DOCTOR OF PHILOSOPHY

Ties that bind

understanding why and how diversity management relates to black and ethnic

minority employees' experience of organisational life

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Aston University

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THESIS SUMMARY

Despite much anecdotal and oftentimes empirical evidence that black and ethnic minority employees do not feel integrated into organisational life and the implications of this lack of integration for their career progression, there is a dearth of research on the nature of the relationship black and ethnic minority employees have with their employing organisations. Additionally, research examining the relationship between diversity management and work outcomes has returned mixed findings. Scholars have attributed this to the lack of an empirically validated measure of workforce diversity management. Accordingly, I sought to address these gaps in the extant literature in a two-part study grounded in social exchange theory.

In Study 1, I developed and validated a measure of workforce diversity management practices. Data obtained from a sample of ethnic minority employees from a cross section of organisations provided support for the validity of the scale. In Study 2, I proposed and tested a social-exchange-based model of the relationship between black and ethnic minority employees' and their employing organisations, as well as assessed the implications of this relationship for their work outcomes. Specifically, I hypothesised: (i) perception of support for diversity, perception of overall justice, and developmental experiences (indicators of integration into organisational life) as mediators of the relationship between diversity management and social exchange with organisation; (ii) the moderating influence of diversity climate on the relationship between diversity management and these indicators of integration; and (iii) the work outcomes of social exchange with organisation defined in terms of career satisfaction, turnover intention and strain. SEM results provide support for most of the hypothesised relationships.

The findings of the study contribute to the literature on workforce diversity management in a number of ways. First, the development and validation of a diversity management practice scale constitutes a first step in resolving the difficulty in operationalising and measuring the diversity management construct. Second, it explicates how and why diversity management practices influence a social exchange relationship with an employing organisation, and the implications of this relationship for the work outcomes of black and ethnic minority employees. My study's focus on employee work outcomes is an important corrective to the predominant focus on organisational-level outcomes of diversity management. Lastly, by focusing on ethno-racial diversity my research complements the extant research on such workforce diversity indicators as age and gender.

Keywords: Diversity management, social exchange with organisation, perception of overall justice, career satisfaction, work experiences, perception of support for diversity, developmental experiences, work outcomes.

DEDICATION

To the Almighty, the I Am that I Am, My Rock

To My Parents

&

In loving memory of my grandma
Lily Omaghomi

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LIST OF CONFERENCE PRESENTATIONS AND/OR PUBLICATIONS

Otaye, L. E., A Moderated-Mediating Relationship of the Diversity Management Work Outcome Relationship. To be presented at the Equality, Diversity and Inclusion International Conference (EDI), Athens, Greece, July 2013.

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Otaye, L. E., Diversity Management 'Attributions' and Employee Work Outcomes. Presented at the Strategic Human Resource Management (SHRM) Workshop, Reykjavik, June 2011.

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LIST OF CONFERENCE PRESENTATIONS AND/OR PUBLICATIONS OUTSIDE OF THESIS

PUBLICATIONS

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CONFERENCES

Aryee S., Walumbwa F., Seidu, E. & Otaye, L. E., High Performance Work Systems, Human Capital and Service Quality: A Resource-Based View. Presented at the Academy of Management (AOM) Conference, Boston, August 2012.

Aryee S., Walumbwa F., Seidu E. & Otaye, L. E. Test of a Multi-Level Model Linking High Performance Work Systems and Performance. Presented at the Academy of Management (AOM) Conference, San Antonio, August 2011.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND AND DEVELOPMENT OF RESEARCH PROBLEM

Over the past decade or so, the management of workforce diversity has received increased research attention among management scholars and practitioners, as evident in the increasing number of scholarly articles on the topic (e.g. Olsen & Martins, 2012; Joshi & Roh, 2009; McKay, Avery & Morris, 2008) and the adoption of diversity management programmes and/or practices (cf. Richard & Johnson, 2001). This increased interest in the management of workforce diversity could be attributed to environmental and societal changes, including legislation, corporate ethics and organisational efforts to create and sustain competitive advantage in a globalised marketplace (cf. Sanchez & Brock, 1996). In the 2011 UK census, ethnic minorities accounted for 11.3% of the UK population (Office of National Statistics). According to a report published by Leeds University, ethnic minorities will make up a fifth of Britain's population by 2051, compared with 8% in 2001.

The changing demographics are also reflected in organisational workforces, as, in their bid to foster competitive advantage, there has been an increase in the recruitment of ethnic minority employees (cf. Christian, Porter & Moffitt, 2006). Additionally, equality laws governing racial discrimination in the employment relationship (e.g. the 2010 Equality Act; the 2000 Race Relations Amendment Act; the 1976 Race Relations Act) have made it necessary for organisations to ensure a racially/ethnically representative workforce, because of the stricter measures against racial discrimination (cf. Noon & Hoque, 2004). For example, a key feature of the 2010 Equality Act is the shift of emphasis from a requirement for 'compliance' to positive duties that actively promote equality and eliminate discrimination. Such positive duties include employers taking steps to ensure proper representation of women and minorities at the recruitment and promotion stages, and the requirement that public sector organisations publish diversity and gender pay statistics.

These laws, and the predicted growth of an ethnically diverse workforce, have made the effective management of workforce diversity a business imperative (Roberson & Stevens, 2006; Roberson & Park, 2007). However, as organisations develop policies and practices to manage their diverse workforces they are increasingly faced with challenges. Accordingly, there is much scholarly interest in how to effectively manage a diverse workforce. Despite much anecdotal, and often times empirical, evidence that black and ethnic minority employees do not feel integrated into organisational life, and the implications that this lack of integration has on their career progression (cf. Mor Barak, 2011; Noon, 2007; Hitlan, Cliffton & DeSoto, 2006; Wood, 2008; Kalev, 2009), there is a dearth of research on the nature of the relationship that black and ethnic minority employees have with their employing organisations. Perhaps motivated by the business case for diversity, much of the diversity research that exists has focused on the performance implications of implementing diversity management practices. While this line of research is interesting and substantively relevant, the recognition that employees are a source of competitive advantage entails that organisations must effectively manage all members of their increasingly diverse workforces if they are to leverage their competencies to create and sustain competitive advantage. A major issue for organisations, therefore, is how to create conditions that foster minority employees' integration into organisational life. Accordingly, a major objective of this study is to develop and test a social-exchange-based model of the relationship between black and ethnic minority employees' and their employing organisations, and the resulting implications for employees' work outcomes.

The extant research on the performance implications of diversity management has reported inconsistent findings. On the one hand, researchers have reported such beneficial outcomes as innovation and competitive advantage (Richard, Barnett, Dwyer & Chadwick, 2004; Bassett-Jones, 2005), the ability to attract and retain the best talent available, reduced

costs due to lower turnover and fewer lawsuits, enhanced market understanding and marketing ability, better problem solving, greater organisational flexibility, better decision making and better overall performance (Cox, 1991; Cox & Blake, 1991; Cox, 1993; Robinson & Dechant, 1997; Carlozzi, 1999). On the other hand, some have reported adverse effects of workforce diversity management on retention and organisational performance (Sacco & Schmitt, 2005), lower employee satisfaction, higher turnover (O'Reilly III, Caldwell, David & Barnett, 1989), lower cohesiveness, difficulties in communication, and inter-group conflict and tension (Cox, 1993; Richard, McMillan, Dwyer & Chadwick, 2003). The general conclusion is that the management of workforce diversity has potential for positive, negative and even neutral effects (Kochan et al., 2003) on organisational work outcomes (see reviews by Jayne & Dipboye, 2004; Jackson, Joshi & Ergardt, 2003) (also see Chapter Two – Table 2.1 of this thesis for an extensive literature review).

The possible causes of these equivocal findings (cf. Nishii & Mayer, 2009) include:

➢ Differences in the conceptualisation and measurement of management of workforce diversity;

➢ Failure to examine the mechanisms underlying the management of workforce diversity - work outcome relationships;

➢ Failure to examine the conditions under which management of workforce diversity leads to its suggested outcomes.

1.1.1 Measuring Workforce Diversity Management

Diversity has been conceptualised in a variety of ways, but without careful attention to how different conceptualisations might lead to different results.

> *The organisational literature on diversity is confusing – difficult to understand and difficult to synthesise... It is difficult to synthesise in part because as a term, diversity has a taken-for-granted quality in the organisation literature; it is seldom explicitly defined. Researchers use a variety of labels, often interchangeably, to refer to diversity, including dispersion, heterogeneity, dissimilarity, disagreement, divergence, variation and inequality, or their opposites, including homogeneity, similarity, agreement, consensus, convergence, and equality. But the more serious problem is that diversity investigators have offered only spare or generic definitions of the principal construct.* (Harrison & Klein, 2007, p. 1202)

Nkomo and Cox (1996) reviewed the broad range of different types of diversity research, and noted that 'the concept of diversity lacks rigour, theoretical development, and historical specificity' (Nkomo & Cox, 1996, p. 338). Reviewing various ways in which diversity has been conceptualised, they divided them into narrow and broad/expansive definitions (see Table 1.1). They concluded that one of the key theoretical dilemmas in the diversity literature is the lack of specificity of the concept (p. 89), stating that "Diversity is underdeveloped as a scientific construct and has largely drawn its present meaning from the work of organisational practitioners".

Table 1.1: *Definitions of Diversity*

Narrow Definitions	Broad/Expansive Definitions
Cross et al. (1994) view diversity as focusing on issues of racism, sexism, heterosexism, classism, ableism and other forms of discrimination at the individual, identity group and systems levels.	Diversity includes everyone; it is not something that is defined by race or gender. It extends to age, personal and corporate background, education, function and personality. It includes lifestyle, sexual preference, geographic origins, tenure with the organisation, exempt or non-exempt status, and management or non-management

	(Thomas, 1996).
Cox (1993) defines diversity as the representation, in one social system, of people with distinctly different group affiliations of cultural significance.	Diversity is the extent to which a unit (e.g. a work group or organisation) is heterogeneous with respect to demographic attributes (Pelled, Eisenhardt & Xin, 1999, p. 1).

Extracted in Part from Nkomo & Cox (1996)

Other problems stemming from the ambiguous nature of the diversity construct include on one hand, those narrow definitions of diversity that have the potential to undermine the intent of diversity initiatives, as excluded groups may become alienated. On the other hand, broad, inclusive definitions of diversity have been shown to have a positive influence on perceptions of diversity programmes (Rynes & Rosen, 1995; Robinson & Dechant, 1997). However, the utility of overly broad definitions is questionable, because of the difficulty in measuring, and therefore effectively studying, workplace diversity (Biga, 2007). Scholars have therefore suggested that the very construct of diversity requires closer examination and refinement (Harrison & Klein, 2007).

Not surprisingly, differences in definitions of diversity have resulted in competing measures of organisational practices to manage it. More specifically, one implication of the lack of specificity is a difficulty in the operationalisation of the workforce diversity management construct, and limited knowledge of specific initiatives/practices that could enhance the effective management of workforce diversity.

Diversity management has been defined as any formalised practice intended to enhance stakeholder diversity, create a positive working relationship among diverse sets of stakeholders, and create value from diversity (Yang & Konrad, 2011). According to Wentling & Palma-Rivas (2000), diversity initiatives/practices are "specific activities, programmes, policies and other formal processes or efforts designed for organisational culture change related to diversity" (p. 37). Given these definitions, we can infer that not all Human

Resource (HR) practices can be used to manage diversity. A report published by the Hudson Institute in the late 1980s highlighted the increased labour force participation of women and people of colour, and warned that workplace policies and practices adopted when the workforce was more homogenous would fail in light of this increasing diversity. For example, general recruiting practices employed by organisations may fail to attract minority employees because minority employees might perceive barriers that could prevent them from applying for positions (Johnston & Packer, 1997). Hence, a more strategic form of recruitment is needed in order to attract a diverse pool of employees.

In response, a growing number of organisations, particularly in the United States, have adopted programmes designed to manage workforce diversity (Gottfredson, 1992; Wheeler, 1995). For example, Cox (1991) identified work arrangements, education and training, career management, and mentoring relationships as specific diversity activities in American corporations. Morrison (1992) found diversity initiatives related to accountability, career development and recruitment. Although there is a wide range of initiatives and strategies for managing workforce diversity, no single set of initiatives or strategies has been recommended for all organisational situations (Wentling & Palma-Rivas, 1998; Wheeler, 1996; Pollar, 1998). These differences and ambiguities could be attributed to differences in the definition and measurement of the construct of management of workforce diversity.

Despite recognition of the importance of effective management of workforce diversity, to the best of my knowledge there is as yet no empirically validated measure of the construct. Naff & Kellough (2003) developed a measure of diversity management by combining items from the National Performance Review survey on federal agencies' diversity management programmes. The measure assessed five components of diversity management programmes: diversity training, internal communications, accountability, resource commitments and scope (in terms of demographic attributes) (Naff & Kellough,

2003). Despite their contribution to the literature, they provided little evidence of the validity of their measure. Similarly, Pitts (2006, 2009) proposed a conceptual measure of workforce diversity management based on responses to three survey items: (i) "Supervisors/team leaders in my work unit are committed to a workforce representative of all segments of society"; (ii) "Policies and programmes promote diversity in the workplace (for example, recruiting minorities and women, training in awareness of diversity issues, mentoring)"; and (iii) "Managers/supervisors/team leaders work well with employees of different backgrounds". His model of diversity management includes three interrelated components: recruitment and outreach; valuing differences; and pragmatic policies and programmes. These components represent the three primary activities entailed in the management of diversity (Pitts, Hicklin, Hawes & Melton, 2010). Though Pitt's definition and measure of the diversity management construct attempted to capture certain tenets of diversity management, like Naff & Kelloughs (2003), measure the psychometric properties of Pitt's measure have not been empirically demonstrated.

There are several implications of the lack of a validated measure of workforce diversity management. First, it retards scientific knowledge in the field, as it hinders a comparison of research findings. Scholars have often times indicated that the organisational literature on diversity is confusing – difficult to understand and difficult to synthesise. It is difficult to synthesise in part because consistent findings and cumulative insights have not emerged (Harrison & Klein, 2007). Second, it prevents the diversity field from developing a coherent body of actionable knowledge which could enhance the performance implications of workforce diversity management. As noted earlier, while many organisations have sought to increase the diversity of their workforces, empirical research has shown that the impact of workforce diversity on work outcomes can be either positive, negative or neutral (for reviews, see Jayne & Dipboye, 2004; Milliken & Martins, 1996; Van Knippenberg &

Schippers, 2007). Finally, the continued failure to develop a psychometrically sound measure of workforce diversity management can also lead to methodological errors and inaccurate research conclusions (cf. Harrison & Klein, 2007).

As a result of these issues, I see the development of a reliable and valid measure of workforce diversity management as one of the primary challenges to (and opportunities for) advancing this line of research. Accordingly, a second objective of this study is to develop and validate a measure of workforce diversity management.

1.1.2 Processes Linking the Management of Diversity to Work Outcomes

A second shortcoming of the literature in the diversity research field is that, in spite of the documented relationship between workforce diversity management and work outcomes, the processes (mediation and moderation) underlying this relationship remains a black-box. Diversity scholars have noted a dearth of research aiming to provide a systematic explanation of precisely why and how diversity management effects occur and operate to influence employee effectiveness (cf. Van Knippenberg & Schippers, 2007; Nishii & Mayer, 2009; Joshi & Roh, 2009). Additionally, research is yet to examine why and how the adoption of diversity management practices in organisations could enhance integration, or assess the subsequent outcomes of this integration. Extant research on the integration/inclusion of minority employees in organisations has provided evidence to suggest that black and ethnic minority employees tend not to be integrated into organisations, with resulting negative consequences for their careers (cf. Buttner, Lowe & Billings-Harris, 2010; Roberson, 2006). Therefore, in a bid to address this issue, I examine mediators and a boundary condition of the diversity management - integration relationship, defined in terms of social exchange with organisation.

As noted earlier, considerable evidence exists on the diversity/diversity management - work outcome relationships and, despite much effort to establish the nature of these relationships, the accumulated findings have been equivocal (Nishii & Mayer, 2009). Some researchers have drawn on social identity/categorisation theory (Tajfel & Turner, 1979; Tajfel & Turner, 1985) to suggest negative effects of diversity, such as conflict, while others have suggested that diversity has the potential for positive effects, such as better decision-making (Williams & O'Reilly, 1998). One reason for the existence of mixed findings could be that, despite studies examining the diversity management - work outcome relationships, mechanisms/pathways underlying these relationships still remain a black box, and largely under-researched. Drawing from the HR literature, HR practices (which often times entail diversity management practices) have been argued to influence work outcomes through employee attitudes and behaviours (Bowen & Ostroff, 2004). Consequently, there is need for research to examine the mechanisms through which workforce diversity management influences employee work outcomes (Olsen & Martins, 2012). Extant research has begun to examine underlying mechanisms behind the influence of diversity management on its outcomes, such as procedural justice (Magoshi & Chang, 2009) and organisational commitment (Mckay et al., 2007). Despite the interesting insights provided by these studies into the intermediate linkages between diversity management and its outcomes, little is known about the role of integration in explaining the work experiences of ethnic and minority employees. More specifically, research has yet to investigate how diversity management practices work to influence the integration/inclusion (defined in terms of social exchange with organisation) of ethnic and minority employees. Understanding the role of integration in diversity is very important, as scholars have noted that one of the most significant problems facing today's diverse workforce is exclusion – both its overt practice, as a matter of formal or informal policy, and the perception by employees that they are not regarded as an integral

part of the organisation (Mor Barak, 2011; Findler, Wind & Mor Barak, 2007; Hitlan et al., 2006; Kalev, 2009; Wood, 2008). Additionally, research has shown that one of the most frequently reported problems faced by women and minorities in organisations is their limited access to, or even exclusion from, informal interaction networks (Ely & Thomas, 2001; Gray, Kurihara, Hommwn & Feldman, 2007; McDonald, Lin & Ao, 2009). These networks allocate a variety of instrumental resources that are critical for job effectiveness and career advancement (Mor Barak, 2011; Ibarra, 1993). Therefore, it is important that the notion of organisational integration/inclusion be utilised as a focal point for understanding and managing workforce diversity. Accordingly, my study focuses on perceptions of overall justice, perception of support for diversity, and developmental experiences as mediators of the diversity management – social exchange with organisation relationship.

