INDIA’S WORKFARE PROGRAM AND FINANCIAL INCLUSION - AN INTER-DISTRICT ANALYSIS

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ABSTRACT
Mahatma Gandhi NREGA is a flagship workfare program which aims at creating sustainable livelihoods in India’s rural sector. This is envisioned to be actualised by enhancing the reach of poor people to institutional financial architecture through what it calls financial inclusion. This study is an attempt to understand and estimate the outcome on financial inclusion front from an inter-district perspective. The selection of the districts is made keeping in view the socio-economic profile of the districts while using secondary data for analysis. The findings reveal that the performance of MGNREGA in terms of Man-days generated in the state is dismal compared to other states. Besides, the performance of the state on financial inclusion dimension within and inter-state comparison is abysmally poor. The data analysis reveals a strange phenomenon as the rural areas are supposed to perform better compared to urban areas which has not happened in case of J&K.

JEL Classification: H40, H53

Keywords: MGNREGA; Financial Inclusion; Man-Days; Workfare Program

INTRODUCTION
The vast majority of Indian population about 68.84% resides in villages with around 28% of them living below poverty line (PCI, 2011). The growth in rural sector is one of India’s major challenges as it strives to sustain its growth story for decades to come. The current statistics reveal that the Indian economy has been clocking average GDP growth rate of 6-7% (PCI, P.3) continuously for last decade with some recent exceptions due to dampening global economic sentiment. The high growth rates experienced are a direct result of Liberalisation, Privatisation and Globalisation (LPG) of Indian economy post-1991 era. This is quite evident from the absolute value of GDP at factor cost for 2012-13 is INR 5,505,437 crores (PCI, p.4). The structural transformation of Indian economy is reflected by the declining contribution of agriculture to GDP of 13.69% in 2012-13 as against that of manufacturing and services sector in 2012-13 which stood at 26.75% and 59.57% respectively (PCI, p.4). However, the steady growth experienced in the recent past has led to a great deal of inequality both inter-state and intra-state across various dimensions (12th Five-year plan, 2012-17). The all India poverty rate estimated for 2011-12 was 21.9% & the geographic distribution of poor population involves 25.7% in rural areas and 13.7% in urban areas (PCI, p.93). India has experimented with various employment generating programs or social protection schemes – “often referred to as social security, social safety net, poverty alleviation or social welfare programs - with the objectives of
reducing poverty, vulnerability and social inequalities” since it gained independence in 1947 (Holmes et al (2010). In this paper we study the impact of Mahatma Gandhi NREGA on financial inclusion in twin districts of Baramulla & Kupwara of Himalayan State of Jammu & Kashmir & find that the scheme has a significant impact on the financial inclusion on rural households with an inter-district variation in performance.

Description of the Program

Mahatma Gandhi NREGA is the world’s biggest employment guarantee program with an initial outlay of Rs. 11,300 crore in year 2006-07 & now the budgeted outlay is Rs. 33000 crore for 2014-15 (MoRD, 2014). The Act provides a legal guarantee for 100 days of employment in every financial year to adult members of any rural household at the admissible minimum wage of the concerned state. This minimum wage varies from state to state, in some states it is Rs. 80 whereas in other it is Rs. 125 or Rs. 120. According to the Act the minimum wage cannot be less than Rs. 60 but can’t exceed Rs 125/day. The 100 days of work figure was estimated because the agricultural season is only supposed to last roughly around 250 days and unskilled workers have no alternative source of income in the remaining parts of the year. The central government pays for the entire cost of wages for unskilled manual workers, 75 percent of the cost of material and wages for skilled and semi-skilled workers, and all administrative expenses (except for those of the State Employment Guarantee Council). The state government pays for the remaining costs: 25 percent of the cost for material and wages for skilled and semi-skilled workers, the administrative expenses of the State Employment Guarantee Council, and unemployment allowances when it does not provide employment within 15 days of application (MoRD, 2008). The Gram Sabha (village council) is responsible for recommending works to be built under MGNREGA, performing social audits, and working as a forum for information sharing. The Gram Panchayat (village government) is responsible for the planning of works, registering households, executing works, convening the Gram Sabha for social audits, and monitoring the implementation of the program at the village level. MGNREGA relies on a self-targeting model, the government does not discriminate people on the basis of poverty, therefore by virtue of non-discrimination of people every house hold in the rural areas is a potential beneficiary of the scheme. T. Paul Shultz is of the view that means-tested programs are thought to reduce the time that beneficiaries work in the paid labour force because the more they work the lower the program benefits received.

