniels and Hall (2017) and Okatta et al. (2024), provides the micro-foundational logic linking inclusive organisational behaviour to employee retention. The theory holds that individuals engage in reciprocal exchanges of resources, both tangible and intangible, within organisational relationships. When employees perceive that their organisation invests genuinely in their wellbeing, fairness, and belonging, hallmarks of authentic DEI practice, they are more likely to reciprocate through organisational commitment, discretionary effort, and reduced turnover intention. Social Exchange Theory thus furnishes the psychological pathway through which equity and inclusion practices translate into measurable retention outcomes, complementing the macro-level structural arguments of RBV and SIT.

Empirical Review

The empirical landscape on DEI and organisational outcomes has expanded substantially since 2020, with several landmark studies providing quantitative grounding for theoretical propositions. At the global frontier, McKinsey and Company's (2023) research programme offers the most widely cited quantitative evidence linking executive diversity to financial outperformance. The data revealed that companies in the top quartile for gender diversity were 39 percent more likely to achieve above-average profitability, while those leading on ethnic diversity demonstrated a 27 percent financial advantage over comparable firms, representing a consistent upward trend across the 2015, 2020, and 2023 iterations of the study. This trajectory indicates that the value of diversity to organisational performance deepens as inclusive culture matures rather than yielding diminishing returns.

Deloitte's inclusion research provides complementary evidence: inclusive organisational cultures are associated with six times higher rates of employee innovation, twice the level of employee engagement, and substantially better business outcomes compared to non-inclusive environments (Bourke & Dillon, 2022). These figures underscore the compounding nature of inclusion effects. It is not merely that diverse teams perform better, but that inclusion amplifies the productive potential of whatever diversity is already present.

At the regional level, Okatta, Ajayi and Olawale (2024) conducted a meta-analysis drawing on 34 studies to examine the impact of diversity and inclusion initiatives on organisational performance. Their findings confirmed consistently positive effects on employee engagement, financial performance, and innovation capacity when DEI efforts were anchored in authentic organisational commitment. The study concluded that the relationship between DEI and performance is mediated by organisational culture, a finding with direct implications for Nigeria where cultural attitudes toward hierarchy, ethnicity, and gender continue to shape the effective reach of diversity policies. Within the Nigerian context, Adeyemo, Iliyasu, Tende, Dike and Omonibo (2024) examined workplace diversity and employee engagement in selected Nigerian organisations, finding moderate positive correlations between inclusive HR practices and engagement scores, with the effect stronger in private sector firms than in public agencies. Their study identified leadership behaviour as the most significant mediating variable, a conclusion consistent with the broader international literature on DEI implementation. Similarly, Ekejiuba, Lamino and Ogedengbe (2023) developed a theoretical framework for workplace diversity management and employee commitment in Nigerian regulatory agencies, establishing that equal opportunity practices and equity-based policies are positively associated with organisational commitment, albeit with the caveat that implementation fidelity varies considerably.

On the specific question of the Federal Character Principle as a DEI instrument, Ajayi and Fatoki (2022) found that while the principle nominally promotes diversity in federal parastatals, its application is frequently distorted by ethnic patronage networks that subordinate merit to group affiliation, with adverse consequences for innovation and service quality. Ikpebe's (2025) more recent empirical investigation of public servants' attitudes similarly revealed ambivalence, particularly among higher-performing employees who perceived the principle as undermining meritocratic norms and organisational fairness.

On employee retention specifically, Ramasamy, Natarajan and Mittal (2025) conducted an empirical study demonstrating that an inclusive diversity climate significantly reduces turnover rates and enhances discretionary effort, with perceived organisational support emerging as the critical mediating variable. Novatia Consulting's (2024) research on Nigerian talent retention found that DEI initiatives, particularly those centred on inclusive career development and equitable promotion practices, enhance employee loyalty, though their effectiveness is conditioned by broader economic factors including wage competitiveness and geographic labour market conditions.

In the domain of innovation, Frontiers in Sociology (2024) published an empirical study from the UAE examining how diversity management affects innovative work behaviour through the mediation of employee engagement. Using survey data from 327 employees, the study found a significant positive chain from diversity management through employee engagement to innovative work behaviour, with the mediating role of engagement explaining approximately 62 percent of the total effect. This indirect pathway through engagement may be particularly relevant for Nigerian organisations where engagement deficits are widespread. An empirical meta-study by Al-Madadha, Al-Adwan and Zakzouk (2021) further confirmed across multiple industry contexts that diversity management practices directly enhance both individual and team-level creative output, strengthening the evidentiary case for DEI investment in Nigerian organisations.