Another reason for the existence of mixed findings in diversity research could be the absence of research that examines the boundary conditions of the influence of workforce diversity management on its outcomes. Identifying and examining boundary conditions is particularly important because it can help to explain conditions under which diversity is more or less likely to be associated with outcomes (Nishii & Mayer, 2009), and it could aid the provision of actionable knowledge that organisations can use to harness the outcomes of workforce diversity management (cf. Aryee, Walumbwa, Seidu & Otaye, 2012). Despite the importance of identifying boundary conditions, scholars have noted that extant diversity research has mainly focused on examining the direct effects of workforce diversity management on outcomes (e.g. Richard, Murthi & Ismail, 2007; Pitts, 2005, 2009). In their recent *Annual of Psychology* article, Van Knippenberg and Schippers (2007, pp. 518-519) came to the conclusion that

> *The field has been dominated by studies focusing on main effects. Narrative reviews and meta-analysis alike seem to corroborate the conclusions that this main effects approach is unable to account for the effects of diversity effectively. It seems to declare the bankruptcy of the main effects approach and to argue for models that are*

> *more complex and that consider moderating variables in explaining the effects of diversity.*

In response to their observation, scholars have begun to examine the boundary conditions of the diversity/diversity management-work outcome relationships (e.g. Gonzalez & DeNisi, 2009; Nishii & Mayer, 2009). More specifically, research has since examined diversity climate (Gonzalez & DeNisi, 2009; Mckay, Avery & Morris, 2008), leader-member exchange differentiation (Nishii & Mayer, 2009), strategic orientation (Richard, 2000) and time (Early & Mosakowski, 2000) as moderators of the diversity - work outcome relationships. However, these moderators were not examined in the context of the nature of the relationship black and ethnic minority employees have with their employing organisations. Accordingly, it is important to examine diversity climate as a moderator of the relationship between diversity management and some indicators of black and ethnic minority employees' integration into organisational life. Examining diversity climate within this context is particularly important, because scholars have noted the importance of diversity climate in explicating the importance of integration and inclusion in diversity management rhetoric (e.g. Roberson, 2006; Kossek & Zonia, 1993; Mor Barak & Cherin, 1998). Additionally, while diversity climate may matter in organisations, research has shown that it is particularly salient for the expectations and career experiences of ethnic minority employees. I therefore focus on the moderating influence of diversity climate in this study.

1.2 RESEARCH OBJECTIVES

In view of the preceding research gaps and/or limitations, data obtained from ethnic minority employees across a number of organisations in the United Kingdom were used to develop and validate an instrument for measuring diversity management (DM). Furthermore, I proposed and tested a model of the processes linking diversity management practices and employee work outcomes. These objectives were examined in two studies, as described below.

1.2.1   Study 1

(1) The objective of this study is to develop and validate a measure of workforce diversity management practices.

1.2.2 Study 2

(2) The objective of this study is to develop and test a social-exchange-based model of the relationship between black and ethnic minority employees and their employing organisations. Specifically, I examine: (i) perception of support for diversity, perception of overall justice, and developmental experiences (indicators of integration into organisational life) as mediators of the relationship between diversity management and social exchange with organisation; (ii) the moderating influence of diversity climate on the relationship between diversity management and these indicators of integration; and (iii) the work outcomes of social exchange with organisation defined in terms of career satisfaction, turnover intention and strain.

In summary, there is much anecdotal and empirical evidence to suggest that black and minority employees tend not to be integrated into organisations, with resulting negative

consequences for their careers, attitudes and behaviours. Accordingly, the overarching objective of this study is to address the question: 'how and why does the adoption of diversity management practices influence the integration of ethnic and minority employees, defined in terms of social exchange with organisation (SEWO), and what are the outcomes of SEWO for individual employees?'

1.3 THEORETICAL CONTRIBUTIONS

By pursuing the above objectives, this study contributes to the literature on workforce diversity management in a number of ways. First, it develops and validates a measure of ethno-racial workforce diversity management. Workforce diversity management scholars have called for the development of a psychometrically sound measure of the construct in order to facilitate empirically rigorous research, and therefore enhance our understanding of the implications of adopting workforce diversity management practices (e.g. Wentling & Palma-Rivas, 1998; Wheeler, 1996; Pollar, 1998; Harrison & Klein, 2007). The development and validation of a diversity management practice scale contributes to the diversity literature as it constitutes a first step in resolving the difficulty in operationalising and measuring the diversity management construct. Such a scale has the potential to facilitate a synthesis of the accumulation of findings in this research stream, and facilitate a comparison of research findings. Finally, the measure can potentially be used by scholars and practitioners in developing and implementing formalised practices to effectively manage workforce diversity.

Second, my study contributes to research by examining social exchange with organisation as a management tool that can be used to foster integration of minority employees in organisations. Management research has noted that workers form distinguishable social exchange relationships, however operationalised, with their immediate

supervisors (e.g. Liden, Sparrowe & Wayne. 1997), co-workers (e.g. Cox, 1999; Deckop, Cirka & Andersson, 2003; Ensher, Thomas & Murphy, 2001; Flynn, 2003), employing organisations (e.g. Moorman, Blakely & Niehoff, 1998), customers (e.g. Houston, Gassenheimer & Moskulka, 1992; Sheth, 1996) and suppliers (e.g. Perrone, Zaheer & McEvily, 2003). These distinct relationships have implications for behaviour (Cropanzano & Mitchell, 2005). Of interest to my study is the social exchange relationship that minority employees form with their employing organisations. Cropanzano and Mitchell (2005) note that social exchange relationships evolve when employers 'take care of employees', which thereby engenders beneficial consequences. In other words, the social exchange relationship is a mediator or intervening variable, and produces effective work behaviour and positive employee attitudes (Cropanzano & Mitchell, 2005). Accordingly, my study contributes to the diversity literature by explicating the important role that social exchange with organisation plays in integrating ethnic and minority employees into organisational life, and the resulting outcomes of this relationship. Additionally, by understanding the integration patterns created by social exchange with organisation relationship, my study contributes to a growing discourse on the importance of organisational inclusion (e.g. Mor Barak, 2011; Nishii & Mayer, 2009; Roberson, 2006; Holvino, 1998; Holvino, Ferdman & Merrill-Sands, 2004). Finally, my study contributes to the diversity management literature by suggesting that social exchange with organisation is a tool that can be used to foster the potential benefits of implementing diversity management practices within organisations.

Third, my study contributes to theory by examining how and why diversity management relates to social exchange with organisation. Particularly, I examine the mediating influences of perceived overall justice, perceived support for diversity, and developmental experiences (indicators of integration into organisational life). Although previous research has posited procedural justice as a mediator (Magoshi & Chang, 2007), this

study is arguably among the first to examine these particular potential mediators. By examining these mediators, I add to the limited research that has responded to Cunningham's (2007) call for more studies which do not rely too heavily on diversity's direct effects on outcomes. Additionally, by examining these potential mediators through which diversity management influences work outcomes, I provide a more complete test of theorising in diversity research that conceptualises inclusion facets as an antecedent of outcomes (Roberson, 2006). Furthermore, I examine the moderating influence of diversity climate on the relationship between diversity management and these indicators of integration. This research comes at a time when scholars are converging in their calls for research examining the boundary conditions of diversity-to-outcomes relationship (Van Knippenberg & Schippers, 2007; Nishii & Mayer, 2009). Understanding the boundary conditions of this relationship should provide valuable knowledge for managers in enhancing the effectiveness of workforce diversity management practices. In addition, I extend the limited research on the boundary conditions of diversity climate to the individual level. Cox (1994) describes the context of diversity climate in terms of three levels: (i) individual; (ii) inter-group; and (iii) organisational factors. Most research to date has focused on the organisational dimension, with little or no research investigating diversity climate at the individual or inter-group levels. Consequently, there is need for research to examine the impact of diversity climate at the individual level on the diversity management - work outcome relationship.

Fourth, studies within the SHRM discipline have noted that organisations do not perform, but rather the performance of individual employees enables organisations to achieve their goals (Kozlowski & Klein, 2000). Hence, it is important for research to start at the individual level. In this study, I explicitly recognise the integrated nature of organisations, such that individual experiences make organisational performance possible. Additionally, diversity scholars have noted that issues of concern for minority employees within

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organisations include career progression, the stress or strain resulting from working in diversity unfriendly environments, and the relatively high turnover among this group of employees (cf. Mor Barak, 2011). Accordingly, I focus on individual-level outcome implications of diversity management. By focusing on individual level outcomes (i.e. career satisfaction, turnover intentions and strain) relative to the predominant focus on organisational level outcomes (e.g. Richard, Murthi & Ismail, 2007; Gonzalez & DeNisi, 2009), this research contributes to theory and adds to this stream of research. More importantly, research on the effectiveness of diversity management will be aided by focusing on such outcomes, ultimately leading to the much noted view of employees as a competitive resource.

Finally, by focusing on ethno-racial diversity, my research extends the literature because it complements the extant research on such workforce diversity indicators as age and gender. Within the UK, the sparse research on ethno-racial diversity (for exceptions see Kamenou, 2006; Kamenou & Fearfull, 2006) is focused on ethnic minority women, not ethnic minority employees generally. Ethnicity is one of the first visual cues attended to in interactions (Ito & Urland, 2003), and the increasing representation of ethnic minorities in organisation has created a situation in which ethnic identities are salient in workplace interactions (cf. Ely & Thomas, 2001). With the ever-increasing ethnic minority workforce within the UK and worldwide through globalisation and changing policies, the focus of my research comes at an appropriate time.

1.4 OUTLINE OF THE THESIS

The thesis is organised into six chapters.

This chapter (Chapter One) has given a background to the study, and has mainly focused on developing the research problem, highlighting the relevance of the study and discussing the theoretical contributions.

Chapter Two reviews the literature on diversity management. In this chapter, I begin with a discussion of how diversity and diversity management has been conceptualised, and justify its conceptualisation in this study. I further situate the concept of diversity management within its historical context, and discuss how diversity management has evolved from equal rights laws/affirmative action. I also discuss reasons why organisations have more recently begun adopting and implementing diversity management, and assess the research implications for contemporary practice of diversity management, highlighting the current limitations/gaps in research findings by scholars. I conclude the chapter by recapping the need for further research into the intermediate linkages into the diversity-work outcome relationship.

Chapter Three reviews the theoretical perspective underpinning the hypothesised model, which is social exchange theory. The central components/tenets of this theory, its appropriateness, and how it informs the choice of variables are also discussed. This chapter also reviews the literature linking diversity management and work outcomes, and summarises the findings of a few key studies in this research domain. Further, theoretical and empirical arguments are presented to justify the study's hypotheses.

Chapter Four describes the methodology used to implement the study. I describe the research design for Study 1, including sample and data collection, measures, and data analytic techniques. Finally, I describe the scale-development and validation procedures.

Chapter Five describes the methodology used in testing the hypothesised relationships. First, I describe the methodology for Study 2, including sample and data collection procedures, measures, and data analytic techniques. Finally, I analyse the data and present my findings.

Chapter Six recaps the objectives of the study and provides a summary of the salient findings. Furthermore, I discuss the theoretical and practical implications of these findings, highlight limitations of the study, and map out some directions for future research.

CHAPTER TWO

DIVERSITY MANAGEMENT DISCOURSE

2.1 INTRODUCTION

In the preceding chapter, (Chapter One), I provided a focused review of the workforce diversity management literature, highlighting significant unanswered issues that motivate my study, culminating in a formal statement of my objectives. I also discussed the theoretical contributions of my study. In this chapter, I discuss the evolution of diversity management, the reasons for its implementation in organisations, and the existing anecdotal and empirical implications for organisations that have adopted diversity management practices. Additionally, I review the diversity management literature, providing a summary of research on the diversity management - work outcome relationships, and recap the gaps in literature.

2.2 CONCEPTUALISATION OF DIVERSITY & DIVERSITY MANAGEMENT (DM)

In defining diversity, scholars have included a multitude of factors, and have noted that diversity definitions can be broad, such as "any attribute that another person may use to detect individual differences" (Williams & O'Reilly, 1998, p. 81), or narrow, such as "issues of racism, sexism, heterosexism, classism, ableism, and other forms of discrimination at the individual, identity group, and systems levels" (Cross et al., 1994). Similarly, within the context of the workplace, diversity has been defined as differences in perspectives resulting in potential behavioural differences among cultural groups, as well as identity differences among group members in relation to other groups (Larkey, 1996). Scholars have also specified that diversity includes more than employees' diverse demographic backgrounds, but also takes in differences in culture and intellectual capability (Bassett-Jones, 2005). The overarching theme amongst these definitions is the issue of 'difference'. Researchers have made a distinction between visible and non-visible differences (Milliken & Martins, 1996). For example, visible differences include, but are not limited to, age, ethnicity, gender and race. Less visible categories include, but are also not limited to, physical abilities, educational background, sexual orientation, geographic location, income, marital status, parental status and religious beliefs (Biga, 2007). Some diversity research has also looked at how these dimensions of difference (e.g. race, gender, age) could work together/interact to explain minority employees' work experiences. This line of research is conceptualised as intersectional diversity (i.e. a concept that denotes the various ways in which different types of diversity interact, such as race and gender), and is mainly examined by feminist researchers (Acker, 2006).

This research, however, focuses on racial/ethnic diversity for several reasons: (i) race, which is among the most visible and relevant of cultural diversity dimensions, but has been largely overlooked in organisation studies (Nkomo, 1992; Richard, 2000). In fact, Reskin,

McBrier and Kmec (1999) note that, despite the request from managers for more scholarly guidance on racial dynamics and outcomes, research on racial diversity is scant; (ii) evidence from past research, which has demonstrated that the effects of racial diversity on performance are potentially stronger than the effects of other forms of diversity (see Mannix & Neale, 2005); and (iii) this dimension of diversity is observable and unchangeable (Gonzalez & DeNisi, 2009).

Similar to the conceptualisation of diversity, diversity management has been variously conceptualised. It originated in North America, but has slowly taken hold in other regions and countries of the world (Mor Barak, 2011). For example, Thomas (1990) defines diversity management as focusing on making sure all groups of employees have what they need in order to succeed at work. This definition has since been embraced by various scholars and practitioners. Jayne and Dipboye (2004) define diversity management as inclusion, i.e. a diversity strategy which attempts to embrace and leverage all employee differences so as to benefit the organisation. Diversity management has also been broadly defined as the systematic and planned commitment by organisations to recruit, retain, reward and promote a heterogeneous mix of employees (Ivancevich & Gilbert, 2000). More recently, diversity management has been conceptualised as not only recognising, but also valuing and harnessing workforce differences, such as individual characteristics, backgrounds, orientations and religious beliefs, so that individual talents are fully utilised and organisational goals are met (Shen, Chanda, D'Netto & Monga, 2009). From a HR perspective, diversity management has been characterised as a component of HR (Mathews, 1998) that encompasses HR strategies, policies and practices. Managing diversity from a HR perspective requires managing in a way that harnesses the best in each person. At the very least, managing diversity means respecting culture, age, gender and lifestyle differences in the workplace, so that everyone benefits (Mathews, 1998).

Based on extant research (such as Kellough & Naff, 2004; Pitts, 2006a, 2009) and the above discussions, there seem to be three major views on the meaning of diversity management. The first is linked with affirmative action (AA) and equal employment opportunity (EEO), which seeks adequate representation of minorities in organisations, and represents a more traditional view. The second is based on business case for diversity, which is the espoused causal relationship between effective management of diversity and improved business performance. The final view is more comprehensive, as it combines both EEO/AA and diversity management programmes, which includes not only abiding by the law to ensure adequate representation of minority employees, but also ensuring that these employees are effectively managed so as to increase satisfaction and performance (cf. Shen et al., 2009; Thomas, 1990).

A common theme running through these definitions is the recognition of the business case for diversity management (HR strategy) and its shift from AA and EEO. While AA and EEO are primarily driven by legislation, diversity management is driven by the business case (Kandola & Fullerton, 1994). Combining these definitions, and for the purpose of this research, diversity management is defined as "A process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued, so that all can reach their potential and maximise their contributions to an organisation's strategic goals and objectives" (U.S. Government Accountability Office (GAO), 2005, p. 1).

2.3 FROM EQUALITY TO DIVERSITY MANAGEMENT

As indicated in the above definitions, diversity management has its origins in AA/EEO laws in the United States. Equal Employment Opportunity (EEO) legislation means that it is against the law to discriminate; while affirmative action (AA) programmes can be

defined as the need for companies to take positive steps to ensure equal employment opportunity. These laws emerged at the height of the civil rights movement in the US, to rectify past discrimination and preclude future discrimination in employment (Kelly & Dobbin, 1998).