Program Implementation Overview

Mahatma Gandhi National Rural Employment Guarantee Act (Mahatma Gandhi NREGA) aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The Mahatma Gandhi NREGA has become a powerful instrument for inclusive growth in rural India through its impact on social protection, livelihood security and democratic governance. Mahatma Gandhi NREGA is the first ever law internationally that guarantees wage employment at an unprecedented scale (MoRD, 2014). The Act came into force on February 2, 2006 and was implemented in a phased manner. In Phase I it was introduced in 200 of the most backward districts of the country. It was implemented in an additional 130 districts in Phase II 2007-2008. The Act was notified in the remaining rural districts of the country from April 1, 2008 in Phase III. All rural districts are covered under Mahatma Gandhi NREGA.

The implementation of MGNREGA was done in a phased manner, it was first introduced in 200 most backward districts of the country. Subsequently, the Act was implemented in additional 130 districts and finally it was universally extended to the whole rural landscape of India. In case of J&K the Act was implemented initially in Kupwara & Punch districts of the state. However, it was extended to entire state in 2007-08. The village council (Gram Sabha) is responsible for identifying, monitoring & overall implementation of MGNREGA. However, on account of proper skills and training & a culture of favouritism based on various sub-denominations like caste, age, gender etc. has largely undermined the effectiveness of MGNREGA (Sjoblom & Disa et al). Besides, the sheer size of funds allocated to
these institutions is a new but challenging experience for village councils for which they are neither trained nor prepared to handle efficiently. The 2007 report of Comptroller and Auditor General (CAG, GOI) described the lack of sufficient administrative and technical manpower as a big problem which has greatly affected the effective implementation of the scheme. There other problems related to the proper implementation of MGNREGA as evidenced by researches includes the hijacking of employment lists by powerful people in villages and extending the scheme benefits to people who do not turn up for work (Wright, Tom & Harsh Gupta). This phenomenon can easily be classified as “Fake Beneficiary Non-worker Phenomenon”, which results into loss of gross welfare & a cause of un-freedoms resulting into perpetuation of poverty & deprivation in rural sector. The State of J&K has a unique distinction of being the second most corrupt state in India (Transparency International). The scourge of corruption is reflected in all the spheres of social life in the state, MGNREGA is no exception to this disease. The state has also failed in adequately empowering the staff involved in the implementation of this Act such as programme officers who are left to the mercy of bureaucracy. In addition to this, the state has badly flunked in devising a scheme based on MGNREGA Act 2005-06 which clearly reflects the socio-economic realities of the state & also considers the developmental needs of the state given its geographic, topographic and political uniqueness. It has also failed in employing the mandatory 1/3 women labour force of total labour employed which is partly due to the patriarchal social setup in Kashmir society.

LITERATURE REVIEW

Kundu, A and N Sarangi (2005) examined the rationale for exclusion of urban areas from the scope of MGNREGS, given socio-economic deprivation and vulnerability in small and medium towns. They felt that lack of employment in rural area has affected demographic growth of urban poor, leading to distortions in the urban hierarchy. The authors suggested the possibility of utilising the educated unemployed in non-manual work which needs to be explored.

Jacob, A and Varghese R (2006) examined awareness among people in Kerala about the entitlements under MGNREGS. They found that almost all of the respondents were aware about their entitlements in the very first year of its implementation and this was due to high literacy among the workers. The awareness level empowers workers to demand their benefits under the Act.

Jha, Gaiha R and S Sankar (2008) examined the participation of landless, small, marginal and medium farmers. The agriculture labour and self-employed in nonagriculture relied on the MGNREGS to supplement their incomes whereas for the workers of other labour and self-employed in agriculture categories, MGNREGS has become the mainstay of income.

