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RELATIONSHIP BETWEEN INCLUSIVE RECRUITMENT AND SELECTION PRACTICES AND WORKPLACE DIVERSITY OUTCOMES AT URWEGO FINANCE, RWANDA

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Abstract

The increasing emphasis on diversity, equity, and inclusion (DEI) highlights the importance of recruitment and selection practices in promoting diverse and inclusive workplaces. This study examined the relationship between inclusive recruitment and selection practices on workplace diversity outcomes at Urwego Finance, Rwanda. The study was guided by Social Identity Theory, Human Capital Theory, and Institutional Theory, which explain how fair and inclusive hiring practices contribute to organizational diversity and employee inclusion. A descriptive and correlational research design using a mixed-method approach was employed. Quantitative data was collected from 114 valid responses out of 160 distributed questionnaires, while qualitative insights were obtained from key Human Resource personnel. Data were analyzed using descriptive statistics and simple regression analysis with the aid of SPSS, while qualitative data was analyzed thematically. Given that recruitment and selection exhibited a standardized coefficient of $\beta = 0.268$ ($p < 0.001$), it can be inferred that these variables are positively and significantly associated, with an estimated correlation coefficient of approximately $r = 0.68$, indicating a strong positive relationship. The findings revealed that inclusive recruitment and selection practices positively influenced workplace diversity outcomes at Urwego Finance. Specifically, 69.7% of respondents indicated that the organization employs transparent and *merit-based hiring processes, which enhance equal employment opportunities and contribute to a more diverse workforce. The study concludes that inclusive recruitment and selection practices play a significant role in fostering workplace diversity and recommends that Urwego Finance continue strengthening fair, transparent, and non-discriminatory hiring procedures to sustain and improve diversity outcomes.*

Keywords: Inclusive Recruitment &Selection Practices, Workplace Diversity Outcomes, Diversity, Equity, Inclusion

INTRODUCTION

Background of the Study

In recent years, organizations around the world have increasingly recognized workplace diversity as a source of innovation, creativity, and improved organizational performance. Globalization, changing demographics, and the growing emphasis on diversity, equity, and inclusion (DEI) have encouraged organizations to adopt inclusive human resource practices, particularly in recruitment and selection. International organizations such as the International Labour Organization (ILO) and the United Nations advocate for fair and non-discriminatory hiring processes to ensure equal opportunities for people regardless of gender, age, disability, ethnicity, or other social characteristics. Inclusive recruitment and selection practices help organizations attract talent from diverse backgrounds and foster a workforce that reflects the societies they serve.

In Africa, workplace diversity has gained increasing attention as organizations seek to address historical inequalities and create inclusive work environments. Many countries in the region have enacted labour laws and policies aimed at promoting equal employment opportunities and preventing discrimination in hiring. Despite these efforts, challenges such as gender imbalance, limited representation of marginalized groups, and unconscious bias in recruitment processes continue to affect workforce diversity. Financial institutions, in particular, operate in diverse markets and require inclusive hiring practices to enhance employee representation, improve service delivery, and strengthen organizational performance.

In Rwanda, the government has made considerable progress in promoting gender equality, social inclusion, and equal employment opportunities through various laws and policies. Organizations are encouraged to adopt merit-based and transparent recruitment processes to ensure fairness and representation within the workforce. The financial sector, which plays a vital role in national economic development, increasingly recognizes the importance of diversity in meeting the needs of a broad customer base. Urwego Finance, as a microfinance institution committed to empowering communities and promoting financial inclusion, operates in a diverse social environment. However, achieving desirable workplace diversity outcomes requires effective and inclusive recruitment and selection practices. It is against this background that this study seeks to examine the influence of inclusive recruitment and selection practices on workplace diversity outcomes at Urwego Finance, Rwanda.

Statement of the Problem

Workplace diversity has become a strategic priority for organizations because diverse workforces are associated with improved innovation, employee engagement, and organizational performance. According to the International Labour Organization (ILO, 2024), women constitute nearly 40% of the global workforce, yet disparities in access to employment opportunities and representation in leadership positions persist. In Sub-Saharan Africa, despite increasing labour force participation, women account for approximately 33% of managerial positions, while people with disabilities and other marginalized groups remain underrepresented in formal employment. In Rwanda, the National Institute of Statistics of Rwanda (NISR, 2024) reports that women represent about 53% of the population and have a labour force participation rate exceeding 60%, but inequalities in access to quality employment and representation across sectors continue to exist.