There has been a gradual progression in legislation: from President Kennedy's 1961 Executive Order, Title VII of the 1964 Civil Rights Act (which mandated equal employment opportunity) to President Lyndon Johnson's 1972 Executive Order 11246, which outlined affirmative action, culminating in diversity management policies and programmes developed in the 1990s and the 2000s (Mor Barak, 2011). In 1961, under Kennedy's Executive Order 10925, and then in 1972, following Johnson's Executive Order 11246, Federal contractors were required to adopt AA programmes in order to end discrimination on the basis of race, colour, creed or national origin. Both orders encouraged employers to take positive steps to end discrimination, and established regulatory agencies to ensure that employers complied (i.e. the President's Committee on Equal Employment Opportunity (PCEEO) and Office of Federal Contract Compliance (OFCC)). Similarly, in 1964, Title VII of the Civil Rights Act outlawed discrimination in employment for all employers, and enabled individuals to sue employers. It also established the Equal Employment Opportunity Commission (EEOC) to oversee compliance and adjudicate claims (Kelly & Dobbin, 1998). At the beginning of the 1970s, increased enforcement of these legislations in the US stimulated employers to search for compliance mechanisms, but the ambiguity of compliance made the task difficult (Kelly & Dobbin, 1998). As a result of this ambiguity, few employers made significant changes in employment practices and structures. For example, by about 1970, only 4% of employers had established affirmative action or equal employment offices, and less than 20% had established EEO/AA rules or policies (Edelman, 1992).

However to rectify these issues, from about 1972 the scope of AA and EEO was expanded, and enforcement was stepped up (Dobbin, Sutton, Meyer, Scott & Swidler, 1993; Edelman, 1992). These expanded enforcement procedures in both areas caused anxiety among employers, as compliance criteria remained ambiguous (Edelman, 1990). Uncertain of how best to comply, employers hired equal opportunity and affirmative action specialists to design compliance programmes that would shield them from litigation (Dobbin et al., 1993; Edelman, 1992). By 1976, the Bureau of National Affairs found that large numbers of employers had adopted EEO policies or programmes, that hiring and promotion decisions were being made by EEO/AA specialists, and that there was available EEO training for supervisors.

Although the EEO/AA programmes seemed to be effectively reducing discrimination in the workplace, the change in government administration proved to be a challenge in the maintenance of these programmes. For example, when Ronald Reagan came into the presidency in the 1980s, he carried out his pledge to curtail enforcement of anti-discrimination laws by appointing federal judges opposed to AA and cutting both staffing and funding at the EEOC, thereby reducing the resources for monitoring employment practices (Burstein & Monaghan, 1986; Gutman, 1993; Leonard, 1985). This caused increased anxiety among EEO/AA specialists, who therefore responded by developing efficiency arguments for their programmes (Kelly & Dobbin, 1998). More specifically, HR managers responded, initially by promoting EEO/AA practices as ways to formalise and rationalise personnel decisions; eventually, they added business arguments for attracting a diverse workforce. For example, in a brief filed in the 1986 Sheet Metal Workers case, the National Association of Manufacturers described affirmative action as a "business policy which has allowed industry to benefit from new ideas, opinions and perspectives generated by greater workforce diversity" (Harvard Law Review, 1989, p. 669).

Over the next couple of years, EEO/AA measures experienced a decline, as they received limited support. The general uncertainty about the future of AA law led many Human Resource managers and EEO/AA specialists to develop new rationales and programmes that were related to, but not legally distinct from, the affirmative action policies and practices they had formerly managed (Kelly & Dobbin, 1998). By the late 1980s, EEO/AA specialists were recasting EEO/AA measures as part of diversity management, and touting the competitive advantages offered by these practices (Kelly & Dobbin, 1998). Human Resource managers and supportive executives argued that diversity programmes – including anti-discrimination policies, training programmes and recruitment practices virtually identical to EEO/AA measures – produced a "strategic advantage by helping members of diverse groups perform to their potential" (Winterle, 1992, p. 11; Kossek & Lobel, 1995; Leach, George, Kackson & LaBella, 1995; Miller, 1994).

Similarly, in the UK legal compliance has been a major driver for employers to adopt diversity management policies. The European Union (EU) framework has been an important influence on the national equality legislations of EU members, including the UK. Across Europe, there has been a trend to strengthen legislation against discrimination, as indicated by directives on equal treatments of people irrespective of their race and ethnic backgrounds, and on the equal treatment of persons in the labour market, adopted by the EU Council of Ministers in 2004 (EU Directive 2000/43/EC Art 13). Different countries within the Union, however, have implemented varying levels of protections and initiatives, and some have adopted affirmative or positive action programmes, while others have not (Mor Barak, 2011). For instance, in the 2000 Discrimination Act, sexual orientation, religion and belief and age were introduced into employment equality legislation in the UK in order to implement the European Employment Directive of 2000 (EC 2000a). Although within the UK these equality rights laws and public polices promoting diversity were in existence and had been instituted,

it wasn't until the last decade or so that the term diversity management began to filter into organisations (cf. Mor Barak, 2011). During the 1990s, diversity management was perceived as premature in several cases unless it followed anti-racism and equality policies (Taylor, Powell & Wrench, 1997). However, more recently, diversity management as a strategic tool is becoming more popular in organisations within the UK, even though the general issue of how best to manage workforce diversity still plagues most organisations.

2.4 DIVERSITY MANAGEMENT PARADIGMS

Since the evolution of diversity management as a concept, scholars have shown increased interest in developing theories that can better explain the diversity management discourse. However, the nature of diversity management research is dominated by two theoretical perspectives: the Human Resource paradigm, and the multicultural organisation (MO) paradigm (see Olsen & Martins, 2012). In the following section, I briefly describe these paradigms (sections extracted from Mor Barak, 2011).

1. **The Human Resource Paradigm in Diversity Management** (Kossek & Lobel, 1996)

   a. *Diversity enlargement*. This approach focuses on increasing the representation of individuals of different ethnic and cultural backgrounds in the organisation. The goal is to change the organisational culture by changing the demographic composition of the workforce (Mor Barak, 2011). This approach is often times motivated by compliance with laws and public expectations of political correctness, rather than by a deep understanding of the business need for diversity (Kossek & Lobel, 1996).

b. *Diversity sensitivity*. This approach recognises the potential difficulties introduced by bringing together individuals from diverse backgrounds and cultures in the workplace, and attempts to overcome these difficulties through diversity training aimed at sensitising employees to stereotyping and discrimination, while also promoting communication collaboration (Mor Barak, 2011). This approach sometimes works, but can backfire by reinforcing stereotypes if the training is not linked to corporate goals and initiatives.

c. *Cultural audit*. This approach aims at identifying the obstacles that limit the progress of employees from diverse backgrounds, and which block collaboration among groups in the organisation (Mor Barak, 2011). This audit can be done either by external consultants or by internal HR personnel. Surveys are usually used to identify areas that hinder performance, and offer recommendations that can be implemented to effect change.

d. *Strategy for achieving organisational outcomes*. This approach was proposed by Kossek and Lobel (1996) as a comprehensive framework for HR diversity management. It focuses on diversity management "as a means for achieving organisational ends, not as an end in itself" (p. 4). Using this strategy, managers have to identify the link between diversity management objectives and desired individual and organisational outcomes (Mor Barak, 2011).

2. **The Multicultural Organisation (MO) Paradigm in Diversity Management** (Cox, 1994, 2001)

a. *The monolithic organisation*. This is an organisation that is demographically and culturally homogenous. In such organisations, one cultural group manages

the organisation almost exclusively and, as such, both the practices and policies are biased in favour of the majority group.

b. *The plural organisation.* This is an organisation that has a heterogeneous workforce, relative to the monolithic organisation, and typically makes efforts to conform to laws and public policies that demand and expect workplace equality (Cox, 1994; Mor Barak, 2011). Although there is greater structural and formal integration in the plural organisation, institutional bias is rather prevalent and intergroup conflict is significant, primarily because the increased presence of women and members of ethnic and racial minority groups is not accompanied by serious efforts to make them a truly integral part of the organisation (Mor Barak, 2011).

c. *The multicultural organisation.* The multicultural organisation (MO) is characterised by a culture that fosters and values cultural differences – it truly and equally incorporates all members of the organisation via pluralism as an acculturation process, rather than as an end resulting in assimilation. The MO has full integration, both structurally and informally, is free of bias and favouritism toward one group, and has only minimal intergroup conflict (cf. Mor Barak, 2011). This sort of organisation is more an ideal than an actual type, because very rarely do companies achieve this level of integration. Cox (1994, 2001), however, suggests that it is important to understand this type and use it to create a vision of effective diversity management.

2.5 REASONS FOR IMPLEMENTING DIVERSITY MANAGEMENT PRACTICES

Managing diversity has increasingly become an issue for both research and practice, as highlighted in the preceding paragraph. However, there are various reasons, in addition to creating equal opportunities, why diversity management has been implemented in organisations. I discuss three of the predominant reasons below.

1. *Increase in workforce diversity*. In the United States, and as noted in the Hudson Institute report 'Workforce 2000', there has been an increase in the diversity of the workforce. Similarly, in the UK, evidence exists to suggest an increase in recruitment of ethnic minority employees as a source of competitive advantage (cf. Christian, Porter & Moffitt, 2006). Therefore, as the pool of current and future employees is becoming more diverse, businesses have no option but to adapt to this new reality by effectively seeking out means to manage diversity (Mor Barak, 2011).

2. *Moral and Ethical Reasons*. A number of organisations believe that 'diversity management is the right thing to do'. This argument is mainly based on equal opportunities regardless of individual characteristics such as race, gender and sexual orientation. Another ethical principle is compensatory justice, which is the foundation of affirmative action programmes (Kellough, 2006). This principle suggests that society has an obligation to overcome historical discrimination against specific groups of people in order to compensate those who have been intentionally and unjustly wronged (Kellough, 2006; Velasquez, 2005). Therefore, companies have an obligation to promote social justice and implement principles of compensatory justice through their policies and programmes (Mor Barak, 2011).

3. *Diversity makes good business sense*. More recent studies have provided some compelling evidence that managing diversity leads to positive outcomes, such as

competitive advantage (Cox, 2001; Kochan, Bezrukova, Ely, Jacckson, Joshi, Jehn, Leonard, Levine & Thomas, 2003); cost reduction due to lower absenteeism and turnover (Kossek, Lobel & Brown, 2006); and increased creativity and innovation through diverse work teams (Weiss, 1992; Kossek, Lobel & Brown, 2006) etc., thereby prompting companies to implement diversity management.

2.6 THE IMPLICATIONS FOR BUSINESS

As earlier noted, with increased workforce diversity, Human Resource Managers are now faced with more challenges as they seek ways to effectively manage diversity in order to improve employee effectiveness and organisational functioning.

The term 'managing diversity' was first coined by R. Roosevelt Thomas, who was an early diversity consultant to Fortune 500 companies, and who, in 1983, founded the American Institute for Managing Diversity. He later emphasised the business case for managing diversity in his 1990 *Harvard Business Review* article, and acknowledged the connections with earlier EEO/AA efforts (cf. Kelly & Dobbin, 1998):

> *A lot of executives are not sure why they should want to learn to manage diversity. Legal compliance seems like a good reason. So does community relations. Many executives believe they have a social and moral responsibility to employ minorities and women. Others want to placate an internal group or pacify an outside organisation. None of these are bad reasons, but none of them are business reasons, and given the nature and scope of today's competitive challenges, I believe only business reasons will supply the necessary long-term motivation... Learning to manage diversity will make you more competitive.* (Thomas, 1990, p. 34)

Scholars have since begun researching the performance implications of diversity management and how it affects employee work outcomes. As noted earlier, these studies have returned mixed findings. Some researchers have reported beneficial outcomes (e.g. Richard et al., 2004; Bassett-Jones, 2005); others have reported adverse effects of diversity

management on retention and organisational performance (Sacco & Schmitt, 2005), lower employee satisfaction, and higher turnover (O'Reilly III et al., 1989). The general conclusion is that diversity management has a potential for having positive, negative and even neutral effects on organisational performance (see reviews by Jayne & Dipboye, 2004; Jackson, Joshi & Ergardt, 2003). Below is a summary of some of the key empirical studies that link diversity management to performance/work outcomes.

Table 2.1: *Summary of Literature Review and Key Findings*

STUDY	THEORY/MODEL	CONCEPTUALIISATION OF DIVERSITY/DM	METHODOLOGY	EXPLANATORY VARIABLES	MAJOR FINDINGS
Findler, Wind & Mor Barak, 2007	Social Identity Theory/ Inclusion-exclusion Conceptual framework	The division of the workforce into distinct categories that (i) have a perceived commonality within a given cultural or national context; and (ii) impact with potentially harmful or beneficial employment outcomes, such as job opportunities, treatment in the workplace and promotion prospects – irrespective of job-related skills and qualifications (Mor Barak, 2005, p. 132)	Structural Equation Modelling (N = 114) High-tech company in Israel	DV: Organisational commitment; Job satisfaction IV: Diversity; fairness; inclusion/exclusion; social support; wellbeing; stress	There is a significant path between diversity and organisational-culture variables, and between organisational - culture variables such as fairness, inclusion, stress and social support for employee outcomes of well-being, job satisfaction and organisational commitment
Richard, Murthi & Ismail, 2007	Knowledge-based view & Blau's theory of heterogeneity	Racial diversity is the presence of employees from multiple racial categories in a firm, as opposed to belonging to one category	Sample: broad cross-section of Fortune 1000 firms and the largest 200 privately held U.S. companies. Method: conventional panel data methods (fixed- and random-effects regression)	DV: Productivity IV: Racial diversity MoV: Industry type, environmental	There is evidence of a U-shaped relationship between racial diversity and productivity; the relationship is stronger in service-oriented relative to manufacturing-oriented industries, and in more stable vs. volatile environments. There is a positive linear relationship between diversity and performance
Gonzalez & Denisi, 2009	Association between organisational diversity and firm	Diversity refers to differences between individuals on any personal attributes that	Cross-level regression (N = 271)	DV: Organisational attachment, firm effectiveness	At the individual level, DC moderates the impact of relational and categorical demography on effective

	effectiveness	determine how people perceive one another (Ragins & Gonzalez, 2003)	Restaurant chain in the US	IV: Demographic dissimilarity; categorical demography; organisational demography MoV: Organisational diversity climate	organisational commitment, organisational identification and intention to quit. At the organisational level, DC moderates the impact of organisational diversity on firm productivity and return on profit
Magoshi & Chang, 2009	N/A	Diversity management is defined as companies' ability to give chances to and utilise resources of people from diverse 'cultures', where culture could mean nationality, ethnic group or gender	Hierarchical linear modelling (N = 582) Two companies in Korea and Japan	DV: Organisational commitment IV: Diversity management MeV: Procedural justice	Diversity management practices trigger positive effects on employees' organisational commitment, which is mediated by their perception of procedural justice
Mckay et al., 2007	Social Identity Theory & Racial Identity Theory	Race	Structural equation modelling (N = 5370)	DV: Turnover intent IV: Diversity climate perception MeV: Organisational commitment MoV: Race	Compared to their White male and female and Hispanic counterparts, Blacks' diversity climate perceptions were significantly more associated with turnover intentions. Diversity climate perceptions were significantly and negatively related to turnover intentions across all racial groups
Pitts, 2005	Representation Bureaucracy & diversity effects	Race & ethnicity	Multivariate regressions (pooled data between 1995 and 1999 from almost 2,500 school districts), US	DV: Performance IV: Diversity; representation	Diversity among managers is unrelated to performance. Diversity among teachers is negatively related to one, and positively related to two performance outcomes. Representation among managers is

					positively related to all three performance outcomes. Representation of teachers is negatively related to one of the outcomes
Pitts, 2009	Representation Bureaucracy	Diversity management ensures that on-the-job processes and functions serve all groups of employees effectively.	Method: Ordinary Least Squares Regression Data: 2006 Federal Human Capital Survey (FHCS)	DV: Work-group performance; job satisfaction IV: Diversity management; resources	Diversity management is strongly linked to both work group performance and job satisfaction. People of colour see benefits from diversity management above and beyond those experienced by White employees
Richard, 2000	Resource-based view/ contingency approach	Cultural diversity is the representation, in one social system, of people with different group affiliations of cultural significance (Cox, 1994)	Method: Logistic regression analysis, (N = 63 Banks) Data: Banking industry in 3 states within US – California, Kentucky, North Carolina	DV: Financial performance IV: Level of racial diversity; growth strategy MoV: Business strategy	No relation between cultural or racial diversity and firm performance. Business strategy moderates the relationship between cultural diversity and firm performance
Van Knippenberg, De Dreu & Homan, 2004	Categorisation-elaboration model (CEM), which is in the integration of information/decision making and social categorisation	Diversity refers to differences between individuals on any attribute that may lead to the perception that another person is different from self	N/A	N/A	A renewed and refined look at the information-processing and social-categorisation processes triggered by work-group diversity, by integrating theoretical accounts of work-group diversity, explaining inconsistencies in past research findings, and suggesting several avenues for future research
Benschop, 2001	Kossek & Lobel model	A narrow definition of diversity in terms of ethnicity,	Qualitative	N/A	An organisation's strategy for managing diversity influences both

		gender and age underlies the organisation's management of diversity activities			the process of meaning formation regarding diversity and the perception of performance effects.
Dwyer, Richard & Chadwick, 2003	Contingency and configurational theory	Gender diversity	Hierarchical regression analysis (N = 177) Banking industry	DV: Employee productivity; return on equity IV: Level of gender diversity; growth organisational culture	Gender diversity's effects at the management level is conditional on i.e. moderated by – the firm's strategic orientation, the organisational culture in which it resides, and/or the multivariate interaction among these variables
Kamenou & Fearfull, 2006	Social constructionist framework	Ethnic minority women	Qualitative in-depth interviews (N = 26)	N/A	The extent to which ethnic minority women can penetrate mainstream organisations, and their experiences once in them, are defined, to some extent, by the degree of emphasis placed by organisations on equal opportunities for career development and advancement of ethnic minority women
Ogbonna & Harris, 2006	Social identity	N/A	Ethnographic study of a medium-sized organisation in Britain (54 interviews)	N/A	Increasing levels of workplace diversity are driven by a tight labour market, as well as the responses of managers to competitive tensions. Two of the most important ways in which diversity was manifested were in issues pertaining to religion, and those regarding language and communication
Richard et al., 2004	Value in diversity, social identity and theory of heterogeneity	Cultural diversity	Regression Analysis Stratified random sampling (N = 153 bank presidents)	DV: Performance IV: Cultural diversity MoV:	Innovativeness positively, and risk-taking negatively moderated nonlinear relationship patterns for both racial and gender heterogeneity