Literature Gap

Despite the growing body of evidence on DEI and organisational outcomes, several significant gaps persist in the literature, particularly as they relate to Nigeria and comparable sub-Saharan African contexts.

Firstly, there is a near-total absence of longitudinal empirical studies examining how DEI practices in Nigerian organisations produce outcome trajectories over time. The existing Nigerian literature is dominated by cross-sectional survey designs and conceptual papers, which preclude causal inference and limit understanding of how DEI investments accumulate into sustained performance advantages over multiple periods. Secondly, comparative studies that rigorously contrast DEI practices and outcomes across Nigerian public and private sector organisations using matched samples and controlled research designs remain scarce. Most studies examine either sector in isolation, making it difficult to draw sector-specific policy lessons or identify the institutional moderators that explain divergent outcomes.

Thirdly, the literature largely neglects the intersectional dimension of Nigerian workplace diversity on how ethnicity, gender, religion, and disability interact to compound or moderate the effects of DEI interventions remains empirically unaddressed. Fourth, while innovation is frequently cited as a key DEI outcome globally, Nigerian studies have not measured it in organisational terms with sufficient precision, failing to distinguish systematically between product innovation, process innovation, and social innovation. Fifth, the psychological mechanisms through which DEI practices influence employee retention decisions in the Nigerian labour market, accounting for the distinctive push factors of economic instability and the Japa emigration syndrome, are insufficiently theorised in existing frameworks. This study aims to address these gaps through its comparative framework and methodological propositions.

METHODOLOGY

This study adopts a qualitative research design, employing a systematic review methodology as its primary analytical approach. Qualitative research is well suited to this inquiry because it enables deep interpretive engagement with the contextual, institutional, and cultural dimensions of DEI practice, which cannot be adequately captured through quantitative indicators alone (Creswell & Poth, 2023). Rather than generating primary data, the study synthesises, critically evaluates, and theoretically extends existing knowledge, an orientation appropriate to a research operating at the level of conceptual and comparative analysis.

Data for this study are drawn from both primary and secondary sources. Primary sources include original empirical studies, peer-reviewed journal articles, and institutional research reports produced between 2020 and 2026, accessed through databases such as Google Scholar, ScienceDirect, Scopus, and ResearchGate among others. Secondary sources include policy documents, government reports, and analytical commentaries on DEI practice in Nigerian public and private sector organisations. The inclusion of both source types ensures that the analysis is grounded in empirical evidence while remaining attentive to the policy and institutional environment in which DEI practices operate.

The systematic review was conducted in accordance with the broad principles of the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines, applied with the thematic flexibility appropriate to a conceptual-comparative study (Page et al., 2021). Inclusion criteria required that sources be published between 2020 and 2026, address at least one of the three DEI constructs in relation to either innovation or employee retention, and be situated in African contexts, emerging economies, or cross-country comparative studies inclusive of Nigeria or comparable institutional contexts. Foundational theoretical works published before 2020, including Tajfel and Turner (1979), Barney (1991), and Blau (1964), were retained solely for the purpose of theoretical anchoring.

The comparative dimension of the analysis follows a qualitative comparative logic, contrasting the structural conditions, DEI policy architectures, and outcome patterns across Nigeria's public and private sectors. This approach, consistent with the logic of most similar and most different systems designs in comparative public administration (Haggard, 2022), allows for the identification of sector-specific mechanisms and contextual moderators without requiring primary data collection. Thematic analysis was used to organise and interpret findings across the reviewed studies, identifying convergent patterns, contradictions, and silences in the literature. The resulting analysis is interpretive and acknowledges that systematic reviews are themselves theory-laden in their framing and emphasis, a reflexivity that this study addresses by making its theoretical commitments explicit.

RESULTS AND DISCUSSION

The State of DEI Practices in Nigerian Organisations

The Nigeria DEI Report (Culture Factor Africa, 2024), which analysed 161 leading organisations across the country at the levels of board composition and management representation, recorded an overall DEI score of 44.26 out of 100. This figure reveals a workforce diversity landscape that is at once embryonic and directionally positive. Africa Prudential Plc emerged as the leading organisation in DEI performance, offering an instructive benchmark for what committed DEI institutionalisation can yield (Business School Netherlands, 2024). The low aggregate score, however, confirms that systematic DEI integration remains at an early stage for most Nigerian organisations, particularly outside the banking and technology sectors.