Khera R and Nandini (2009) reported that the female labour workforce participation was significantly higher in Rajasthan and Madhya Pradesh and significantly lower in Uttar Pradesh. This is due to various barriers such as culture, demanding jobs in private sector, low wages, migration from home etc.

Pankaj, A and R Tanka (2010) highlighted the fact that high literacy rate in Himachal Pradesh is the cause of high awareness levels among women about the Act. They stated that 71 per cent of the female workers were able to meet their personal needs with income earned from MGNREGS. The payment of wages through SB accounts leads to greater incidence of self-collection and control over the usage of wages.

NIRD and IMPA (2010), carried out an assessment of MGNREGS in the district of Poonch and Kupwara. The study concluded that the desired objectives of the scheme such as awareness levels, community participation and planning process etc. have not been fully met. Further, it noted that the overall effectiveness is found to be high in Poonch (64%) and low in kupwara (45%). The study also observed that the role of information technology in minimising the burden of functionaries for cost and technical estimations in identified works has been least emphasised.
Kareemulla K. et al (2010), studied the impact of NREGS on Rural Livelihoods and Agricultural capital Formation, in four states of Punjab, Maharashtra, Andhra Pradesh and Rajasthan. This study was conducted at micro level in the above mentioned states and concluded that the employment beneficiaries are both landless and farmers indicating the resource poor are also willing to get employed in public schemes. The other issues studied include migration levels in rural areas, the consumption pattern of NREGA beneficiaries, structure and nature of assets created, utility and sustainability of the assets created. The study also pointed out the fact that the quality and maintenance of the assets created is a major issue which need close attention by all the stakeholders. It also concluded that MGNREGS has also brought down the migration levels from rural to urban areas. The research study also concluded that the NREGA has made a big impact on rural agricultural sector. However, the cost dimension of rural labour market needs to be closely looked into. The researchers have also suggested that there should be an inbuilt monitoring mechanism in the scheme for better impact on ground.

T. LeeLavathi (2010), examined the impact of MGNREGS on various factors including institutional, socio-economic inclusion of poor households, rural-urban distress migration, access of credit et al. The study concluded that the benefits gained from work under MGNREGS led to the reduction of distress migration and increased investment in human capital. It also revealed that some of the workers were not provided with unemployment allowance and were denied work for longer periods. The funds flow including the wage disbursement mechanism should be made for efficient.

MoRD (2010) in its annual report has portrayed a dismal picture of the J&K in terms of employment to women. The MGNREGS Act stipulates 23% employment to female labourers but in J&K only 8% women have been provided with employment opportunities in MGNREGA works.

Ashok P and Rukmini T (2010), studied the impact of MGNREGS from the perspective of women empowerment. The researchers have observed that paid employment under MGNREGS has resulted in increased consumption choices and reduced economic dependence. This has helped women in registering their tangible contribution to the household income.

Ahuja, R T Usha (2011), examined the impact of MGNREGS on rural employment generation and migration of labour force. The study was conducted in two districts with different economic profiles. The study concluded that the flagship scheme has a sizable impact on the employment generation. However, the downside has been that the scheme has not been able to curb the migration from economically advanced districts primarily on account of the low wages.

Tashina Esteves, K V Rao, et al (2013), studied environmental and socio-economic benefits of the works carried out under MGNREGS. The study also assessed the potential of these benefits to reduce vulnerability of agricultural production and livelihood of the beneficiaries.

Rashmi T (2013) studied the impact of MGNREGS on women participation; challenges and benefits. The study has concluded that there has been a steady growth in women’s participation in the scheme but the participation level rates are varied across states in India. The scheme has enabled women to become financially stable and has encouraged women to engage actively in the works undertaken under MGNREGS.

OBJECTIVES

1. To study the mechanism of wages disbursal to beneficiaries of NREGS in J&K.
2. To study the growth in funds disbursal across various segments in terms of account opening & magnitude of wage disbursal in the study area.
3. To suggest various measures for better financial inclusion scenario.
RESEARCH METHODOLOGY

The selection of the sampling area is done on the basis of area sampling technique. The parameters for selection of sample include percapita income of the district, BPL population of the district and agricultural profile of the district. The twin districts of Baramulla & Kupwara are the two poorest districts (ECOSTATJK, 2002-03) in terms of per-capita income at constant prices (1993-94). Besides, Baramulla & Kupwara have the highest absolute BPL population & absolute BPL household number (JK BPL Survey, 2008). The selection of districts has also been made based on the agricultural profile of the districts, Barmulla is agriculturally advanced and Kupwara is agriculturally backward.