				Entrepreneurial orientation; risk taking; proactiveness	
Roberson & Park, 2007	Upper echelons theory	Diversity reputation is stakeholders' perceptions of an organisation's ability to facilitate diverse work environments. Leader racial diversity is the representation of ethnic minorities within a firm's top management team	Pooled, cross-sectional, time series regression analysis. Longitudinal data from 97 firms. 15 quantitative and qualitative dimensions	DV: Firm financial performance IV: Corporate diversity reputation; leader racial diversity	A positive relationship between diversity reputation and book-to-market equity, and a curvilinear, U-shaped relationship among leader diversity and revenues, net income and book-to-market equity
Sacco & Schmitt, 2005	Relational demography theory and attraction-selection-attrition Theory	Diversity is the variability within each business unit with regard to employee demographics	Hierarchical linear modelling (multi-level survival modelling), confirmatory factor analysis	DV: Business-level performance; turnover IV: Community demographic; business unit demography; individual demography	The results supported linkages between demographic misfit and turnover, and partially supported a negative association between racial diversity and changes in profitability
Shen et al., 2009		A diverse workforce comprises a multitude of beliefs, understandings, values, ways of viewing the world and unique information	N/A	N/A	Our review shows that inequality and discrimination still widely exist. HRM has focused mainly on compliance with equal employment opportunity (EEO) and affirmative action (AA) legislation. Less attention has been paid to valuing, developing and making use of diversity

					Limited literature exists examining how diversity is managed in organisations through effective Human Resource Management.
Cunningham, 2007	Information/decision-making perspective		Hierarchical Regression Analysis. Data from 75 NCAA athletic departments.	DV: Department diversity; diversity management strategy IV: Organisational performance	Racial diversity was positively associated with objective measures of overall performance. These effects were qualified by the moderating effects of a proactive diversity-management strategy, as departments that were racially diverse and followed a proactive diversity-management strategy had the greatest performance
Armstrong, Flood, Guthrie, Liu, MacCurtain & Mkamwa, 2010	AMO theory	The first states that diversity management is "an approach to workplace equality [that] draws its distinctiveness largely from its focus on equality through 'difference' rather than 'sameness'" (Gagnon & Cornelius, 2002, p. 36). The second states that managing diversity involves "understanding that there are differences among employees and that these differences, if properly managed, are an asset to work being done more efficiently and effectively" (Bartz, Hillman, Lehrer & Mayhugh, 1990, p. 321).	Regression-analysis data from 132 companies	DV: HPWS, DEMS,	

Nishii & Mayer, 2009	Social exchange theory	Demographic and tenure diversity	Regression analysis	DV: Turnover IV: Diversity MoV: LMX	Results showed that the positive relationship between demographic diversity and turnover is attenuated when the group mean on LMX is high, and the non-significant relationship between tenure diversity and turnover becomes negative when the group mean on LMX is high. Also, the positive relationship between demographic diversity and turnover is attenuated when LMX differentiation is low, and the non-significant relationship between tenure diversity and turnover becomes negative when LMX differentiation in a group is low. Furthermore, results supported a three-way interaction involving the group mean both on LMX and LMX differentiation as moderators of the relationship between demographic diversity and turnover

The research findings summarised in Table 2.1 recapitulate the mixed finding arguments noted in Chapter One. For example, on the one hand, Richard, Murthi and Ismail (2007) found a positive linear relationship between diversity and performance. Similarly, Pitts (2009) found that diversity management was strongly linked to both work-group performance and job satisfaction. On the other hand, Pitts (2005) found that diversity among managers was unrelated to the three performance outcomes tested, while diversity among teachers was negatively related to one and positively related to two performance outcomes.

From these findings, we can extrapolate the limitations of the direct-effects investigations of diversity/diversity management on outcomes. As noted earlier, diversity scholars have therefore begun investigating processes (moderating and mediating) that could account for the positive effects of diversity management on outcomes, as indicated in Table 2.1 (e.g. Gonzalez & DeNisi, 2009; Richard et al., 2007; Magoshi & Chang, 2009; McKay, Avery & Morris, 2008). For instance, Richard et al. (2007) explored the moderating effects of environmental variables in the relationship between diversity and firm performance. Their results revealed a stronger linear relationship between racial diversity and long-term performance (i.e. Tobin's q) in munificent environments, and a more pronounced, U-shaped relationship between diversity and short-run performance in stable environments, compared to unstable ones (Richard et al., 2007). Despite the insights provided by these studies, it is clear that in order to enhance our understanding of diversity-management effects, further research is needed. Furthermore, from the above summary we can deduce that there is an obvious dearth of research examining processes through which diversity relates to its outcomes. The key questions 'why' and 'how' diversity management leads to its demonstrated work outcomes still remain largely unanswered.

Additionally, a key theme which has emerged from most of the studies summarised in Table 2.1 is the fact that minorities and diverse employees are still faced with various forms

of discrimination, prejudice and exclusion (cf. Shen et al., 2009). Although this theme is only mentioned either in passing or in the course of exploring diversity research, we are drawn to the conclusion that inclusion/exclusion is an important consideration for diverse employees. Except for one study (Findler, Wind & Mor Barak, 2007), which tested a theoretical framework of the relationship between diversity, organisational culture and employee outcomes grounded in the inclusion/exclusion framework, no other study to my knowledge has examined this relationship. This therefore reinforces my research objectives and the need to examine how and why the adoption of diversity management influences the integration of ethnic and minority employees.

2.7 CONCLUSION

In this chapter, I have reviewed the diversity management literature. First, I discussed how diversity and diversity management have been conceptualised, and justified using this conceptualisation in this study. Second, I situated the concept of diversity management within its historical background, and discussed how diversity management has evolved from equal-rights laws/affirmative action. Third, I discussed reasons why organisations have more recently begun adopting and implementing diversity management. Finally, I discussed the research implications for contemporary practice of diversity management, highlighting the current limitations/gaps in research findings by scholars, recapping the need for further research into the intermediate linkages into the diversity-work outcome relationship. In the following chapter, I delve more deeply into the diversity management-work outcome literature and discuss the theory that underpins this study. I also discuss the hypothesised relationships depicted in my theoretical model.

CHAPTER THREE

THEORETICAL FRAMEWORK, LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

3.1 INTRODUCTION

The preceding chapters concentrated on the development of the research problem. More precisely, in Chapter One I provided a focused review of the workforce diversity management literature, highlighting the significant unanswered issues that motivated my study. In Chapter Two, I discussed the evolution of diversity management as an area of scholarly research and reviewed the diversity management literature, providing a summary of research on the diversity management - work outcome relationships. In this chapter, I discuss the distinct features of the study's relational model, and provide a succinct description of the relationships depicted in that model underpinned by the social exchange theory (SET). I then go on to review the diversity management literature, and discuss the hypothesised relationships tested in this study.

3.2 THEORETICAL FRAMEWORK

Social exchange theory (SET) was conceptualised by Blau (1964) as a relationship based on trust and unspecified obligation. It constitutes a long-term and open-ended transaction characterised by mutual commitment and socio-emotional investments (Shore, Tetrick, Lynch & Barksdale, 2006). SET can be traced back to at least the 1920s (e.g. Malinowski, 1922), spanning such disciplines as anthropology (e.g. Malinowski, 1922, 1932), social psychology (e.g. Gouldner, 1960; Homans, 1958) and sociology (e.g. Blau, 1964).

According to Blau (1964), there are basically two types of exchange which act as bases for relationships: economic and social exchange. While economic exchange is based on a formal contract that stipulates the exact quantities to be exchanged, social exchange entails unspecified obligations (Blau, 1964). Like economic exchange, social exchange generates an expectation of some future return for contributions; however, unlike economic exchange, the exact nature of that return is unspecified. Thus, in contrast to economic exchange, where trust isn't essential and obligations are specified and contractual, social exchange tends to engender feelings of personal obligation, gratitude and trust (Blau, 1964, p. 93). Social exchange is therefore premised on a long-term exchange of favours that precludes accounting, and is based on a diffused obligation to reciprocate. In contrast, a prototype economic exchange rests on a formal contact that stipulates the exact quantities to be exchanged, and that can be enforced through legal sanctions.

Although different views of social exchange have emerged in research, theorists agree that social exchange involves a series of interactions that generate obligations (Emerson, 1976). These interactions are usually seen as interdependent and contingent on the actions of another person (Blau, 1964), and have the potential to generate high-quality relationships (Cropanzano & Mitchell, 2005). Furthermore, these series of interactions generate trust in

social relations through their recurrent and gradually expanding character (Blau, 1964), which subsequently results in expectations of reciprocity (Cropanzano & Mitchell, 2005). Reciprocity is a rule of exchange that emphasises repayment in kind (Cropanzano & Mitchell, 2005), whereby an action by one party leads to a response by another (Cropanzano & Mitchell, 2005; Gergen, 1969; Kelley, 1968; Kelly & Thibault, 1978). Other rules of exchange include negotiated rule (Cook & Emerson, 1978; Cook, Emerson & Gillmore, 1983), rationality, altruism, group gain, status consistency and competition (Meeker, 1971). However, within organisational behaviour research, a 'guideline' of exchange processes that best explains social exchange theory, and which has garnered the most interest in management research, is the norm of reciprocity (Cropanzano & Mitchell, 2005).

Research into SET has described it to be based on certain tenets. These are: (i) that relationships evolve over time into trusting, loyal and mutual commitments. To do so, parties must abide by certain 'rules' of exchange – a normative definition of the situation that is formed among or adopted by the participants in the exchange relation (Emerson, 1976); (ii) that investment by both parties in the social exchange relationship is critical (Eisenberger, Huntington, Hutchison & Sowa, 1986; Rousseau, 1995; Shore et al., 2006); (iii) that social exchange requires a long-term orientation, since the exchange is ongoing and based on feelings of obligation (Blau, 1964; Shore et al., 2006); and (iv) emphasis on the socio-emotional (i.e. feelings of obligation and trust) aspect of the exchange (Shore et al., 2006).

SET has been used to explain workplace/employment relationships (e.g. Shore, Tetrick & Barksdale, 1999). For example, social exchange in an employment relationship may be initiated by an organisation investing in diversity management strategies. As a set of practices that entail investments in employees and opportunities to perform, diversity management signals an organisation's interest in maintaining a long-term relationship with its employees, and also emphasises the socio-emotional aspects of the exchange. This

representation of SET stipulates that certain workplace antecedents lead to interpersonal connections, referred to as social exchange relationships (Cropanzano, Byrne, Bobocel & Rupp, 2001). Other organisational strategies that could elicit such reciprocal behaviours include perception of diversity climate, perception of overall fairness, perception of support for diversity, and employee developmental experiences.

Diversity climate (DC) refers to the collective member perceptions of the organisation's diversity-related, formal, structural characteristics and informal values (Gonzalez & DeNisi, 2009). Perception of support for diversity (POSD), on the other hand, refers to an employee's perceptions that the actions of the organisation demonstrate that the organisation values and promotes diversity (Triana, Garcia & Colella, 2010). Developmental experience can be defined as a type of discretionary organisational investment whereby employers provide employees with formal and informal training and development. Wayne et al. (1997) argue that, when an organisation invests in and provides recognition for employees, it may be encouraging the development of a social exchange relationship.

Furthermore, social exchange in an employment relationship may also be initiated by an organisation's fair treatment of its employees (Aryee, Budhwar & Chen, 2002). As stated earlier, 'trust' is necessary for maintaining social exchange relationships, and provides the basis for relationship formation (Blau, 1964). Social exchange relationships are based on individuals 'trusting' that the other parties to the exchange will fairly discharge their obligations (Holmes, 1981). An important source of trust is fairness (organisational justice) (Konovsky & Pugh, 1994). Fair treatment by organisations demonstrates respect for the rights and dignity of employees, leading to the development of a relationship with the organisation (Aryee, et al., 2002; Folger & Konovsky, 1989). This emergent relationship is, then, the engine that propels further positive reciprocation (Konovsky, 2000) of attitudes and behaviours that promote organisational goal attainment.

Specifically, informed by SET, I conceptualise diversity management practices as signalling an organisation's intent to form a long-term, mutually beneficial relationship with employees. Consequently, these diversity management practices will influence employees' experiences of work (in terms of perception of support for diversity, and perception of overall justice and developmental experiences), which will ultimately lead employees to perceive a social exchange relationship with an organisation. Consistent with SET, I examine diversity climate as a moderator of the relationships between diversity management practices and the aforementioned indicators of work experience. Diversity climate also signals the organisation's intent to form a mutually binding relationship with its employees.

Finally, I examine some outcomes of social exchange with organisation defined in terms of career satisfaction, turnover intention, and strain. As noted in the opening chapter, minority employees are generally seen to experience stress at work due to the pressures of working in an environment where they do not feel included or integrated. This may lead to strain. It may also lead to turnover intention, whereas an environment where ethnic and minority employees perceive that the organisation cares about them could lead to career satisfaction. Therefore, the perception that minority employees have a social exchange relationship with the organisation will lead them to experience their careers as satisfying, will lead them to want to stay with the organisation, and will lead to minimal strain.

Below is a schematic depiction of the theoretical relationships described above.

Figure 3.1 *Theoretical Model*
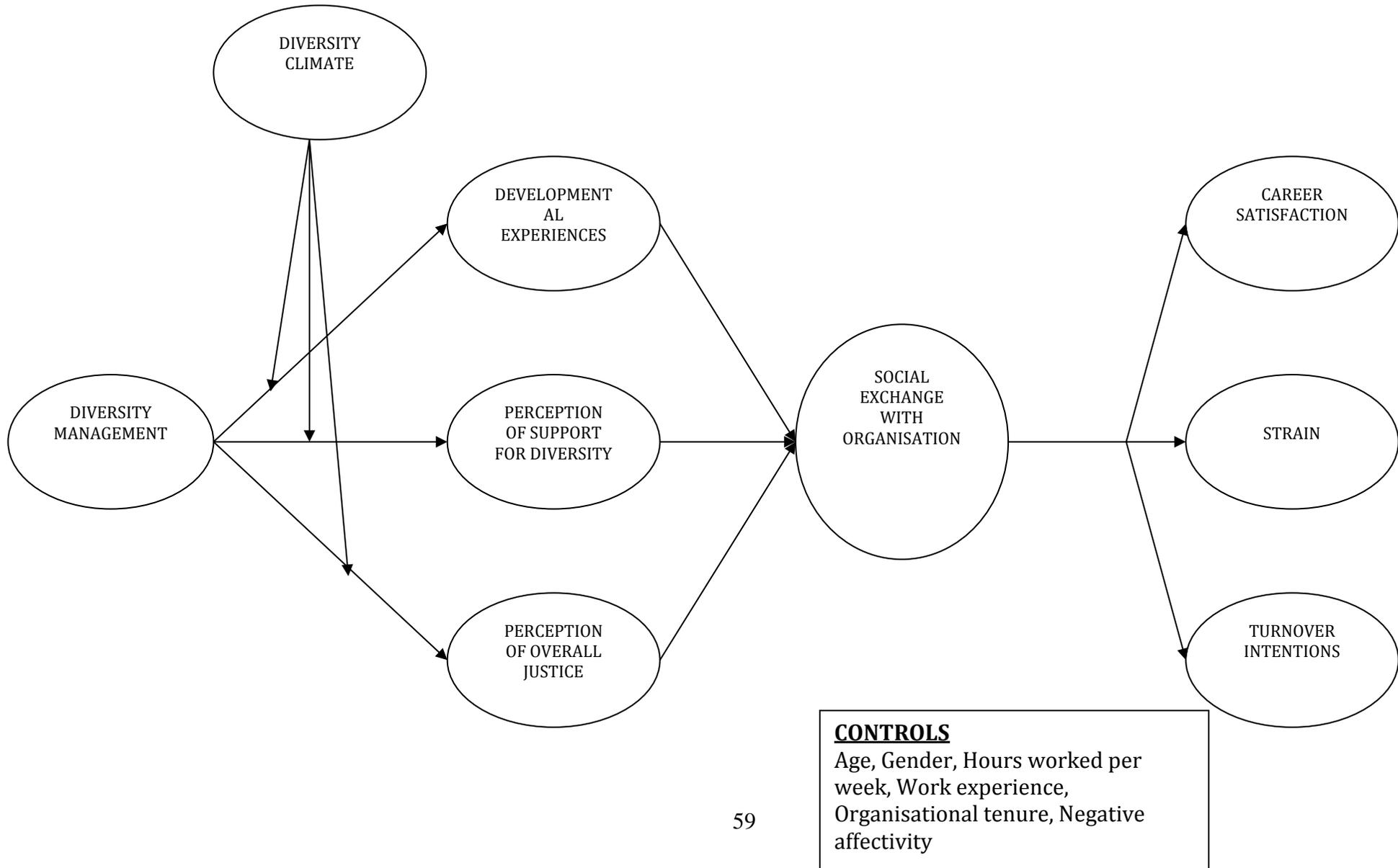
As shown in Figure 1, diversity management is posited to relate differentially with the work outcomes through the mediators. Specifically, diversity management is hypothesised to relate to perception of overall justice (POJ), perception of support for diversity (POSD), and developmental experiences (DE). Diversity management is also posited to relate differentially to social exchange with the organisation through perception of support for diversity, perception of overall justice, and developmental experiences (indicators of integration into organisational life). Further, diversity climate is posited to moderate the relationship between diversity management and these indicators of integration. Finally, social exchange with the organisation is hypothesised to relate to the work outcomes of turnover intentions, strain and career satisfaction. I discuss these relationships in the sections below.