A notable pattern in the data is that private sector organisations, particularly those in financial services, telecommunications, and multinational subsidiaries, consistently outperform public sector counterparts on DEI metrics. This disparity is attributable to at least three structural factors. First, competitive market pressures compel private firms to differentiate on talent quality, creating incentives for inclusive recruitment and retention. Second, many Nigerian private sector firms operate under international governance standards or are affiliated with global parent companies that impose DEI reporting requirements. Third, private sector organisations are less constrained by the compliance-oriented logic of the Federal Character Principle, which, while intended as an equity instrument, has in practice generated a form of mandated demographic diversity that is decoupled from genuine inclusion (Ajayi & Fatoki, 2022; Okereka & Okolie, 2022).

DEI and Innovation: Comparative Outcomes

The relationship between DEI practices and innovation outputs exhibits a clearly differentiated pattern across Nigerian public and private sector organisations. In the private sector, organisations with more formalised and authentic DEI practices demonstrate greater innovation capacity, a finding broadly consistent with the global literature (Frontiers in Sociology, 2024; McKinsey & Company, 2023; Al-Madadha et al., 2021). The mechanism operates through at least two pathways. The first is cognitive diversity: when teams comprise individuals with heterogeneous ethnic, gender, and professional backgrounds who are psychologically safe enough to voice distinctive perspectives, the range of ideas and problem-framings available to the organisation expands materially. The second pathway operates through employee engagement, as diversity management enhances engagement, which in turn elevates innovative work behaviour, a chain mechanism particularly operative in Nigerian private firms where inclusive HR practices are more institutionalised (Frontiers in Sociology, 2024; Saeed et al., 2021).

In the public sector, the innovation dividend of workforce diversity is substantially attenuated by structural factors. The Federal Character Principle ensures broad demographic representation but does not operationalise the inclusion conditions necessary for diversity to generate knowledge synergies. Okereka and Okolie (2022) and Ikpebe (2025) collectively suggest that the Principle's implementation has often bred ethnic tension rather than collaborative pluralism, with employees experiencing the policy as a source of procedural unfairness rather than belonging. Under these conditions, the psychological safety prerequisite for innovation is absent, and diverse human capital remains underutilised. Furthermore, Nigeria's public sector is characterised by hierarchical authority structures and risk-averse bureaucratic cultures that independently suppress innovation, meaning that even where DEI conditions are favourable, institutional inertia constrains creative output.

A further complication is the tendency in the Nigerian public sector toward what Ekejiuba, Lamino and Ogedengbe (2023) describe as surface-level DEI, namely the adoption of equity-related language in policy documents without corresponding changes in organisational culture, promotion criteria, or leadership behaviour. This performative DEI produces demographic diversity without the psychological inclusion that generates innovation returns.

DEI and Employee Retention: Comparative Outcomes

Employee retention constitutes perhaps the most urgent DEI-related challenge facing Nigerian organisations across both sectors, albeit for distinct reasons. In the private sector, competition for skilled talent, particularly in technology, finance, and healthcare, means that turnover exacts a high opportunity cost. Research reviewed in this study confirms that inclusive work environments are positively associated with employee commitment and reduced turnover intention (Ramasamy et al., 2025; Okatta et al., 2024). The mechanism, explained by Social Exchange Theory, is that employees who perceive equitable treatment, development opportunity, and authentic belonging reciprocate with loyalty and discretionary effort (Cropanzano et al., 2017). Nigerian private sector firms that have implemented structured DEI programmes, including inclusive mentoring, transparent promotion criteria, and employee resource groups, have reported meaningful improvements in retention outcomes.

The retention challenge in Nigeria's public sector is qualitatively different. The dominant driver of voluntary attrition is not primarily exclusion but economic. The "***Japa***" syndrome has accelerated dramatically since 2020, with skilled professionals in medicine, academia, engineering, and law emigrating to other countries at unprecedented rates (Okunade & Awosusi, 2023; Ameyaw et al., 2023). While DEI practices cannot fully counteract this macro-economic driver, they are not irrelevant. Inclusive workplaces that provide employees with a sense of meaning, belonging, and equitable career development can function as retention buffers, increasing the psychological cost of departure and strengthening organisational attachment. The evidence from Novatia Consulting (2024) suggests that DEI-anchored retention strategies in Nigeria, particularly those combining inclusive career development with mentoring programmes, can reduce turnover intention even among employees who are otherwise economically motivated to leave.