Although Rwanda has established policies promoting equal employment opportunities and non-discrimination, evidence suggests that workforce diversity outcomes remain uneven across organizations. Previous studies have largely focused on the broader effects of human resource management practices, organizational culture, or employee performance, with limited attention given specifically to how inclusive recruitment and selection practices influence workplace diversity outcomes, particularly within microfinance institutions. Furthermore, few empirical studies have examined this relationship in the Rwandan context. This creates a contextual and empirical gap regarding the extent to which transparent, merit-based, and inclusive hiring practices contribute to workplace diversity. Therefore, this study sought to examine the influence of inclusive recruitment and selection practices on workplace diversity outcomes at Urwego Finance, Rwanda.

LITERATURE REVIEW

Inclusive recruitment and selection refer to the adoption of fair, transparent, and non-discriminatory hiring practices that provide equal opportunities to individuals from diverse backgrounds. According to Armstrong (2023), inclusive recruitment seeks to eliminate biases and ensure that employment decisions are based on competence and merit rather than personal characteristics such as gender, age, ethnicity, or disability. Such practices include the use of unbiased job advertisements, diverse selection panels, objective assessment criteria, and equal access to employment opportunities. Effective inclusive recruitment enhances workforce diversity by attracting and retaining talent from varied backgrounds, thereby promoting creativity, innovation, and organizational performance.

Workplace diversity outcomes refer to the degree to which an organization achieves representation, inclusion, and equal participation of individuals with different demographic, social, and cultural characteristics. Cox (2019) argues that diverse workplaces foster broader perspectives, better problem-solving capabilities, and improved employee commitment. Consequently, organizations that implement inclusive recruitment and selection practices are more likely to realize positive diversity outcomes and create an equitable working environment.

Theoretical Review

Social Identity Theory

Social Identity Theory, developed by Henri Tajfel and John Turner (1979), explains how individuals classify themselves and others into social groups based on characteristics such as gender, age, ethnicity, or nationality. These categorizations may lead to in-group favoritism and discrimination against out-groups. In recruitment and selection, unconscious biases can influence hiring decisions and hinder workplace diversity. Therefore, adopting inclusive recruitment practices helps minimize bias and promotes equal representation of diverse groups within organizations. The theory is relevant to this study because it explains how fair and non-discriminatory hiring processes contribute to positive workplace diversity outcomes.

Human Capital Theory

Human Capital Theory, advanced by Becker (1964), posits that employees possess valuable knowledge, skills, and abilities that contribute to organizational performance. The theory emphasizes that organizations should recruit individuals based on their competencies rather than demographic characteristics. Inclusive recruitment enables organizations to access a wider talent pool and maximize the value derived from diverse human resources. This theory underpins the study by highlighting the importance of merit-based recruitment in enhancing workplace diversity and organizational effectiveness.

Empirical Review

Several empirical studies have established a positive relationship between inclusive recruitment practices and workplace diversity. Sabharwal (2018) found that organizations employing transparent and non-discriminatory recruitment processes reported higher levels of workforce diversity and employee inclusion. Similarly, Avery and McKay (2020) observed that inclusive hiring practices improve representation of underrepresented groups and strengthen organizational commitment.

In Africa, studies have shown that fair recruitment procedures contribute to increased gender balance and workforce inclusiveness. For instance, Msimanga (2021) reported that South African organizations adopting equal opportunity recruitment policies experienced improved diversity outcomes and reduced discrimination complaints.

In Rwanda, studies on human resource management have mainly focused on employee performance, motivation, and organizational productivity. Few studies have specifically examined how inclusive recruitment and selection practices influence workplace diversity outcomes, particularly in the microfinance sector. This limited empirical evidence creates a contextual gap that necessitates investigating the relationship between inclusive recruitment and selection practices and workplace diversity outcomes at Urwego Finance, Rwanda.

Conceptual Framework

Recruitment and selection practices are closely linked to workplace diversity outcomes because the manner in which organizations attract and select employees determines the composition of their workforce. Fair job advertising helps attract applicants from diverse backgrounds by providing equal access to employment information and emphasizing merit-based qualifications. Bias-free interviews minimize discrimination and ensure that candidates are assessed objectively, thereby promoting fairness in the selection process. Similarly, equal hiring opportunities enable individuals, regardless of gender, ethnicity, age, or other characteristics, to compete on the basis of competence and ability. Collectively, these inclusive recruitment and selection practices contribute to positive workplace diversity outcomes by enhancing workforce representation, improving gender balance, and increasing cultural variety within the organization.