3.3 DIVERSITY MANAGEMENT AND PERCEPTION OF OVERALL JUSTICE

The literature (Cropanzano, Byrne, Bobocel & Rupp, 2001; Colquitt, 2001) identifies four types of justice: distributive (Homans, 1961); procedural (Thibaut & Walker, 1975); interpersonal; and informational (Colquitt, 2001). These types of justice have been shown to relate to a broad range of attitudes and behaviours (see Cohen-Charash & Spector, 2001; Colquitt et al., 2001 for meta-analytic reviews). However, researchers have recently questioned the benefits of focusing on specific types of justice, suggesting a shift toward examining overall justice judgements (Holtz & Harold, 2009; Ambrose & Arnaud, 2005; Hauenstein, McGonigle & Findler, 2001; Lind, 2001a, 2001b; Tornblom & Vermunt, 1999; Ambrose & Schminke, 2009). Several reasons exist for this interest in overall justice. First, there is an increasing acknowledgment in the justice literature that the focus on different types of justice may not accurately capture individuals' justice experiences. Second, compared with specific justice dimensions, overall justice more accurately reflects how employees experience fairness in the workplace (Ambrose & Arnaud, 2005; Ambrose & Schminke, 2009; Hauenstein et al., 2001). Third, focusing on employees' overall evaluations of justice can produce more consistent results across studies, leading to a more rapid accumulation of knowledge (Holtz & Harold, 2009; Ambrose & Arnaud, 2005; Colquitt et al., 2005).

Overall justice perceptions represent global evaluations of the fairness of an entity based on personal experiences, as well as on the experiences of others (Ambrose & Schminke, 2009). Prior studies have highlighted the centrality of fairness concerns in diversity initiatives (Thomas & Ely, 1996). Researchers have suggested that diversity management includes administering social environments and systems, along with organisational climate and procedures. Diversity management also entails recognising human differences, being open to them, and effectively using those differences to create a positive

work environment for all employees (Von Bergem, Soper & Foster, 2002). Therefore, the general fairness of the process by which an organisation goes about creating, performing and monitoring diversity management strategies signifies overall fairness. Diversity researchers have so far maintained that, in order for organisations to achieve success with a diverse workforce, employees need to perceive that their organisation supports and values the contributions of all employees (Triana & Garcia, 2009; Kossek & Zonia, 1993; Mor Barak, Cherin & Berkman, 1998; Thomas & Ely, 1996; Williams & O'Reilly, 1998).

The reason why diversity management may relate to perceptions of overall justice stems from the fact that the origin of diversity management (equality/equal opportunities) is based on fairness and social justice (cf. Liff & Wajcman, 1996). Scholars have often interpreted diversity management as an approach to 'fair treatment' that encourages employers to harness and value a wide range of visible differences in their employees. This suggests that diversity management practices can lead to employees' belief in the general fairness of the employing organisation (cf. Foster & Harris, 2005). From a social exchange perspective, when a company effectively adopts diversity management practices, employees perceive that decision-making processes are implemented based on non-biased factors and, accordingly, their sense of overall justice will be enhanced (Magoshi & Chang, 2009). Thus, employees' perception of the justice of the system can have a major effect, boosted by the diversity strategies (Magoshi & Chang, 2009), as these strategies signal a long-term investment in employees.

Because fairness is central to diversity management (Ely & Thomas, 2001; Mor Barak et al., 1998), I expect diversity management to positively relate to perception of overall justice:

Hypothesis 1a: Diversity management positively relates to perception of overall justice.

3.4 DIVERSITY MANAGEMENT AND PERCEPTION OF SUPPORT FOR DIVERSITY

Perception of support for diversity is defined as employee perceptions that the practices of the organisation indicate that valuing and promoting diversity are priorities in the organisation (Triana & Garcia, 2009). This concept originates from the perceived organisational support (POS) construct initially developed by Eisenberger, Huntington, Hutchison and Sowa (1986). Eisenberger et al. (1986) conceptualised POS as employees' perceptions of the organisation's commitment to them and beliefs concerning the extent to which the organisation values their contributions and cares about their well-being. Diversity researchers have found that, in order for organisations to achieve success with a diverse workforce, employees need to perceive that their organisation supports and values the contributions of all employees (Mor Barak & Levin, 2002; Williams & O'Reilly, 1998). Demonstrating organisational efforts to support diversity (e.g. by implementing diversity management practices) is one way by which an organisation can provide an environment that indicates social approval and respect for all employees, regardless of their racial background (cf. Hicks-Clarke & Iles, 2000; Mor Barak & Levin, 2002).

Over the past two decades or so, organisations have begun responding to projections of the increase in the diversity of the workforce by increasing their emphasis on hiring, promoting and retaining individuals of ethnically, racially and gender diverse backgrounds (cf. Kossek & Zonia, 1993). Toward this end, organisations have instituted multicultural training and activities to modify organisational systems and address root causes of institutional racism and sexism (cf. Thomas, 1990; Cox, 1991a). By such actions, organisations indicate that they value diversity. These practices then foster the perception among employees that they are receiving a high level of organisational support. From a social exchange perspective, employees who perceive their organisational environment as

supportive will feel obligated to reciprocate with attitudes and behaviours that are beneficial to the organisation.

In support of the preceding argument, Allen, Shore and Griffith (2003) reported that perceptions of supportive Human Resource practices contribute to developing POS. In addition, Rhoades and Eisenberger (2002) used meta-analysis to demonstrate a positive relationship between several Human Resource practices, such as training, promotion and POS.

The same argument can be attributed to the diversity management literature, as diversity management is seen as an aspect of human resource function. Existing research posits that, while diversity management is an approach that revolves around employees, the HRM function is the custodian of people-management processes. These functions have considerable overlap (Truss, Gratton, Hope-Hailey, McGovern & Stiles, 1997). First, both HRM and diversity management are mainly concerned with the contribution of the human resource function to business strategy. Second, both HRM (especially soft HRM) and diversity management are concerned with individual differences and the development and well-being of each and every individual (Truss, Gratton, Hope-Hailey, McGovern & Stiles, 1997).

Accordingly, when an organisation spends time and money in implementing and monitoring diversity management practices, it is indicating to employees that it is making efforts to support diversity. Support for diversity is an organisational action which demonstrates respect for all employees. Therefore, I advance the following hypothesis:

Hypothesis 1b: Diversity management positively relates to perception of support for diversity.

3.5 DIVERSITY MANAGEMENT AND DEVELOPMENTAL EXPERIENCE

Shore and Shore (1995) identified two key types of human resource practices that are related to POS: (i) discretionary practices that imply investment by the organisation in an employee; and (ii) organisational recognition (e.g. promotion). According to Wayne et al. (1997), developmental experience is one type of discretionary organisational investment, which involves providing an employee with formal and informal training and development. Findings by Wayne et al. showed that employees who had participated in formal and informal training and development experiences reported high levels of perceived organisational support. This suggests that when an organisation invests in and provides recognition for employees, it may be encouraging the development of strong social exchange relationships (Wayne et al., 1997).

As noted in Chapter One, a major concern among minority employees is the lack of developmental opportunities available within organisations. Consistent with the definition of diversity management in this study (i.e. "A process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued, so that all can reach their potential and maximise their contributions to an organisation's strategic goals and objectives" – U.S. Government Accountability Office (GAO), 2005, p. 1), we can infer that organisations that adopt these practices should enhance the developmental opportunities of minority employees. Hence, the reason why diversity management may relate to developmental experiences stems from the fact that organisations that engage in diversity management are keen on investing in employee development. Investment in employee development means equipping employees with new knowledge and competence through organised learning experiences provided by the organisation (Malik, Abbas, Kiyani, Mailk & Waheed, 2011). Diversity management practices, such as training and development,

mentoring etc., could be perceived as forms of developmental experience by the employee. I therefore hypothesise that:

Hypothesis 1c: Diversity management positively relates to developmental experiences.

3.6 MEDIATORS OF DIVERSITY MANAGEMENT-SEWO RELATIONSHIP

As earlier noted, diversity management signals an organisation's interest in maintaining a long-term relationship with its employees, and also emphasises the socio-emotional aspects of the relationship. Therefore, an organisation that is perceived to support diversity management signals to its employees that the organisation is concerned with and cares about them. This should, in turn, lead minority employees to develop a social exchange relationship with the organisation. Further, scholars have reported the relationship between diversity and social exchange relationships (Nishii & Mayer, 2009; Magoshi & Chang, 2009). However, the underlying mechanisms still remain largely under-researched. There have been a few speculations: for example, Nishii & Mayer (2009) argue that when a leader develops a high-quality relationship with a follower, he/she is likely to create social exchange relationships. Drawing on SET, I expect diversity management to positively relate to social exchange with the organisation. However, I expect this relationship to be indirect – through perception of overall justice (POJ), perception of support for diversity (POSD) and developmental experiences (DE).

3.6.1 Perception of Overall Justice (POJ) as a mediator

The relationship between organisational justice and social exchange has been widely researched in the literature (e.g. Moorman, Blakely & Niehoff, 1998; Cropanzano, Rupp, Mohler & Schminke, 2001; Tekleab, Takeuchi & Taylor, 2005). Prior empirical research has provided considerable evidence to show that the level of organisational justice present in management decisions affecting employees is directly related to the quality of resulting social exchange relationships between individuals and their employing organisations (Cropanzano, Prehar & Chen, 2002; Masterson, Lewis, Goldman & Taylor, 2000; Rupp & Cropanzano, 2002). Furthermore, a plethora of researchers (e.g. Konovsky & Pugh, 1994; Lee, 1995; Moorman, 1991) have suggested that organisational justice (especially procedural and interactional justice – see Moorman, Blakely & Niehoff, 1998; Pillai, Schriescheim & Williams, 1999) facilitates the formation of social exchange relationships. Additionally, there exists a small but consistent body of research that has established varying relationships between particular types of organisational justice and corresponding social exchange relationships (Tekleab, Takeuchi & Taylor, 2005). For example, procedural justice, or the perceived fairness of the formal decision-making procedures used in the organisation (Thibaut & Walker, 1975), tends to predict perceived organisational support (POS), i.e. a social exchange relationship between employee and organisation (Masterson et al., 2000; Wayne, Shore, Bommer & Tetrick, 2002). Also, interactional justice, or the perceived fairness of the interpersonal treatment received from the supervisor (Bies & Moag, 1986), tends to predict leader-member exchange (LMX), i.e. a social exchange relationship between an employee and his or her immediate manager (Cropanzano et al., 2002; Masterson et al., 2000). Overall, we can conclude that, as posited by Cropanzano et al. (2001), organisational fairness as a whole creates closer, more open-ended social exchange relationships.

Because diversity management practices suggest a long-term employment relationship, employees in organisations with such practices are more likely to perceive that the organisation cares about them. In other words, when a company effectively utilises diversity management practices, employees perceive that decision-making processes are implemented on non-prejudicial factors; accordingly, their sense of overall justice is enhanced (Magoshi & Chang, 2009). Perception of overall justice denotes the fairness of the organisation's practices, policies and strategies, which facilitates the formation of social exchange relationships with the organisation. A high level of perceived fairness therefore leads to high quality ties or a high level of attachment to the organisation, leading to increased social exchange with the organisation. Therefore, the relational aspect of a fair work environment (fostered by diversity management) constitutes an underlying mechanism for the diversity management - social exchange with organisation relationship. Based on the above arguments, I posit that diversity management relates to perception of overall justice, and that overall justice is related to social exchange with organisation. But, I also posit that perception of overall justice will be more proximate to social exchange with organisation than to diversity management, and therefore perception of overall justice will mediate the influence of diversity management on social exchange with the organisation. I therefore hypothesise that:

Hypothesis 2a: Overall justice mediates the relationship between diversity management and social exchange with organisation.

3.6.2 Perception of Support for Diversity (POSD) as a mediator

Social exchange theory predicts that perception of support for diversity (POSD) can create a social exchange relationship with an organisation. The concept of perceived organisational support was developed by Eisenberger and his colleagues to explain the development of employee commitment to an organisation (Eisenberger, Huntington, Hutchinson & Sowa, 1986). They proposed that "employees develop global beliefs concerning the extent to which the organisation values their contributions and cares about their well-being (Eisenberger et al., 1986, p. 501). Adopting a social exchange framework, Eisenberger et al. argue that such beliefs underlie employees' inferences concerning their organisation's commitment to them, which, in turn, contributes to employees' commitment to their organisation. High levels of perception of support create feelings of obligation, whereby employees not only feel that they ought to be committed to their employers, but also feel an obligation to return their employer's commitment by engaging in behaviours that support organisational goals (Wayne, Shore & Liden, 1997). Perception of support for diversity (POSD) is based on the same assumptions and beliefs described in the earlier definition.

On the tenets of social exchange theory, when ethnic and minority employees believe the organisation is making an effort to value and support all employees they are more likely to feel an affective connection with their employers (Meyer & Allen, 1991). If, for instance, an employee perceives otherwise, and experiences negative acts at work, she or he is likely to associate work with negative feelings and become less affectively connected with their employing organisation. Therefore, perception of support for diversity signals an organisation's care and concern for its minority employees, leading those employees to develop social exchange relationships with the organisation.

Although I hypothesised diversity management to be related to social exchange with the organisation, I expect this relationship to be indirect, i.e. through an employee's

perception of support for diversity. Social exchange theory suggests that when an organisation implements diversity management practices, it signals to its employees that it supports diversity. This, in turn, encourages perception of support for diversity, thereby promoting employee social exchange with the organisation.

Additionally, demonstrating organisational efforts to support diversity (i.e. by implementing diversity management practices) is one way by which an organisation can provide an environment that indicates social approval and respect for all employees, regardless of their racial background (cf. Hicks-Clarke & Iles, 2000; Mor Barak & Levin, 2002). This could therefore constitute an underlying mechanism for the diversity management - social exchange with organisation relationship.

Given the above theoretical and empirical arguments, we can infer that diversity management relates to perception of support for diversity, and that perception of support for diversity relates to social exchange with organisation. But perception of support for diversity will be more proximate to social exchange than diversity management. Therefore, perception of support for diversity will mediate the influence of diversity management on social exchange with an organisation. I therefore hypothesise the following:

Hypothesis 2b: Perception of support for diversity mediates the positive relationship between diversity management and social exchange with organisation.

3.6.3 Developmental Experience (DE) as a mediator

As noted earlier, developmental experiences are types of discretionary organisational investment that involve providing an employee with formal and informal training and development (Wayne et al., 1997). Organisations that invest in such formal and informal training and development are seen to have a culture that values enduring employee-

organisation relationships. Abiding by the 'ongoingness' of social exchange (Blau, 1964; Coyle-Shapiro & Conway, 2004), such organisations value the continuing participation of its members through extending plentiful training and developmental opportunities to employees (Baron & Kreps, 1999; Tsui & Wu, 2005). Such initiatives create open-ended obligations, encourage job longevity and fortify social bonds (Hom, Tsui, Wu, Lee, Zhang, Fu & Li, 2009). Furthermore, research has shown that organisations that invest in employee knowledge, skills and abilities (KSAs) help to develop the internal capability needed to create and sustain competitive advantage (cf. Ito & Brotheridge, 2005). At the same time, from an employee's perspective it enhances his/her employability. This suggests to the employee that the organisation values them, and can in turn lead to the development of social exchange relationships with the organisation.

Although I posit above that diversity management is related to social exchange with organisation, I expect this relationship to be indirect, through developmental experiences. Theoretically, diversity management practices such as training and development constitute an investment in employee-specific developmental experiences, signalling care and concern about the employee. In keeping with the tenets of SET, when minority employees perceive that the organisation cares about their development they develop a social exchange relationship with that organisation. Therefore, developmental experiences constitute an underlying mechanism for the diversity management-social exchange with organisation relationship. I therefore hypothesise that:

Hypothesis 2c: Developmental experience mediates the relationship between diversity management and social exchange with organisation.

3.7 THE MODERATING ROLE OF DIVERSITY CLIMATE (DC)

Climate refers to an experientially based description of the work environment and, more specifically, employees' perceptions of the formal and informal policies, practices and procedures in their organisation (Schneider, 2000). Climate, as a psychological construct, comprises perceptions organisational members share (Schulte, Ostroff & Kinicki, 2006). Scholars have described organisational climate as a socially construed and shared representation of those aspects of organisational environment that inform role behaviour (Zohar & Luria, 2004). Over the years, researchers have examined organisational climate and organisational culture as interchangeable – two alternative constructs for conceptualising the way people experience and describe their work settings (Schneider, Ehrhart & Macey, 2013). Organisational climate may be defined as the shared perceptions of and meaning attached to the policies, practices and procedures employees experience, and also the behaviours they observe to be rewarded, supported and expected (Ostroff et al., 2003; Schneider & Reichers, 1983; Schneider et al., 2011). On the other hand, organisational culture may be defined as the shared basic assumptions, values and beliefs that characterise a setting, and which are taught to newcomers as the proper way to think and feel, as communicated by the myths and stories people tell about how the organisation came to be the way it is by solving problems associated with external adaptation and internal integration (Schein, 2010; Trice & Beyer, 1993; Zohar & Hofmann, 2012). Given the above definitions, we can see that the organisational climate is best suited to understanding employees' experiences of organisational life, as employees cluster their organisational experiences and events into meanings, and these form the basis of the organisational climate. This description reflects the current approaches to climate research, which are associated with facet-specific rather than global climates (Zohar & Luria, 2004). According to Schneider, White and Paul (1998), multiple climates often exist simultaneously within a single organisation. Because of this,

climate is best regarded as a specific construct having a referent – a climate must be a climate *for* something (e.g. service, support, innovation, safety, diversity; see Schneider, Gunnarson & Niles-Jolly, 1994).