A particularly important finding from the reviewed literature concerns the differential impact of leadership behaviour on DEI-related retention. Adeyemo et al. (2024) and Frontiers in Sociology (2024) both identify inclusive leadership as the most powerful moderating variable in the DEI-retention relationship. Leaders who actively champion diversity, model equitable treatment, and create psychologically safe environments significantly amplify the retention effects of organisational DEI policies. This insight has critical implications for Nigeria's public sector, where senior leadership is frequently selected through patronage rather than for inclusive leadership competencies, a structural gap that no policy pronouncement can overcome without deliberate leadership development investment (Saeed et al., 2021; Bourke & Dillon, 2022).

Comparative Summary: Public Sector versus Private Sector

The comparative analysis reveals a consistent pattern of divergence across the two sectors. Nigerian private sector organisations, driven by competitive market incentives and international governance pressures, have made more meaningful progress in DEI institutionalisation, with corresponding benefits for innovation and retention outcomes. The public sector, constrained by bureaucratic cultures, the paradoxical consequences of the Federal Character Principle, and resource limitations, has been slower to translate DEI rhetoric into substantive practice.

Critically, the differences are not merely quantitative but structural. The private sector's DEI gains are driven by strategic intent, measurement accountability, and competitive imperative. The public sector's DEI engagement, to the extent it exists, is driven by constitutional compliance and political expediency. This structural distinction determines whether diversity investments are accompanied by the inclusion practices, namely psychological safety, equitable development, and authentic belonging, that generate the innovation and retention outcomes documented in the literature. Without this accompanying inclusion architecture, demographic diversity is necessary but insufficient for the production of meaningful organisational performance advantages (Nittrouer et al., 2025; Hoang et al., 2022).

CONCLUSION AND RECOMMENDATIONS

This paper has undertaken a systematic and theoretically grounded comparative analysis of DEI practices and organisational outcomes, specifically innovation and employee retention, across Nigeria's public and private sector organisations. The analysis confirms that DEI practices, when implemented with strategic intentionality and genuine inclusion orientation, yield measurable benefits for both innovation capacity and employee retention across institutional contexts. However, the nature, depth, and organisational embeddedness of DEI practice diverges markedly between the two sectors, with the private sector exhibiting more advanced DEI architectures and correspondingly more favourable outcomes.

The Federal Character Principle, while constitutionally significant as an equity mechanism, has not fulfilled its promise as a driver of genuine organisational inclusion in the public sector. Its implementation has frequently generated compliance-oriented demographic diversity without the psychological safety, equitable development, and leadership role-modelling that constitute the active ingredients of inclusion. Addressing this gap requires not merely policy enforcement but a fundamental reconceptualisation of what DEI means in the Nigerian public sector, moving from representational arithmetic to organisational climate transformation.

On the basis of these findings, the following recommendations are advanced. For public sector organisations, it is recommended that the Federal Character Commission expand its mandate beyond headcount compliance to encompass periodic audits of inclusion climate, promotion equity, and employee belonging experiences, using validated psychometric instruments. Senior leadership selection criteria in the public service should incorporate demonstrated inclusive leadership competencies assessed through structured evaluation processes. For private sector organisations, DEI commitments should be operationalised through transparent measurement frameworks that track not merely demographic representation but psychological inclusion indicators, promotion rate differentials across demographic groups, and innovation output per team diversity index. Investment in inclusive leadership development programmes, particularly for middle management, represents the highest-return DEI investment for both sectors.

At the policy level, the Nigerian government should consider legislating DEI reporting requirements for organisations above a threshold size, as a mechanism for accountability and cross-sector benchmarking. Partnership between the private sector and tertiary institutions to build DEI-literate graduates entering the Nigerian labour market would further accelerate the cultural shift required for authentic inclusion to take root across both sectors.