The study is based on the primary & secondary data. The primary data was collected with help of survey instrument. The secondary data was accessed exclusively from the dedicated web portal (www.nrega.nic.in) of Ministry of Rural Development (MoRD) for the scheme under reference.

DATA ANALYSIS AND INTERPRETATION

MGNREGA is regarded as one of the biggest financial inclusion schemes in the world given the humongous size of budget allocations & subsequent disbursal of payments through institutional channels such as banks. In 2014-15, MGNREGA budget allocation was INR 33000 crores (MoRD). The problem of financial exclusion in India is disturbing as more than half of the Indian population is unbanked due to a whole host of factors both from demand and supply side (RBI).

In Table 1, one can easily see that the banks are relatively dominant distribution channel for NREGA funds, primarily the wage payments, vis-à-vis Post offices. This is evident as the total number of bank accounts opened in Baramulla with banks is mammoth 2, 56,964 (two lakh fifty six thousand, nine hundred and sixty four), as against the paltry 2132. The amount money distributed by the banking channel in the district is Rs 723199377 (2014-15) vis-à-vis Rs 3825027. Once again it points to the explicit significance of banking channel in advancing the desirable objective of financial inclusion. The availability and access to banks is a big worry in far flung areas of the state in general and the border districts of Baramulla and Kupwara in particular. This is due to various factors such as mountainous terrain of the areas, poverty, availability of banks etc (Primary Survey).

<table>
<thead>
<tr>
<th>Year</th>
<th>District Name</th>
<th>Total bank accounts</th>
<th>Amount disbursed to bank accounts</th>
<th>Total post office accounts</th>
<th>Amount disbursed to post office accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13 BARAMULLA</td>
<td>60712</td>
<td>122394982</td>
<td>1185</td>
<td>2654117</td>
<td></td>
</tr>
<tr>
<td>2013-14 BARAMULLA</td>
<td>94816</td>
<td>339209697</td>
<td>507</td>
<td>989359</td>
<td></td>
</tr>
<tr>
<td>2014-15 BARAMULLA</td>
<td>101436</td>
<td>261594698</td>
<td>440</td>
<td>181551</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>256964</td>
<td>723199377</td>
<td>2132</td>
<td>3825027</td>
<td></td>
</tr>
</tbody>
</table>

Source: MoRD, 2014(www.nrega.nic.in)

The figures in Table 2 & 1 also show that the scheme has had a great impact on financial inclusion in both Baramulla & Kupwara in terms of the cumulative number of bank & post-office accounts opened and the amount of money disbursed to the beneficiaries. However, the account opening size and money disbursed vary across districts. This may be due the size and plainly or lowly terrain of the Baramulla district compared to Kupwara district which is geographically a mountainous area. The latter factor contributes to the low availability of both distribution channels in the district & hence low penetration in terms of financial inclusion. It was also observed that the cash payments were also made due the distribution channel deficit.
In the table, the blocks highlighted in red, Sopore & Pattan present a dismal picture in terms of the total number of accounts opened and amount disbursed from the year 2012 to 2014. This is disturbing as both of these districts score high on availability and accessibility parameters of financial inclusion. This dismal picture is partly explained by the higher market wages in both of these blocks as both of these blocks are urban centres. Besides, the work opportunities highly correlate with wages, which are much higher than the minimum wages offered under MGNREGA. The education level is also a significant factor for this anomaly (Primary Survey). The other blocks which are highlighted in the table show good performance both accounts opened wise & in terms of amount disbursed. Another interesting finding is that financial inclusion highly correlates with locational & economic dimension of the area, as it is quite clear from the data that rural areas perform better than areas which urban or near to urban areas. The blocks of Pattan & Sopore are economically well off & both blocks benefit from locational economies. Whereas, Uri & Boniyar blocks are relatively at an economic and locational disadvantage, therefore, both blocks have greatly benefited from NREGA works as is evident from the data.