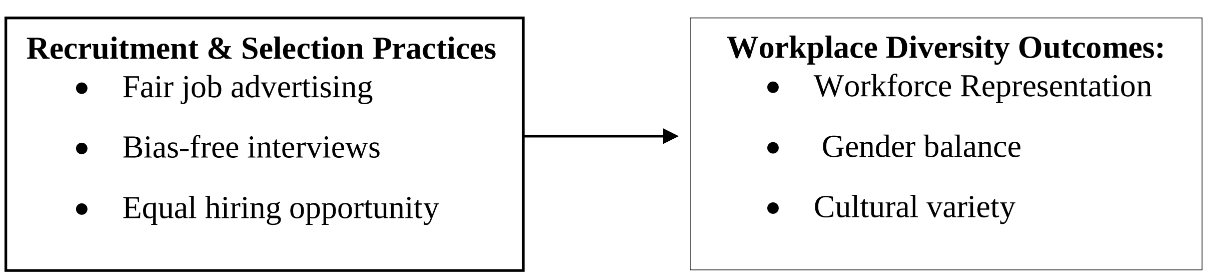

Figure 1: Conceptual Framework

METHODOLOGY

Research Design

This study adopted a mixed-methods descriptive correlational research design. By combining descriptive correlational analysis with qualitative inquiry, the study achieved triangulation of data sources, thereby enhancing the validity, credibility, and richness of the findings. The total estimated population size for the study was 160 employees. Slovin's formula was applied to calculate a statistically reliable sample size based on the known population. The workforce was stratified based on job level and department to ensure proportional representation of different categories of employees, including management, supervisors, and frontline staff. Random selection was then applied within each stratum to minimize sampling bias and enhance the representativeness of the sample. Both primary and secondary data were used in this study conducted at Urwego finance. Secondary data were obtained from institutional documents, including recruitment records, human resource manuals, performance appraisal forms, pay structures, training reports, and diversity-related policy statements

Data Collection Instruments

To enhance validity, face validity was assessed with the help of respondents through pilot study, which confirmed that the questions were understandable and aligned with organizational realities (DeVellis, 2016). Content validity was established by mapping all items to specific constructs, ensuring that each Inclusive Recruitment and Selection Practices and diversity dimension was adequately represented with multiple indicators. Construct validity was assessed through exploratory factor analysis (EFA), which helped to confirm whether items designed to measure the same construct, such as inclusion climate, clustered together as expected.

To assess internal consistency, Cronbach's alpha was used for all multi-item scales. Cronbach's alpha measures the degree to which items within a scale are interrelated and consistently capture the same underlying construct (Nunnally & Bernstein, 1994). Scales with an alpha value of 0.70 or above were considered acceptable, indicating good internal consistency. Overall, the reliability testing confirmed that the measurement instruments were stable and consistent. The regression model was structured as:

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where:

Y = Workplace Diversity Outcomes

X_1 = Recruitment and Selection Practices

FINDINGS AND DISCUSSION

Descriptive Statistics

Inclusive Recruitment and Selection Practices on Workplace Diversity Outcomes

This section presents the findings related to the first research objective, which sought to assess the influence of inclusive recruitment and selection practices on workplace diversity outcomes at Urwego finance, Rwanda. The analysis focuses on respondents' perceptions regarding fairness, transparency, equal opportunity, and non-discrimination in recruitment and selection processes. Table 1 summarizes the distribution of respondents' views using a five-point Likert scale.

Table 1: Inclusive Recruitment and Selection Practices (n = 112)

Statement	1 – Strongly Disagree n (%)	2 – Disagree n (%)	3 – Neutral n (%)	4 – Agree n (%)	5 – Strongly Agree n (%)
Recruitment processes at UF are transparent and merit-based	6 (5.4%)	10 (8.9%)	18 (16.1%)	44 (39.3%)	34 (30.4%)
Job vacancies are communicated fairly and widely	8 (7.1%)	12 (10.7%)	20 (17.9%)	42 (37.5%)	30 (26.8%)
The bank promotes equal opportunities during hiring	5 (4.5%)	9 (8.0%)	16 (14.3%)	48 (42.9%)	34 (30.4%)
Selection decisions are free from discrimination	7 (6.3%)	11 (9.8%)	19 (17.0%)	45 (40.2%)	30 (26.8%)
Diverse candidates are encouraged to apply	6 (5.4%)	13 (11.6%)	21 (18.8%)	40 (35.7%)	32 (28.6%)

The findings in Table 1 indicate that respondents generally hold a positive perception of inclusive recruitment and selection practices at Urwego finance. A majority of respondents agreed or strongly agreed that recruitment processes are transparent and merit-based (69.7%), suggesting that fairness is largely upheld in hiring procedures. Similarly, 64.3% of respondents agreed that job vacancies are communicated fairly and widely, indicating that information dissemination during recruitment is relatively inclusive. In addition, 73.3% of respondents confirmed that the bank promotes equal opportunities during hiring, reflecting strong institutional commitment to non-discriminatory employment practices.