Diversity climate is conceptualised as the degree to which a firm advocates fair human resource policies and socially integrates underrepresented employees (Mckay, Avery & Morris, 2008). It refers to the collective membership or shared perceptions about the organisation's diversity-related formal structural characteristics and informal values (Gonzalez & Denisi, 2009). Mor Barak et al. (1998) define diversity climate as employees' perceptions that an organisation adheres to fair personnel practices and their perceptions of the degree to which minority employees are integrated into the work environment. Climate scholars have found that 'climate' is an abstract concept that may occur at various levels, including the individual, group and organisational levels (Field & Abelson, 1982). According to Cox (1994), the diversity climate construct is a function of: (i) individual-level factors involving the extent of prejudice and stereotyping in organisations; (ii) group-intergroup factors referring to the degree of conflict between various groups within an organisation; and (iii) organisational-level factors regarding such domains as organisational culture, the degree that underrepresented personnel are integrated into higher-level positions within a firm's social networks, and whether institutional bias prevails in a firm's human resource systems (Cox, 1994). Diversity climate, in essence, refers to employees' shared perceptions of the extent to which firm practices and social context are affected by group membership, as manifested in various forms of demographic difference, e.g. racial-ethnic, sex, age etc. (Mckay, Avery & Morris, 2008).

Although the above definition describes diversity climate as a group-level construct, Cox (1994) clearly defines diversity climate as a multi-level construct. Despite Cox's study, very little research has focused on examining diversity climate at the individual level.

Research focusing on diversity climate at the individual level has the potential to contribute to diversity discipline, as it will enhance our understanding of how individuals' perceptions and interpretations of their environment could shape their attitudes and behaviours (cf. James, James & Ashe, 1990). Mor Barak et al. (1998) propose that individuals develop perceptions about the organisation's stance on diversity, as well as develop their own views pertaining to the value of diversity in firms. Therefore, my study focuses on diversity climate as an individual-level psychological construct.

An important distinction has been made between the psychological and organisational climate (Hellriegel & Slocum, 1974; James & Jones, 1974). The psychological climate pertains to how organisational members perceive and make sense of organisational policies, practices and procedures in psychologically meaningful terms (Schneider & Rentsch, 1988). The organisational climate, on the other hand, emerges when individuals within a particular unit share similar perceptions of a situation. Thus, individuals' own perceptions of the work environment constitute psychological climate at the individual level of analysis, whereas the organisational climate has been proposed as being an organisational or unit-level construct (Schulte, Ostroff & Kinicki, 2006). James, James and Ashe (1990) define psychological climate as individuals' "cognitive appraisals of environmental attributes in terms of their acquired meaning and significance to the individual" (p. 54). They explain that the psychological climate has been of historical interest in psychology research, in terms of how individual differences in subjective experience relate to valuation and affect. Consequently, we can infer that, if we are to understand the career experience of minority employees and how it affects their perceptions and intentions, we need to examine diversity climate at the individual level, and treat diversity climate as an individual-level variable. Therefore, this study examines an individual employee's perception of the work environment (specifically, perceptions of diversity policies, practices and procedures).

Diversity management has been noted to be related to various work outcomes (see review by Williams & O'Reilly, 1998); however, mixed findings reinforce the call to examine boundary conditions (Nishii & Mayer, 2009; Jackson, Joshi & Erhardt, 2003). In response, several studies have begun identifying boundary conditions or moderators of this relationship (cf. Gonzalez & DeNisi, 2009), such as strategic orientation (Richard, 2000), time (Early & Mosakowski, 2000) and leader-member exchange (Nishii & Mayer, 2009). In keeping with this trend, I examine the influence of psychological diversity climate as a moderator of the relationships between diversity management and the mediators (perception of overall justice, perception of support for diversity, and developmental experiences).

Informed by SET (Blau, 1964), I argue that diversity management and diversity climate will interact to influence perception of overall justice and perception of support for diversity and developmental experiences. to the extent that, when an organisation invests in diversity management practices, policies and procedures, this signals to the employees that it values diversity. This could result in an employee's development of a social exchange relationship with the organisation characterised by mutual trust, respect and obligation. However, this relationship is strengthened when employers make an extra effort to create an organisational climate that supports diversity. Further, the more these employees feel validated and accepted by virtue of the diversity climate within the organisation, the more they perceive overall fairness and support for diversity and developmental experiences. Consequently, at high levels of diversity climate, the relationship between diversity management and perception of overall justice, and the perception of support for diversity and developmental experiences, respectively, will be stronger rather than at low levels.

In support of this theoretical argument, research has shown that diversity climate moderates various diversity relationships. For example, Gonzalez & DeNisi (2009) found that at the individual level, diversity climate moderates the impact of relational and categorical

demography on affective organisational commitment, organisational identification and intention to quit.

Therefore, and as previously noted, diversity management will ultimately lead to social exchange with organisation; however, how it will lead to this social exchange relationship will be based on it positively influencing employees' experience (in terms of their perception of overall justice and perception of support for diversity and developmental experiences) of work. It is this positive experience that will lead minority employees to form a perception that the organisation cares about them. It is my contention, therefore, that diversity climate constitutes a boundary condition of social exchange explanation of minority employees' experiences of work (in terms of their perception of overall justice and perception of support for diversity and developmental experiences). Under conditions of high diversity climate, minority employees' perceptions of their experiences of work are more likely to be improved. This will be evident, for example, in their career progression, availability of training and development etc. In contrast, under conditions of adverse or low diversity climate, minority employees' experience of their work will be perceived as less favourable. For example an unsupportive diversity climate could create in-group bias and categorisation processes, leading to decreased career satisfaction.

Accordingly, I expect that in organisations characterised by a high perception of diversity climate, the positive relationship between diversity management and perception of overall justice, and perception of support for diversity and developmental experiences, respectively, should be intensified when compared with organisations characterised by a low perception of diversity climate. I therefore hypothesise:

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Hypothesis 3a: Diversity climate moderates the relationship between diversity management and overall justice perception, such that the relationship will be stronger at high rather than low levels of diversity climate.

Hypothesis 3b: Diversity climate moderates the relationship between diversity management and perception of support for diversity, such that the relationship will be stronger at high rather than low levels of diversity climate.

Hypothesis 3c: Diversity climate moderates the relationship between diversity management and developmental experiences, such that the relationship will be stronger at high rather than low levels of diversity climate.

3.8 OUTCOMES OF SEWO

Prior diversity research has primarily focused on examining group and/or organisational level outcomes such as productivity, innovation, actual turnover (Armstrong et al., 2010; Richard, Murthi & Ismail, 2007), organisational attachment (Gonzalez & DeNisi, 2009) and financial performance (Roberson & Park, 2007). HR scholars have, however, critiqued the shift of HR research from employee-focused to strategy-focused (Van Buren, Greenwood & Sheehan, 2011; Guest, 2002), and have called for more HR research that re-focuses attention on the worker (Guest, 2002). Additionally, Armstrong et al. (2010) note that, in addition to a firm's performance, it would be important for researchers to trace the impact of diversity management on employee-level outcomes such as satisfaction, stress and well-being. Accordingly, in my study I focus on some individual outcomes of social exchange with organisation defined in terms of turnover intention, career satisfaction and

strain. I posit that these outcomes will be proximal outcomes of social exchange with organisation, and distal outcomes of diversity management.

Many management studies suggest that, when employees perceive that the employer is emphasising social exchange aspects of the relationship through its support, employees are more likely to engage in behaviours that are supportive of organisational goals (Eisenberger, Fasolo & Davis-LaMastro, 1990; Eisenberger et al., 1986; Wayne et al., 1997). Higher levels of organisational investment associated with strong social exchange relationships create feelings of employee obligation, which, in turn, influence employees to benefit the organisation through behaviours that exceed minimal requirements for employment. Similarly, SET suggests that an organisation that is perceived to support diversity management signals to employees that the organisation is concerned with and cares about them. This should, in turn, lead minority employees to develop a social exchange relationship with the organisation. The resulting social exchange relationship has repeatedly proven to be a significant predictor of a number of important employee attitudes and behaviours (Wayne et al., 1997; Sun, Aryee & Law, 2007; Aryee et al., 2002), including job satisfaction, organisational commitment, organisational citizenship behaviours and intentions to leave, among others (Tekleab et al., 2005). Accordingly, in this research I suggest that the relationship between minority employees and their organisation can be characterised as one of social exchange, in which the organisation's commitment (in terms of implementing diversity management practices) to its employees is a demonstration of its care and concern. The perception, therefore, that they have a social exchange relationship with their organisation will lead employees to experience their careers as satisfying, which will in turn lead them to want to stay with the organisation, and overall will cause reduced strain on minority employees.

3.8.1 Turnover intentions as an outcome of SEWO

Extant research has demonstrated the importance of examining turnover in organisations. One reason for this is the negative impact of actual turnover on organisational performance. For example, scholars have noted the costs associated with turnover to the organisation, such as: the resources that need to be expended in order to recruit, select and socialise replacement personnel (cf. Nishii & Mayer, 2009); the disruption of operations that could occur; and the reduced productivity which the organisation could experience as a result of the departed employee (Huselid, 1995; Shaw, Gupta & Delery, 2005). In light of this, a plethora of research has examined turnover. However, data on actual turnover are sometimes difficult to collect. Additionally, researchers have tended to focus on turnover intentions as a result of the difficulties involved in operationalising actual turnover (cf. Hulin, 1991). Hence, scholars have opted for the closest predictor of actual turnover, which is turnover intention. According to research, intention to leave appears to be the immediate precursor to actually quitting. It is consistent with Fishbein's (1967) model of attitudes, intentions and behaviours, and its use is commonly endorsed in the literature as a predictor of turnover (Mobley, 1982). For example, a literature review by Bluedorn (1982) cites 23 studies reporting significant positive relationships between leaving intentions and actual leaving behaviours. Furthermore, Griffeth, Hom and Gaertner's (2000) meta-analytic results show that turnover intentions are the strongest single predictor of actual voluntary turnover. I therefore focus on turnover intention in this study.

The reason why social exchange with the organisation may negatively relate to turnover intentions stems from the fact that employees create emotional attachments to organisations that are seen to care about them. Attesting to this notion, Eisenberger et al. (1986) found that members believing their companies are committed to them (in terms of creating a relationship through the implementation of diversity management) will, in turn,

commit to these companies (hence would want to stay). Additionally, minority employees have been known to experience stress due to pressures of working in an organisation in which they do not feel included. This may lead to turnover intention. However, if they perceive that they have a social exchange relationship with an organisation that shows concern for them, this could deter them from exiting the organisation. Therefore, social exchange relationship can be seen to decrease quit intentions. I thus hypothesise that:

Hypothesis 4a: Social exchange with organisation negatively relates to turnover intention.

3.8.2 Strain as an Outcome of SEWO

Strain can be defined as a personal experience caused by pressure or demands on an individual that can potentially affect an individual's ability to cope (cf. Lee, Choi & Joo, 2013). Strain often occurs as a result of stress, and can be mental, physical or emotional. Specifically, strain is often caused by stressors, and stressors can lead the body to have a physiological reaction which can strain a person physically as well as mentally (Lee, Joo & Choi, 2013). Work-related stress occurs when there is a mismatch between the demands of the job and the resources and capabilities of the individual worker to meet those demands. There are a number of factors which could contribute to stress at work (work stressors), such as excessive workload, long work hours, difficult relationships with co-workers and management, lack of opportunities, injustice, and organisational politics (Colligan & Higgins, 2006). Presence of these stressors at work could lead to strain on the employee, which could in turn lead to reduced performance, higher absenteeism and reduced productivity. Additionally, excessive strain could also impact on employee health (Dragano, Verde & Siegrist, 2005). Research has shown the financial cost of stress/strain to be enormous. For example, in Britain, self-reported work-related stress, depression, or anxiety account for an

estimated 12.8 million reported lost working days per year (Health and Safety Executive (HSE), 2005). Strain is therefore an important HR work outcome.

In the diversity literature, the injustice faced by minority employees in organisations has often times been seen as stressors (cf. Keller, 2001). This injustice could come in the form of discrimination, which could affect their career progression and other aspects of their work experiences. These experiences can lead to strain. Additionally, minority employees could experience stress due to the pressures of working in an unsupportive organisation/environment where they do not feel included/integrated. Early works on organisational support have maintained that an organisation that supports its employees indicates a secure, positive environment (Shore & Shore, 1995). Hence, a supportive organisation would be synonymous with a caring workplace (Cropanzano, Howes, Grandey & Toth, 1997). Therefore, informed by social exchange theory, I expect that, when employees perceive that the organisation is making an effort to value all employees, employees are more likely to feel an affective connection with their employers (Meyer & Allen, 1991). If, for instance, an employee perceives otherwise, and experiences negative acts at work (such as injustice or unfair organisational politics), he or she is likely to associate work with negative feelings. These negative perceptions could hamper ethnic and minority employees' ability to attain personal and professional goals, resulting in a primary appraisal of the work context that produces strain. Strain is therefore purported to reflect a negative evaluation of the employee - organisation exchange relationship (Cropanzano et al., 1997). Thus, as a social exchange relationship with an organisation is formed, employees' sense of attachment toward their organisation increases, resulting in reduced strain. Thus, I hypothesise that:

Hypothesis 4b: Social exchange with organisation negatively relates to strain.

3.8.3 Career satisfaction as an outcome of SEWO

Career satisfaction is conceptualised as employees' perceived satisfaction with their career in their current organisation in terms of advancement, achievement of career goals and development of new skills (cf. Karatepe, 2012; Greenhaus, Parasuraman & Wormley, 1990; Kong, Cheung & Song, 2012). Research has suggested that career satisfaction is a subjective measure or indicator of career success which has been shown to have both subjective and objective components. Other studies, however, have focused on the subjective component of career success (e.g. Karatepe, 2012; Kong et al., 2012; Armstrong-Stassen & Ursel, 2009; Aryee & Luk, 1996; Aryee, Chay & Tan, 1994a). This could be attributed to the recognition that subjective career success is an index of one's well-being or perceived quality of life (Aryee & Luk, 1996). Thus, in this study, I focus on the subjective component of career success, i.e. career satisfaction.

SET, as earlier noted, is based on the principle of reciprocity. Hence, organisations that invest in formal and informal training and development, promotion opportunities etc. are seen to have a culture that values enduring employee-organisation relationships. Abiding by the 'ongoingness' of social exchange (Blau, 1964; Coyle-Shapiro & Conway, 2004), such organisations value continuing participation by members through extending plentiful training and developmental opportunities to employees (Baron & Kreps, 1999; Tsui & Wu, 2005). Such diffuse and open-ended obligations encourage job longevity (i.e. career satisfaction) and fortify social bonds (cf. Hom et al., 1994). Thus, having a social exchange relationship with an organisation suggests that there are opportunities to grow psychologically, to secure advancement or career progression and to gain developmental opportunities. These advancements should lead to career satisfaction.

Additionally, the link between career satisfaction and social exchange with the organisation stems from minority employee perception of the support an organisation gives

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them. As earlier noted, perceived organisational support (POS) refers to the extent to which employees perceive that their contributions are valued by the organisation, and that the organisation cares about their well-being (Eisenberger et al., 1986). Based on social exchange theory, employees with favourable perceptions of organisational support appear to have trusting and high-quality relationships with their employer, and thus report positive outcomes (Saks, 2006). When employees perceive that management of the firm is unsupportive, they appear to view their jobs as displeasing (Susskind, Borchgrevink, Kacmar & Brymer, 2000). Such perceptions demonstrate that the organisation does not have a caring attitude to, approval of or respect for employees (Karatepe, 2011), and further indicate that the organisation does not provide adequate aid, whenever needed, to carry out job-related tasks effectively (Rhoades & Eisenberger, 2002). Under these circumstances, the lack of organisational support results in career dissatisfaction regarding pay, advancement, achievement of career goals and development of new skills (Karatepe, 2011).

Empirically, there is also evidence that minority employees experience restricted advancement opportunities (Alderfer, Alderfer, Tucker & Tucker, 1980; Nixon & West, 2000; Mor Barak, 2011), and report extensive dissatisfaction and frustration with their careers (Fernandez, 1985; Jones, 1986). However, this dissatisfaction can be curbed when minority employees perceive that they have a social exchange relationship with the organisation that is based on the care and concern they have perceived to have received from their organisations.

Hence, an organisation that invests in its employees through training and development, promotion opportunities etc., demonstrates care and concern for its employees, and should enhance career satisfaction amongst its employees. Based on the above discussion, I hypothesise the following:

Hypothesis 4c: Social exchange with organisation positively relates to career satisfaction.

3.9 CONCLUSION

In this chapter, I presented and discussed the distinctive features of my theoretical model, depicted in Figure 3.1. The theoretical perspective underpinning the relationships in the model - social exchange theory (SET) was discussed, highlighting its appropriateness for the study. Furthermore, I developed and formulated hypotheses based on theoretical and empirical arguments. Specifically, I hypothesised diversity management to relate to perception of support for diversity, perception of overall justice, and developmental experiences, respectively; which, in turn, leads to social exchange with the organisation, and ultimately to work outcomes defined in terms of career satisfaction, turnover intention and strain. Furthermore, I hypothesised diversity climate as a boundary condition of diversity management - perception of support for diversity, perception of overall justice, and developmental experiences relationships, respectively. In the following chapter (Chapter Four) I discuss the methodology used in conducting Study 1, and discuss the results.