### Table 2. District Wise Accounts Opened & Amount Disbursed

<table>
<thead>
<tr>
<th>Year</th>
<th>District Name</th>
<th>Total bank accounts (2012)</th>
<th>Amount disbursed to bank accounts</th>
<th>Total post office accounts</th>
<th>Amount disbursed to post office accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>KUPWARA</td>
<td>39123</td>
<td>33276659</td>
<td>343</td>
<td>255519</td>
</tr>
<tr>
<td>2013-14</td>
<td>KUPWARA</td>
<td>101044</td>
<td>200523846</td>
<td>1084</td>
<td>6073496</td>
</tr>
<tr>
<td>2014-15</td>
<td>KUPWARA</td>
<td>103062</td>
<td>266999592</td>
<td>912</td>
<td>1217400</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>243229</td>
<td>500800097</td>
<td>2339</td>
<td>7546415</td>
</tr>
</tbody>
</table>

Source: MoRD, 2014 (www.nrega.nic.in)

In table 3, the blocks highlighted in red, Sopore & Pattan present a dismal picture in terms of the total number of accounts opened and amount disbursed from the year 2012 to 2014. This is disturbing as both of these districts score high on availability and accessibility parameters of financial inclusion. This dismal picture is partly explained by the higher market wages in both of these blocks as both of these blocks are urban centres. Besides, the work opportunities highly correlate with wages, which are much higher than the minimum wages offered under MGNREGA. The education level is also a significant factor for this anomaly (Primary Survey). The other blocks which are highlighted in the table show good performance both accounts opened wise & in terms of amount disbursed. Another interesting finding is that financial inclusion highly correlates with locational & economic dimension of the area, as it is quite clear from the data that rural areas perform better than areas which urban or near to urban areas. The blocks of Pattan & Sopore are economically well off & both blocks benefit from locational economies. Whereas, Uri & Boniyar blocks are relatively at an economic and locational disadvantage, therefore, both blocks have greatly benefited from NREGA works as is evident from the data.

### Table 3. Block Wise Accounts Opened & Amount Disbursed

<table>
<thead>
<tr>
<th>District Name</th>
<th>Block Name</th>
<th>Total bank accounts (2012)</th>
<th>Amount disbursed to bank accounts</th>
<th>Total bank accounts (2013)</th>
<th>Amount disbursed to bank accounts</th>
<th>Total bank accounts (2014)</th>
<th>Amount disbursed to bank accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>BARAMULLA</td>
<td>Baramulla</td>
<td>6351</td>
<td>30953227</td>
<td>6822</td>
<td>24028706</td>
<td>6822</td>
<td>2690762</td>
</tr>
<tr>
<td></td>
<td>Boniyar</td>
<td>10411</td>
<td>45131816</td>
<td>10936</td>
<td>29184210</td>
<td>10936</td>
<td>694550</td>
</tr>
<tr>
<td></td>
<td>Kunzer</td>
<td>6564</td>
<td>20800345</td>
<td>6934</td>
<td>16817543</td>
<td>6934</td>
<td>1853320</td>
</tr>
<tr>
<td></td>
<td>Pattan</td>
<td>5886</td>
<td>23148228</td>
<td>6428</td>
<td>16836937</td>
<td>6428</td>
<td>5207523</td>
</tr>
<tr>
<td></td>
<td>Rafaibad</td>
<td>8142</td>
<td>18283539</td>
<td>8406</td>
<td>13553390</td>
<td>8406</td>
<td>2680408</td>
</tr>
<tr>
<td></td>
<td>Rohama</td>
<td>6799</td>
<td>24444469</td>
<td>7020</td>
<td>20404387</td>
<td>7020</td>
<td>2926552</td>
</tr>
<tr>
<td></td>
<td>Singhpora</td>
<td>8775</td>
<td>27948345</td>
<td>9135</td>
<td>18716805</td>
<td>9135</td>
<td>1272899</td>
</tr>
<tr>
<td></td>
<td>Sopore</td>
<td>3979</td>
<td>9264622</td>
<td>4616</td>
<td>10471030</td>
<td>4616</td>
<td>2172080</td>
</tr>
<tr>
<td></td>
<td>Tangmarg</td>
<td>9354</td>
<td>42622667</td>
<td>9526</td>
<td>30068772</td>
<td>9526</td>
<td>3013100</td>
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<td></td>
<td>Wagoora</td>
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<td>804527</td>
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<tr>
<td></td>
<td>zaingeer</td>
<td>9740</td>
<td>29107521</td>
<td>12249</td>
<td>30489353</td>
<td>12249</td>
<td>3057567</td>
</tr>
</tbody>
</table>