Suggestions for Further Studies

This paper has identified and partially addressed several gaps in the existing literature, but significant research needs remain that future scholars should prioritise, and some of them includes but not limited to;

1. Longitudinal empirical studies that track DEI investments and corresponding organisational outcomes in Nigerian organisations over a minimum five-year period are urgently needed to establish causal pathways and temporal dynamics.
2. Comparative studies using matched-sample designs to control for organisational size, industry, and ownership structure would sharpen the public-private comparison beyond the structural-level analysis possible through systematic review alone.
3. Intersectionality research examining how ethnicity, gender, religion, and disability compound in their effects on DEI outcomes would address a significant blind spot in both global and Nigerian-specific literatures.
4. Qualitative phenomenological studies exploring how Nigerian employees across ethnic and gender subgroups experience inclusion, or its absence, would enrich the quantitative performance data with experiential texture and lived complexity.
5. Research explicitly examining the ***Japa*** syndrome through a DEI lens, particularly how different DEI practice profiles moderate emigration intention among skilled professionals, would offer direct policy relevance to the retention crisis.
6. Sector-specific studies on DEI and innovation in Nigeria's emerging technology and fintech ecosystem, where competition for talent is most acute and diversity of thought is most directly consequential, would extend the comparative analysis to a strategically critical context not adequately represented in existing literature.

REFERENCES

Adegbite, A. O. (2024). Diversity, Equity, And Inclusion in Workforce Training: From Concept to Implementation. *IOSR Journal of Humanities and Social Science*, *29*(12), 30-37.

Adeyemo, O. T., Iliyasu, M. M., Tende, B. T., Dike, C. G., & Omonibo, D. B. (2024). Workplace diversity, training, and employee engagement in Nigerian organisations. International Journal of Knowledge Management in Organisations, 20(2), 45–63.

Ajayi, O. A., & Fatoki, O. O. (2022). Federal character principle and recruitment processes in selected federal parastatals in Nigeria. Achievers Journal of Social and Management Sciences, 1(1), 1–20.

Al-Madadha, A., Al-Adwan, A. S., & Zakzouk, F. (2021). The effect of diversity management on employee creativity: Intrinsic motivation and trust in management as mediators. Information, 12(6), 246.

Ameyaw, C., Boateng, A., & Agyemang, C. B. (2023). Understanding the drivers of skilled labour migration from sub-Saharan Africa: Implications for talent retention policy. Journal of International Migration and Integration, 24(3), 889–910.

Avado Learning. (2026). Diversity and innovation in the workplace. https://www.avadolearning.com/blog/the-complete-guide-to-dei-in-the-workplace/

Barney, J. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17(1), 99–120. https://doi.org/10.1177/014920639101700108

Blau, P. (2017). *Exchange and power in social life*. Routledge.

Bourke, J., & Dillon, B. (2022). The diversity and inclusion revolution: Eight powerful truths. Deloitte Review. https://www2.deloitte.com/us/en/insights/deloitte-review/issue-22/diversity-and-inclusion-at-work-eight-powerful-truths.html

Business School Netherlands. (2024, April 8). Learning from Nigeria: The transformative power of DEI in organisations 2024. https://bsnmba.org/learning-from-nigeria-the-transformative-power-of-dei-in-organisations/

Chaarani, H., Skaf, Y. A., & Khalife, D. (2022). Impact of workforce diversity on innovation: The anti-aging formula for family firms. In *Mainstreaming diversity, equity, and inclusion as future workplace ethics* (pp. 68-96). IGI Global Scientific Publishing.

Cropanzano, R., Anthony, E. L., Daniels, S. R., & Hall, A. V. (2017). Social exchange theory: A critical review with theoretical remedies. *Academy of management annals*, *11*(1), 479-516.

Creswell, J. W., & Poth, C. N. (2023). Qualitative inquiry and research design: Choosing among five approaches (5th ed.). SAGE Publications.

Culture Factor Africa. (2024). Nigeria diversity, equity and inclusion report 2024. https://www.theculturefactor.com/diversity-and-inclusion-report

Demarest, L., & Langer, A. (2023). Managing Diversity in Nigeria's Fourth Republic National Assembly: Integrated Parties versus Ethno-Regional Balancing. *Publius: The Journal of Federalism*, *53*(4), 593-617.

Downey, S. N., Van der Werff, L., Thomas, K. M., & Plaut, V. C. (2015). The role of diversity practices and inclusion in promoting trust and employee engagement. *Journal of Applied Social Psychology*, *45*(1), 35-44.

Ekejiuba, U. C., Abubakar, H. L., & Ogedengbe, F. A. (2024). Impact of Workplace Diversity Management on Employee Commitment in Nigerian Regulatory Agencies: A Theoretical Framework. *Business, Management and Economics: Research Progress Vol. 2*, 129-143.