CHAPTER FOUR

SCALE DEVELOPMENT AND VALIDATION (STUDY 1)

4.1 INTRODUCTION

The aims of this research are: (i) to develop and validate a measure of workforce diversity management practices; and (ii) to use this newly developed scale to develop and test a social-exchange-based model of the relationship between black and ethnic minority employees and their employing organisations, as well as examine the implications of this relationship for their work outcomes. Existing studies have found that one of the possible causes of the equivocal findings in the diversity management - work outcome relationships (cf. Nishii & Mayer, 2009) is the differences in the conceptualisation and measurement of diversity management. Hence, HR/DM scholars have highlighted the need to develop and validate a measure of the diversity management construct. In this chapter, I describe the methodology used in Study 1, including scale development and validation.

4.2 RESEARCH DESIGN – STUDY 1

I adopted a three-stage approach (phases 1, 2 and 3) to develop and validate a measure of diversity management, as recommended by DeVillis (2003). In Phase 1, an extensive literature review and a series of personal interviews with CEOs, human resource managers and diversity managers were used to generate a pool of items for the various dimensions of diversity management. In Phase 2, the items generated went through a phase of item purification and pre-test in preparation for the final phase. In the final phase (Phase 3), survey data were used to validate the newly developed scale.

Recommended procedures for scale development and validation (DeVillis, 2003; Spector, 1992) are: (i) construct definition (as set out in Chapter Two); (ii) generation of item pool; (iii) purification of measures; (iv) design and review an initial scale; and (v) administer the items to a sample of respondents in order to develop an internally consistent scale (reliability) and examine the validity of the scale using other samples (DeVellis, 2003; Spector, 1992). Evidence of validity is provided by convergent validity (the extent to which the scale measures what it is intended to measure), discriminant validity (the extent to which the scale measurements differ from measures of dissimilar constructs) and nomological/criterion-related validity (the extent to which the scale is related to its theoretical causes, correlates and effects (DeVellis, 2003; Nunnally & Bernstein, 1994). Figure 4.1 is a pictorial representation of the steps that were followed in developing and validating the diversity management practice scale. I examine and discuss each of these in the following sections.

Figure 4.1 *Diversity Management Practice measurement scale development methodology*

Specify Domain of DM Practice Constructs
- Literature Review
- Structured Interviews with Experienced Practitioners

Generate Item Pool
- Literature Review
- Existing Scales
- Items Suggested by Practitioners

Purify Measures
- Manual Sorting Instruments
- Independent Panels of Expert Judges
- Statistical Measurements
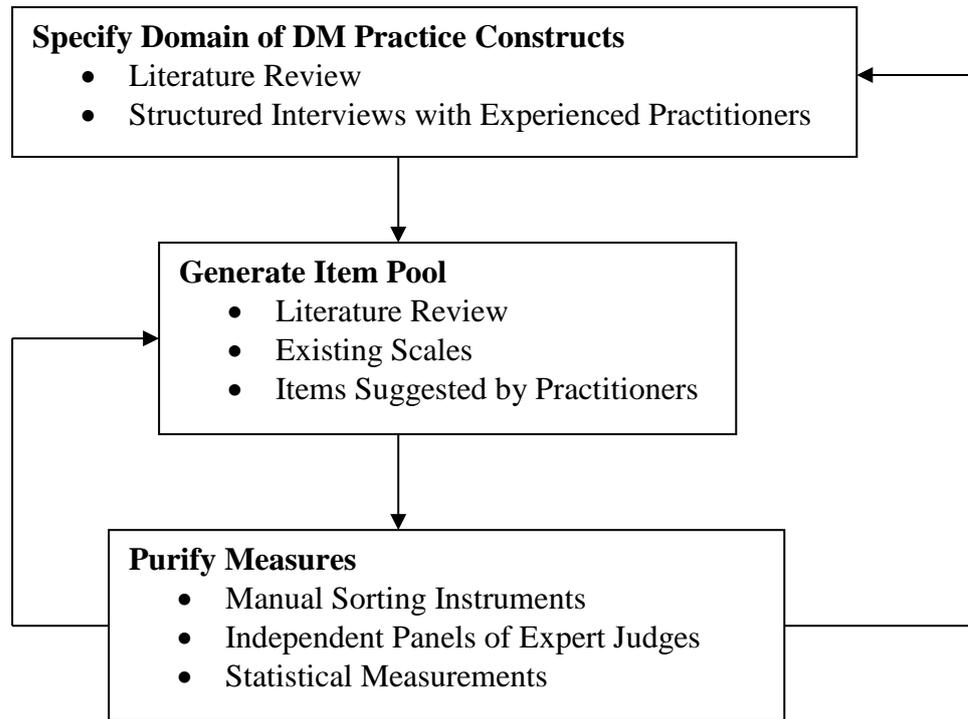
Adapted from Churchill, 1979

4.2.1 Phase 1 – Item Generation

4.2.1.1 Inductive versus Deductive Approach

There are two basic approaches to item generation used in scale development (Hikin, 1995). The first is deductive, sometimes called 'logical partitioning' or 'classification from above'. The second method is inductive, known also as 'grouping' or 'classification from below' (Hunt, 1991). Deductive scale development utilises a classification schema or typology prior to data collection (Hikin, 1995). This approach requires an understanding of the phenomenon to be investigated and a thorough review of the literature to develop the theoretical definition of the construct under examination (Hikin, 1998). The definition is then used as a guide for the development of items (Schwab, 1980). Inductive scale development, on the other hand, is appropriate when the conceptual basis for a construct may not result in

easily identifiable dimensions from which items can then be generated. Researchers usually develop scales inductively, by asking a sample of respondents to provide descriptions of their feelings about their organisations or describe some aspect of behaviour (Hikin, 1998). Responses are then classified into a number of categories by content analysis based on key words or themes, or on a sorting process. From these categorised responses, items are derived for subsequent factor analysis (Hikin, 1998).

Given the absence of a pre-existing taxonomy specifying the range of diversity management practices that occur in organisations, in this study I adopted an inductive approach to scale development. Specifically, I interviewed a sample of respondents, as described in Section 4.2.1.2. Responses were then classified into a number of categories by content analysis, based on key words or themes and items generated. These inductively generated items were then subjected to a sorting process which served as a pre-test, permitting the deletion of items that were deemed to be conceptually inconsistent.

It is, however, important to note that there was an element of deductive reasoning used in item generation. Specifically, an extensive literature review was undertaken, which assisted in the preparation of interview questions. Indeed, Bryman alludes to the inevitability of some element of deduction in an inductive process:

> *Just as deduction entails an element of induction, the inductive process is likely to entail a modicum of deduction... induction represents an alternative strategy for linking theory and research, although it contains a deductive element too.* (Bryman 2001, p. 10)

I discuss these processes in more detail in the following sections.

4.2.1.2 Sample and Data Collection

Interview participants were identified by personal networking, supplemented by the snowballing technique (i.e., a method that utilises contacts of contacts; see Mason, 1996). The participants were employed across the public and private sectors. This approach was particularly useful given the sensitive nature of my research domain. Based on these informal contacts, letters and emails were sent soliciting their participation in this research. These letters/emails contained the study's objectives, and assured them of confidentiality. In total, 26 letters were sent to Human Resource/Diversity managers, from whom I received 10 positive responses (see Table 4.1 for the demographic data of interview participants). Following these responses, interviews were arranged at a convenient time and location selected by interviewees, mostly at their work places.

   All interviews were face-to-face, and were conducted by the researcher. Interviews lasted an average of 1.5 hours. Before, during and after the interviews, interviewees were given the opportunity to ask any questions pertaining to the research or interview. Participants were asked questions about diversity and diversity management within their organisations (i.e. the present state of diversity, diversity management and equality), their perception and understanding of these constructs, and how diversity management is perceived and practised within their organisations (See Appendix 1 for Interview Questions). Interviewees were also assured of the confidentiality of their responses. All interviews were tape-recorded with the permission of participants, and notes were also taken during interviews. I transcribed the interviews verbatim (self-transcription allowed me to immerse myself in the data more fully) in order to capture the full essence of the views of the participants. At this stage, I also collected company documents and artefacts, including company newsletters, annual reports and company manuals.

Table 4.1: *Demographic Data of Interview Participants*

	Sector	*Industry*	*Seniority*	*Gender*	*Ethnicity*	*Org. Sise*
1	Public	Education	Senior Management	Female	White	Over 1000
2	Public	Education	Senior Management	Male	Non-White	Over 1000
3	Private	Consulting	Senior Management	Male	White	Over 1000
4	Private	Manufacturing	Senior Management	Male	White	Under 100
5	Private	Manufacturing	Senior Management	Female	White	Under 100
6	Public	Government	Senior Management	Female	Non-White	Over 500
7	Private	Retail	Senior Management	Male	Non-White	Over 400
8	Private	Distribution	Senior Management	Male	Non-White	Over 300
9	Private	Retail	Senior Management	Male	White	Over 300
10	Public	Government	Senior Management	Male	White	Over 1000

Following Hikin's (1998) recommended approach to scale development, a pool of items was developed on the basis of an extensive literature review (e.g. Naff & Kellough, 2003; Cox & Blake, 1991; Armstrong et al., 2010; Konrad & Linnehan, 1995) and in-depth interviews with HR/DM managers drawn from companies in the UK. The interviewees reported an average age of 45, and an average of 20 years' experience of managing employees of different racial and/or ethnic backgrounds. Their experience spanned various industries, including manufacturing, distribution, production, retail, banking and education. 80% of interviewees were from ethnic minority backgrounds, of which seven were female and three were male. Given the exploratory nature of this phase of the research, the sample size was deemed suitable for gaining preliminary insights into the issues of interest, and generating suitable items for measuring the diversity management construct (cf. Denzin & Lincoln, 2005).

4.2.1.3 Data Analytic Technique and Results

Coding Process. Following the item generation stage (discussed earlier), I embarked on a coding process as recommended by Strauss & Corbin (1998). I employed open, axial and selective coding to facilitate the task of analysis. First, I conducted 'open coding' using NVivo 8 in order to discover and identify the properties and dimensions of concepts in the data. This process involved line-by-line analysis of transcripts and the labelling of phenomena. Several recurring themes were noted in the data from all interviews about the meaning of diversity and the predominant diversity management practices in their organisations. Initially, 68 statements/items were developed to measure diversity management in organisations. However, these were further reduced during iterative analysis. The iterative analysis process involved me returning to the data several times to elucidate and refine the emerging themes. Second, 'axial coding' was employed to link the core categories together at the level of properties and dimensions. Use of this coding focused on exploring how each developed item related to the meaning of diversity management and how it was being practiced in these organisations, thus forming a more precise explanation of the practices that were uncovered. Finally, 'selective coding' was used as a process of integrating and refining findings. It involved the review of analysis to gauge consistency and logic, while exploring outlying cases, explaining variations and trimming extraneous concepts. In total, 55 statements/items survived this coding process and were then used for further purification (see Appendix 4 for items).

4.2.2 Phase 2 – Item Purification and Instrument Pretesting

4.2.2.1 Sample and Data Collection

Following the coding process, the remaining 55 items were subjected to an assessment of content/face validity, as discussed below. Participants in this phase were also identified by personal networking, supplemented by the snowballing technique. It is important to note that participants in this phase had not participated in the initial interviews for item generation.

4.2.2.2 Data Analytic Technique and Results

Item Purification and Instrument Pretesting. Following the item generation phase, 10 HR/DM managers in a leading retail firm in the UK served as judges to evaluate the content/face validity of the items. In this analysis, the 10 expert judges (Churchill, 1979; Judd, Smith & Kidder, 1991) were given a list of these items, and were asked to indicate the extent to which the items reflected diversity management practices within their organisation and any other organisation in the UK. They were further given the option to suggest items which were not included in the list, but which were relevant to diversity management. Items that did not receive consistency of use by the 10 judges were eliminated. A total of 12 statements were deleted in this process, resulting in 43 statements for further scale purification and analysis.

To further purify the items and establish content validity, a second set of two expert judges (Churchill, 1979; Judd, Smith & Kidder, 1991) was selected to review the items. One was an academic specialising in Strategic Human Resource Management (SHRM), and the other was a Human Resource (HR) director with over 30 years' HR experience. They were asked to review the items based on how well they captured the central idea (i.e. relevance of each item to intended measure), conciseness, and clarity of expression. After the review by

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these two judges, some items were reworded, added or deleted, reducing the items for use in the final questionnaire to 28.

The item pool was subsequently incorporated into a questionnaire. Responses to the questionnaire were elicited on a 5-point Likert-type scale, ranging from (1) 'not at all' to (5) 'to a very large extent'. Measures of other variables were also included in the questionnaire based on their anticipated theoretical relationship with diversity management practices, and therefore their usefulness in the validation process (see Appendix 6 for all the scale items used in the final questionnaire).

4.2.3 Phase 3 – Reliability and Validity Assessment

4.2.3.1 Sample and Data Collection

Data for this phase of Study 1 were obtained from a sample of ethnic and minority employees selected from a cross-section of public- and private-sector organisations generally considered leaders in diversity management within the UK.

A survey package containing the questionnaire, a cover letter guaranteeing confidentiality and explaining the purpose of the survey and the general nature (objective) of the study, and a self-addressed envelope for returning completed questionnaires were distributed to individual ethnic and minority employees of 20 pre-selected firms in the UK. The participants represented various industries, including health, manufacturing, distribution, production, retail, banking and education. Subsequent meetings were arranged between me (the survey coordinator) and participants via telephone calls and emails. At these meetings, the objectives of the study were explained, and further clarifications of key terms were given. After four weeks, a follow-up email was sent to participants who hadn't returned their survey.

Of the 300 questionnaires distributed, 185 completed questionnaires were returned, of which 15 were incomplete, resulting in 170 usable questionnaires, yielding a response rate of

55%. This is more than an adequate sample size for scale development purposes (Spector, 1992). Of the 165 respondents, 52% (85) were female. Respondents reported an average age of 35.70 years (s.d. = 9.76) and an average organisational tenure of 4.91 years (s.d. = 4.46). Respondents worked an average of 35.86 (s.d. = 8.96) hours per week. In terms of education, 71.9% (118) had gained at least an undergraduate or a first degree.

4.3 MEASURES

In addition to the diversity management items, I obtained data on a number of variables to test for convergent, discriminant and nomological validity.

Diversity Management. I used a 3-item scale developed by Pitts (2006a, 2009) to measure diversity management. Sample items included: 'Supervisors/team leaders in this organisation are committed to a workforce that is representative of all segments of the society'; and 'This organisation has policies and programmes that promote diversity (for example recruiting minorities and women, training in awareness of diversity issues, mentoring)'. These items were measured using a 5-point scale, ranging from (1) 'Not at all' to (5) 'To a very large extent'. The scale's alpha reliability in this study is .73.

Diversity Climate. I used a 5-item, abridged version of the original 16-item diversity perception scale (Mor Barak, 2005). The five items selected were adequate for this study, as they measured employees' perception of the diversity climate within their organisations. Sample items included: 'Managers here have a track record of hiring and promoting employees objectively, regardless of their race, gender, sexual orientation, religion or age';

'Managers interpret human resource policies (such as sick leave) fairly for all employees'; and 'Managers give assignments based on the skills and abilities of employees'. These items were measured using a 5-point scale, ranging from (1) 'Not at all accurate' to (5) 'Very accurate'. The scale's alpha reliability in this study is .92.

Organisational Commitment. I used a 6-item scale developed by Meyer, Allen & Smith (1993) to measure organisational commitment. Sample items included: 'I really feel as if these organisations' problems are my own'; 'I would be very happy to spend the rest of my career with this organisation'; and 'This organisation has a great deal of personal meaning for me'. These items were measured using a 5-point scale, ranging from (1) 'Strongly disagree' to (5) 'Strongly agree'. The scale's alpha reliability in this study is .83.

Perceived Overall Justice. I used a 6-item scale developed by Ambrose & Schminke (2009) to measure perceived overall justice. Sample items included: 'Overall, I am treated fairly by my organisation'; 'For the most part, my organisation treats its employees fairly'; and 'Usually the way things work in this organisation are not fair' (reverse-score). These items were measured using a 7-point scale, ranging from (1) 'Strongly disagree' to (7) 'Strongly agree'. The scale's alpha reliability in this study is .73.

Job Satisfaction. I used a 6-item, abridged version of the original 18-item job satisfaction scale developed by Brayfield & Rothe (1951). Sample items included: 'I am often bored with my job'; 'I am satisfied with my job for the time being'; and 'I feel fairly well satisfied with my present job'. These items were measured using a 5-point scale, ranging from (1) 'Strongly disagree' to (5) 'Strongly agree'. The scale's alpha reliability in this study is .85.

4.4 THEORETICAL JUSTIFICATION OF VARIABLES

The above variables were selected because of their theoretical relatedness to the diversity management construct. As discussed in Chapter Three, diversity management may relate to perception of overall justice because the origin of diversity management (equality/equal opportunities) is based on fairness and social justice (cf. Liff & Wajcman, 1996). From a social exchange perspective, when a company utilises diversity management practices effectively, employees perceive that decision processes are implemented on non-prejudicial factors and, accordingly, their sense of overall justice are enhanced (Magoshi & Chang, 2009). Thus, diversity management may relate to perception of overall justice.

Similarly, diversity climate may relate to employees' perception of a social exchange relationship with their organisation. This is because an organisation that invests in diversity management practices, policies and procedures signifies to employees that it values diversity. This could result in the development of a social exchange relationship with the organisation characterised by mutual trust, respect and obligation. Finally, based on the tenets of social exchange, adoption of diversity management practices will signal to minority employees that the organisation cares about them. This could create a feeling of empowerment and inclusion in the organisation, which employees reciprocate with commitment to the organisation. Similarly, job satisfaction reflects the fact that an organisation creates conditions or provides inducements that enable employees to meet their work goals or values.