Source: MoRD, 2014(www.nrega.nic.in)

The block wise data of financial inclusion is presented in table 4 for district Kupwara. The data shows relatively a uniform trend in the performance of NREGA in the district across various blocks with slight variation in some blocks across the time frame both in terms of account opened & amount disbursed to beneficiaries.
**FINDINGS AND CONCLUSION**

The performance of MGNREGA in terms of man-days generated in the state is dismal compared to other states. Besides, the performance of the state on financial inclusion dimension within and inter-state comparison is abysmally poor. The data analysis reveals a strange phenomenon as the rural areas are supposed to perform better compared to urban areas which has not happened in case of J&K. The loopholes are also evident both from implementation perspective and low awareness among rural households about the entitlements. In Kupwara district the growth in financial inclusion is not showing up due to low availability and poor access as a result beneficiaries receive cash payments.

In nutshell, it can be said that MGNREGA suffers from acutely poor implementation as a result the achievement of desired objective of financial inclusion is a remote possibility. This can be improved by ensuring proper implementation of the scheme with adequate checks & balances. The scheme objectives such as financial inclusion can be met if the innovative models of cash distribution like business correspondent (BC) model & other such models are implemented. The implementing machinery in the state should empower grass roots level workers such as Village Level Workers (VLW), Programme officers & Panchayat Representatives. Besides, adequate measures should be taken to empower & improve the awareness among the rural households.

**LIMITATIONS OF THE STUDY**

The study was conducted in two districts in the state and the data analysis was made predominantly on the secondary data with very basic tools. Therefore, the findings and conclusions drawn may not be valid for other sample areas. Besides, the unique sets of variables of sample areas also invalidate any blind generalisation in other sample areas.

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A Comparative Analysis of Investors’ Risk Perceptions towards Public & Selected Private Life Insurers in Jabalpur District of Madhya Pradesh

Dr. Anshuja Tiwari & Ms. Babita Yadav

Abstract

The deregulation of the insurance sector has led to an increase in competition among insurers. IRDA (Insurance Regulatory and Development Authority) has played a critical role in reviewing the insurance sector and addressing its challenges.

SWOT Analysis and Comparison between Financial Core Architectures to Identify the Reliability and Performance of Customer Vaibhav R. Bhide 1, Shrinivas P. Deshpande 2 and Ujwal A. Lanjewar 3

1 Assistant

Retirement Planning: Issues and Challenges in the Indian Context

Familiar analogs of workfare programs from American history are the Public Works Administration and the Tennessee Valley Authority, amongst other New Deal initiatives. Unlike other limited programs, however, NREGA is designed to be universally accessible to all rural households.

The rollout of the program lends itself to this analysis because of the temporal and geographic variation. Perhaps as a result of the poor-to-non-poor district matching strategy, sample households ended up being slightly wealthier when compared to those from the more nationally- and state-representative 1998/9 Demographic and Health Survey (DHS) (Kumra 2008).

Table 1. Pre-Intervention Descriptive Statistics

This analysis is based on regression analyses which use a data set of nearly 170 tech companies that have published, released, or publically discussed their top-line diversity figures. The Dalberg research team collected gender and racial/ethnic diversity data on these companies, and then performed regression analysis to understand the relationship between gender diversity, racial diversity and financial success.

Analysis of the linkage between diversity and financial performance controlled for factors like employee count, years of operation, and depending on the analysis, market cap, revenues, and/or profits (full methodology detailed in annex).