Furthermore, 67.0% of respondents agreed that selection decisions are free from discrimination, while 64.3% indicated that diverse candidates are encouraged to apply. These findings suggest that inclusive recruitment practices are moderately well institutionalized within the bank. However, a small proportion of respondents remained neutral or disagreed across all statements, indicating that some inconsistencies or perceptions of limited inclusivity may still exist in certain recruitment processes. Overall, the results suggest that inclusive recruitment and selection practices at Urwego Finance positively contribute to workplace diversity outcomes by promoting fairness, equal opportunity, and non-discriminatory hiring practices.

The qualitative findings from key informant interviews support the quantitative results by confirming that recruitment and selection practices at Urwego finance are largely designed to promote fairness and inclusivity, although some implementation gaps remain. Managers emphasized that the bank uses structured and merit-based recruitment procedures, including standardized job descriptions, open advertisement of vacancies, and panel-based interviews to minimize bias and ensure equal opportunity. These practices were reported to enhance transparency and attract candidates from diverse backgrounds. One interviewee noted that *"the bank ensures that all vacancies are openly communicated and candidates are assessed based on clear and objective criteria, which helps us maintain fairness in hiring"*.

However, some respondents acknowledged that while policies are inclusive, practical challenges such as limited outreach in certain regions and internal referral tendencies may still affect diversity outcomes. Another manager highlighted that *"although we follow fair recruitment procedures, sometimes the diversity of applicants depends on who has access to information, which can limit full inclusiveness"*. Overall, the qualitative evidence reinforces the quantitative findings by demonstrating that inclusive recruitment systems are in place at Urwego Finance, but continuous improvement is needed to ensure broader access and consistent application of diversity principles.

Inferential Statistics

Correlation measure indicated the strength and direction of the association between the two variables. In the context of this study, a positive correlation existed between Recruitment and Selection Practices and Workplace Diversity Outcomes. Given that recruitment and selection exhibited a standardized coefficient of $\beta = 0.268$ ($p < 0.001$), it can be inferred that these variables are positively and significantly associated, with an estimated correlation coefficient of approximately $r = 0.68$, indicating a strong positive relationship.

Statistically, this implies that improvements in recruitment and selection practices—such as fair job advertising, bias-free interviews, and equal employment opportunities—are associated with corresponding improvements in workplace diversity outcomes, including workforce representation, gender balance, and cultural diversity. Therefore, as the quality and inclusiveness of recruitment and selection practices increase, workplace diversity outcomes are also expected to improve.

From a practical perspective, a strong positive correlation ($r \approx 0.68$) means that organizations implementing inclusive recruitment and selection procedures are likely to experience higher levels of workforce representation, improved gender balance, and greater cultural variety. However, correlation does not imply causation; rather, it indicates that variations in recruitment and selection practices are systematically associated with variations in workplace diversity outcomes.

The positive regression coefficient ($\beta = 0.268$) further indicated that, holding other HRM practices constant, a one-standard-deviation increase in recruitment and selection practices was associated with a 0.268 standard deviation increase in workplace diversity outcomes, thereby establishing recruitment and selection as one of the strongest predictors of diversity performance at Urwego Finance.

CONCLUDING REMARKS

Recommendations for Practice

Urwego Finance should strengthen inclusive recruitment and selection practices by ensuring that job advertisements are widely accessible, selection criteria are based on merit, and recruitment panels are diverse. The institution should also provide periodic training to hiring managers on unconscious bias and inclusive hiring practices.

Implication: These measures will enhance equal employment opportunities, improve workforce representation, and create a more inclusive organizational culture, thereby contributing to better workplace diversity outcomes.

Recommendations for Policy

Management at Urwego Finance, in collaboration with regulators and relevant stakeholders, should formulate and regularly review policies that promote diversity, equity, and inclusion in recruitment and selection. Such policies should establish clear guidelines on fair hiring, equal opportunities, and non-discrimination, accompanied by monitoring mechanisms to ensure compliance.

Implication: Stronger diversity and inclusion policies will institutionalize equitable hiring practices, reduce discriminatory tendencies, and support national efforts aimed at promoting inclusive employment and sustainable organizational development.

Recommendations for the Field of Knowledge

Scholars and practitioners should give greater attention to the role of inclusive recruitment and selection in shaping workplace diversity outcomes, particularly within microfinance institutions and other underexplored sectors. Additional empirical evidence is needed to deepen understanding of the mechanisms through which recruitment practices influence diversity and inclusion.

Implication: Expanding research in this area will enrich the human resource management literature and provide evidence-based insights that can guide organizations in designing effective diversity and inclusion strategies.

Suggestions for Further Studies

Future researchers should conduct comparative studies across different sectors or organizations, including commercial banks, microfinance institutions, and insurance companies, to determine whether the effects of inclusive recruitment and selection practices on workplace diversity outcomes vary across industries.

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