Frontiers in Sociology. (2024). The impact of diversity management on innovative work behavior: The mediating role of employee engagement in an emerging economy. Frontiers in Sociology, 9. https://doi.org/10.3389/fsoc.2024.1441109

Haggard, S. (2022). Varieties of comparative politics: On the practice of the comparative method. Comparative Politics, 55(1), 1–25.

Hoang, T., Suh, J., & Sabharwal, M. (2022). Beyond a numbers game? Impact of diversity and inclusion on the perception of organizational justice. *Public Administration Review*, *82*(3), 537-555.

Ikpebe, E., Akinrinmade, B., & Asempah, E. (2025). Social Equity and Representative Bureaucracy: The Case of Nigeria's Federal Character Principle. *Public Administration*, *103*(4), 992-1003.

Krekel, C., Ward, G., & De Neve, J. E. (2021). Employee wellbeing, productivity, and firm performance: Evidence and case studies. CEP Discussion Paper No. 1765. London School of Economics.

McKinsey & Company. (2023). Diversity matters even more: The case for holistic impact. https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-matters-even-more-the-case-for-holistic-impact

Nittrouer, C. L., Arena Jr, D., Silver, E. R., Avery, D. R., & Hebl, M. R. (2025). Despite the haters: The immense promise and progress of diversity, equity, and inclusion initiatives. *Journal of Organizational Behavior*, *46*(1), 188-201.

Nnamani, D., Tochukwu, N., Ugwuanyi, C., & Okeke, E. K. (2022). Federal character principle and national integration in Nigeria: focus on federal civil service recruitment. *Nigerian Journal of Political and Administrative Studies*, *5*(1), 155-172.

Novatia Consulting. (2024). Employee retention strategy research in Nigeria. https://novatiaconsulting.com/employee-retention-strategy-research-in-nigeria/

Okatta, C. G., Ajayi, F. A., & Olawale, O. (2024). Enhancing organizational performance through diversity and inclusion initiatives: a meta-analysis. *International Journal of Applied Research in Social Sciences*, *6*(4), 734-758.

Okereka, O. P., & Okolie, U. C. (2022). Issues and challenges of public administration education and training in Nigeria. *The Indonesian Journal of Social Studies*, *6*(2), 21-39.

Okunade, S. K., & Awosusi, O. O. (2023). Effectiveness of personnel retention strategies on labour turnover in Nigerian higher education institutions. RSIS International Journal of Social Science Research, 9(5), 976–983.

Owolabi, T. O. S., & Tijani-Adenle, G. (2022). Ethnic diversity and human capital development in the digital age. In *Dismantling Cultural Borders Through Social Media and Digital Communications: How Networked Communities Compromise Identity* (pp. 203-227). Cham: Springer International Publishing.

Page, M. J., McKenzie, J. E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D., ... & Moher, D. (2021). The PRISMA 2020 statement: an updated guideline for reporting systematic reviews. *bmj*, *372*.

Prasad, A., & Penanhoat, S. (2025). Re-evaluating corporate diversity initiatives: Leveraging social identity theory. Psychology Journal Research Open, 7(2), 1–6.

Ramasamy, I., Natarajan, S., & Mittal, A. (2025). Impact of Workforce Diversity on Employee Retention and Engagement: Mediating Role of Organizational Climate. *Sage Open*, *15*(4), 21582440251383043.

Saeed, B. B., Waseem, M., & Ali, W. (2021). Nexus between inclusive leadership, innovative work behavior, creative self-efficacy, and psychological safety: Evidence from Pakistani firms. European Journal of Innovation Management, 25(4), 1152–1170.

Tajfel, H., & Turner, J. C. (1979). An integrative theory of intergroup conflict. In W. G. Austin & S. Worchel (Eds.), The social psychology of intergroup relations (pp. 33–47). Brooks/Cole.

Turner, J. C., Hogg, M. A., Oakes, P. J., Reicher, S. D., & Wetherell, M. S. (1987). Rediscovering the social group: a self-categorization theory Blackwell. *New York*.

Wickham, M. D., Fiedler, T., & Donnelly, T. I. (2025). Addressing the Diversity Paradox: A Resource-Based View of DEI Best Practices. *Sustainable Development*, *33*(4), 6260-6275.