Further, there is well-grounded empirical evidence to suggest a positive association between diversity management and attitudinal work outcomes, such as organisational commitment, job satisfaction, and perception of overall justice (e.g. Pitts, 2009; Mckay et al., 2007; Magoshi & Chang, 2009). I therefore focused on these constructs as a result of the aforementioned theoretical and empirical evidence.

4.5 FORMATIVE VERSUS REFLECTIVE STRATEGY

In this study (Study 1), I adopted a reflective strategy in developing and validating the diversity management scale. Research scholars have noted two strategies in scale development, depending upon the researcher's conceptualisation of the focal construct. These strategies are: (i) can either treat the (unobservable) construct as giving rise to its (observable) indicators (Fornell & Bookstein, 1982); or (ii) can view the indicators as defining characteristics of the construct (Rossiter, 2002). In the former case, measurement items would be viewed as *reflective* indicators of Z, and conventional scale-development guidelines (e.g. Churchill, 1979; DeVellis, 2003; Netemeyer, Bearden & Sharma, 2003; Spector, 1992) would be applicable. In the latter case, measurement items would be seen as *formative* indicators of Z, and index-construction strategies (Diamantopoulos & Winklhofer, 2001) would be applicable (Diamantopoulo & Siguaw, 2006). Given the nature of organisational practice measures, such as human resource practices, high performance work systems etc., which are usually multi-dimensional constructs, one might presume that the formative strategy might be more adequate for developing the diversity management scale. However, my choice of a reflective strategy was based on: (i) the comprehensive set of guidelines recently offered by Jarvis, Mackenzie & Podsakoff (2003) for choosing between reflective and formative specifications; (ii) theoretical considerations, implying that the formative method was considered but deemed inappropriate for the purpose of this study; and (iii) the idea that reflective measures (and use of covariance structure analysis) are better suited for theory development and testing purposes, whereas formative measures (accompanied by Partial Least Squares (PLS) estimation) are better for prediction (Anderson & Gerbing, 1988). Therefore, following existing methodological guidelines for scale development (e.g. DeVellis, 2003; Spector, 1992), I adopted a reflective strategy in developing and validating the diversity management scale.

4.6 DATA ANALYTIC TECHNIQUE

The final phase of Study 1 involved the use of various data analytic techniques to examine the reliability and validity of the new scale. First, reliability (internal consistency) was conducted at the initial stage of analysis, at various points during the analysis process, and at the end with the final items. Reliability is essentially about the variation in a given measurement scale, which is ascribable to a common underlying cause (and not random error) – assumed to be the measured construct (DeVellis, 2003). A measurement construct is said to have high reliability when "independent but comparable measures of the same trait or construct of a given object agree" (Churchill, 1979, p. 65). An analysis of a scale's internal consistency builds upon the idea that scale items should exhibit high inter-correlations (DeVellis, 2003). Based on classic measurement theory, it has been argued that if the true score of the latent construct highly influences the scores of the scale items, then the individual scale items should also be highly inter-correlated (DeVellis, 2003). Hence, highly inter-correlated scale items should provide an indication of their strong relation to the latent construct that they intend to measure (Lee & Hooley, 2005). The most commonly used measure in evaluating a scale's reliability (internal consistency) is Cronbach's (1951) coefficient alpha (DeVellis, 2003). Extant literature suggests a coefficient alpha of .70 as the lower bound (or cut-off value) for acceptable levels of internal consistency (cf. Nunnally, 1978).

Second, factor analysis was conducted. Factor analysis is mainly used to reduce data to a smaller set of summary variables and to assess how many factors are in a scale (i.e. dimensionality). Two main factor-analytic techniques are used in my study. They include Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). EFA can be thought of as a technique for data reduction, and can be used to discover the factor structure of a measure and to examine its internal reliability. In essence, the central objective of EFA is

to determine the latent construct (factor) which causes the observed correlations between scale items in the dataset (Sharma, 1996). In this study, the primary objectives of conducting EFA were to elucidate: (i) how many factors are present in the scale; (ii) which items are related to each factor; (iii) whether the factors are correlated or uncorrelated; and (iv) which items need to be dropped so as to refine the scale items. The decision whether or not to delete an item was based on the following: (i) communality (which indicates the variance in each item explained by the extracted factors – ideally above .5); (ii) primary (target) factor loading (which indicates how strongly each item loads on each factor which should generally be above .5, and preferably above .6); (iii) item cross-loadings (which indicates how strongly each item loads on each other factor – there should be a gap of at least ~.2 between primary and cross-loadings, with cross-loadings above 0.3 being worrisome); (iv) meaningful and useful membership to a factor (whereby I read over each item to check whether it makes a meaningful and useful (non-redundant) contribution to an identifiable factor (face validity)); and (v) reliability (whereby I checked the internal consistency of each factor using Cronbach's alpha, and checked alphas if the item were removed, to determine whether removal of any additional items would improve reliability). Overall, EFA was used to purify the scale, thus improving the assessed measure (Churchill, 1979; Gerbing & Anderson, 1988).

Confirmatory factor analysis (CFA), on the other hand, was conducted as an additional tool for assessing the scale's dimensionality and model fit. CFA permits further validity testing of the scales by assessing the factor loadings and the overall factorial model fit (i.e. how adequately the items measure a single factor, as proposed through the EFA). It has been argued that EFA typically does not provide an explicit test of unidimensionality because it only examines the internal, not the external, consistency of a measure (Gerbing & Anderson, 1988, p. 189). This is rectified with the use of CFA. Therefore, in order to more

rigorously assess the items in the scale, a CFA was employed to also assess the external consistency, dimensionality and model fit of the measure. Structural Equation Modelling (SEM), using LISREL 8.80 (Joreskog & Sorbom, 2006), was used in conducting the CFA. The use of SEM in conducting the CFA offers two major benefits: (i) measurement error estimates are taken into account; and (ii) observed as well as latent (unobserved) variables can be modelled (Bollen, 1989a; Fornell & Larcker, 1981). The steps followed in conducting and examining CFA in this study included: (1) data preparation; (2) model specification; (3) model identification; and (4) evaluation of model fit. A number of indices have been recommended for use in assessing model fit. The two most popular ways of evaluating model fit are the Chi square (x^2) goodness of fit statistics and fit indices (Hu & Bentler, 1999, p. 2). Chi square (x^2) statistics test the deviation of the covariance matrix produced by the confirmatory factor analysis estimation, derived from the covariance matrix produced by the observed data (Hu & Bentler, 1999). Ideally, x^2 should be non-significant (i.e. p > .05), indicating that the estimated matrix is not significantly different from the observed matrix. A number of issues have, however, been highlighted by researchers regarding the x^2 test, particularly sample size issues, where the x^2 test amplifies with increasing sample size (cf. Hu & Bentler, 1995). Because of this, x^2 statistics are used in conjunction with fit indices when assessing model fit.

Model fit indices have been divided into two, namely 'absolute fit' (which includes standardised root mean square residual (RMSR), root mean standard error of approximation (RMSEA), and the adjusted goodness-of-fit index (AGFI)), and 'incremental fit' indices (which include the incremental fit index (IFI), comparative fit index (CFI), normed fit index (NFI) and the Tucker-Lewis index/non-normed fit index (TLI/NNFI) (see Hu & Bentler, 1999, for an extensive discussion of these fit indices and their components). For the purpose of this study, however, a combination of fit indices was employed in assessing model fit

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(Hoyle & Panter, 1995), specifically: the root-mean-square residual (RMSR); the comparative fit index (CFI; Bentler, 1990); and the incremental fit index (IFI; Bollen, 1989). The latter two are fairly stable in smaller samples (i.e. $N = 170$). Other fit indices, such as goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI) and normed-fit-index (NFI), behave erratically, or are not robust in smaller samples (Hu & Bentler, 1995); hence, the use of these indices was deemed less appropriate in evaluating fit in this study. Furthermore, following recommendations by Hu & Bentler (1999), Chi-square (x^2), Non-normed fit index (NNFI) and root mean square of approximation (RMSEA) were also considered in assessing fit. Root mean square residual (RMSR) is the square root of the difference between the residuals of the sample covariance matrix and the hypothesised covariance model (Hooper, Coughlan & Mullen, 2008, p. 54). Hu and Bentler (1999) suggest a cut-off point of .08 as appropriate (i.e. < .08 for adequately fitting models). Root mean square of approximation (RMSEA) provides information on how well the hypothesised model's covariance matrix fits the covariance matrix from the observed data (Byrne, 1998). It has been generally accepted that RMSEA values below .08 represent a good fit; however, more recent research suggests a value of ≤ .06 for a well fitted model (Hu & Bentler, 1999). Comparative fit index (CFI), incremental fit index (IFI) and non-normed fit index (NNFI) are forms of incremental model fit indices which measure the relative improvement of a model's fit to a null model. An accepted cut-off point, as indicated by research, is ≥ .90 (Hu & Bentler, 1999; Hooper et al., 2008).

Subsequent to the successful evaluation of the model fit, convergent and discriminant validity were assessed. Convergent validity in this study was assessed using three data analytic techniques: item reliability, construct reliability (Cronbach alpha) and average variance extracted (AVE; Fornell & Lacker, 1981). Item and construct reliabilities have been described above. Average variance extracted examines the amount of variance that is

captured by the construct in relation to the amount of variance due to measurement error (Fornell & Larcker, 1981, p. 45). In other words, the AVE estimate is the average amount of variation that a latent construct is able to explain in the observed variables to which it is theoretically related, while accounting for measurement error (Farrell, 2012, p. 324). The formula for calculating AVE, as suggested by Fornell and Larcker (1981), is AVE (Average Variance Extracted) = {sum of (standardised loadings squared)} / {sum of (standardised loadings squared)] + (sum of indicator measurement errors)}. According to Fornell and Larcker (1981), the recommended threshold for AVE is > .5.

Finally, following recommendations by Fornell and Larcker (1981), discriminant validity and nomological validity were assessed. Below is a full discussion of the process and the results.

4.7 RESULTS

4.7.1 Reliability and Dimensionality Assessment

4.7.1.1 Exploratory Factor Analysis (EFA)

Exploratory factor analysis was performed using SPSS Version 18. Prior to performing the EFA, suitability of the data for factor analysis was assessed using two statistical measures: Bartlett's test for sphericity and the Kaiser-Meyer-Oklin (KMO) measure of sampling adequacy. Bartlett's test measures item homogeneity, and allows for conclusions on the correlation between variables (Hair et al., 2010). A significant Bartlett's test shows that items are sufficiently intercorrelated based on a correlation matrix that is not orthogonal (i.e. not an identity matrix); therefore, the underlying data are assumed to be suitable for a factoring (EFA) process (cf. Sharma, 1996). In addition, the KMO measure was

examined to further determine homogeneity. Specifically, this indicator can take on values between 0 and 1, with higher values suggesting greater homogeneity of variables (Sharma, 1996). It is generally accepted that a KMO measure greater than .5 implies that the underlying data can be considered suitable for factoring (e.g. Hair et al., 2006). In this study, inspection of the correlation matrix revealed the presence of many coefficients of .3 and above. The Kaiser-Meyer-Oklin value was .92, exceeding the recommended value of .60 (Kaiser, 1970, 1974), and Bartlett's test of sphericity (Bartlett, 1954) reached statistical significance, supporting the factorability of the correlation matrix.

Following the test for suitability, EFA was conducted using principal axis factoring (PAF) with VARIMAX rotation. There are basically two methods of factor extraction available to the researcher when conducting factor analysis: principal component analysis (PCA) and factor analysis (FA). While principal component analysis utilises the observed variance in the data set to create new variables which are composed of the original items, factor analysis (which is composed of PAF) identifies an underlying or latent factor responsible for observed correlations among the original items (Lee & Hooley, 2005; Kline, 2000; Sharma, 1996). Therefore, the factor analysis extraction method is consistent with reflective measurement theory (which is based on the tenet that a single construct underlies any set of scale items. i.e. any change in the construct is presumed to bring about a change in the scale items). Principal component analysis extraction method, on the other hand, results in factors that do not necessarily have a conceptual meaning (Lee & Hooley, 2005). For example, factors in factor analysis are conceptualised as 'real world' entities, such as strain, management, depression, anxiety and disturbed thought. This is in contrast to principal components analysis (PCA), where the components are simply geometrical abstractions that may not map easily onto real world phenomena. Furthermore, compared with principal component analysis, the outcomes of factor analysis (particularly principal axis factoring)

should more effectively generalise to confirmatory factor analysis (CFA) (Floyd & Widaman, 1995). This is because, like confirmatory factor analysis, principal axis factoring method of factor analysis analyses covariance. Consequently, in line with the aims of Study 1 (i.e. to develop and validate a measure of diversity management), factor analysis (particularly principal axis factoring (PAF)) was deemed a suitable extraction method.

Additionally, when conducting PAF, there are basically two types of factor rotation methods available to the researcher (i.e. a technique aimed at simplifying interpretations of individual measurement items' factor loadings by means of factor axis manipulation – see Sharma, 1996): oblique and orthogonal factor rotation methods (Cattell, 1978). While the oblique rotation method allows factor axis to correlate (i.e. solutions are not restricted to orthogonality), the orthogonal rotation method constrains factor axis by not allowing factors to correlate (i.e. factors are treated as independent, uncorrelated solutions) (Lee & Hooley, 2005). Scholars have argued that, in theory, the oblique rotation method is superior to the orthogonal rotation method because it is assumed that in the real world most constructs are correlated (cf. Cattell, 1978). However, most researchers tend to use the orthogonal rotation method (particularly VARIMAX) because of its statistical advantage, which is the fact that it deals with the issues of multicollinearity between factors (cf. Lee & Hooley, 2005). Therefore, following scale-development researchers (e.g. Mor Barak & Cherin, 1998) I employ the VARIMAX rotation method in my study.

Using the above methods (i.e. principal axis factor extraction with VARIMAX rotation), EFA was performed. In order to interpret the results, the scree plot, variance accounted for and residual correlation matrices were examined, in addition to the conditions for deletion as discussed earlier. Specifically, items with factor loadings less than .32, or cross-loadings less than .15 difference from the item's highest factor loading were deleted. The criteria for determining the magnitude of loadings and cross-loadings have been

described as a matter of researcher preference (Tabachnick & Fidell, 2001). Further, items with low communalities (i.e. < .40) were also deleted. Finally, items that failed to contribute meaningfully to any of the potential factor solutions were deleted. In total, 13 items were subsequently dropped from further analysis. Results of the exploratory factor analysis revealed the presence of five components with eigen values exceeding 1, explaining 43.3%, 11.6%, 5.3%, 4.2% and 3.8% of the variance, respectively. An inspection of the scree plot revealed a clear break after the second component. Using Catell's (1966) scree test, I decided to retain two components for further investigation. The two-component solution explained a total of 68.73% of the variance, with component 1 contributing 60.69% and component 2 contributing 8.04%. To aid in the interpretation of these two components, VARIMAX rotation was performed. The rotated solution revealed the presence of a simple structure (Thurstone, 1947), with both components showing a number of strong loadings, and all items loading substantially on either the first or second components.

Table 4.2 contains the factor matrix with the item loadings for each factor. Each item clearly loaded on one of the two dimensions. The main loadings on Component 1 reflected how diversity management is framed within an organisation, while the loadings on Component 2 reflected the organisation's attitude towards diversity management practices. Effective framing of diversity management practices involves the organisation communicating diversity in positive ways through its practices, and also consistently communicating at every opportunity the role of diversity in helping the organisation accomplish its diversity goals. On the other hand, the organisation's attitude towards diversity management practices involves the organisation making a conscious effort to support diversity through its policies, practices and strategies.

Table 4.2 *Exploratory Factor Analysis (EFA) of Diversity Management Practice (DMP) Items*

Items	Factor 1	Factor 2	Communality
Multicultural awareness training is part of the diversity management programme	.761		.617
Diversity training objectives are communicated to employees	.843		.730
Role models from minority ethnic backgrounds are nurtured and coached to be mentors	.744		.526
There are formal procedures for obtaining feedback on diversity management practices	.807		.677
This organisation spends money and time on diversity awareness and related training	.851		.782
This organisation evaluates the effectiveness of diversity training provided to employees	.838		.747
Employees normally go through training in diversity-related employment issues	.910		.752
Diversity management-related issues/memos are shared with employees	.623		.662
The formal orientation programme emphasises the need to work with employees of diverse backgrounds		.704	.700
Employees are adequately informed about the importance of diversity management issues		. 675	.755
The management of this organisation puts a lot of emphasis on having a diverse workforce		.873	.733
Cooperation among employees of diverse work groups is emphasised		.984	.731
Employees have access to diversity materials used in the organisation		.604	.669
Suggestions on how to improve cooperation among this organisation's demographically diverse workforce are shared with employees		.579	.659
Employees have access to policy information regarding diversity management practices		.665	.569
Eigenvalue	9.10	1.21	
Variance explained (%)	60.69	8.04	
Cumulative (%)	60.69	68.73	

4.7.1.2 Confirmatory Factor Analysis (CFA)

As noted earlier, CFA permits further validity testing of the scales by assessing the factor loadings and the overall factorial model fit. In this study, CFA was used to examine how adequately items measure a single factor, as revealed by EFA results (i.e. to cross-validate the exploratory factor analysis results). Prior research has employed this strategy in scale development and validation (e.g. Sin, Tse & Yim, 2005). Scholars have recommended the use of CFA because of the objective of scale development (Hikin, 1995). Specifically, they have noted that exploratory techniques allow for the elimination of obviously poorly loading items, but the advantage of CFA (using LISREL, or similar approaches) is that it allows the researcher more precision in evaluating the measurement model (Hikin, 1995).

Accordingly, CFA was conducted using LISREL 8.80 (Joreskog & Sorbom, 2006). The two factors obtained from the EFA were allowed to freely correlate, and the error terms for each item, in addition to multiple fit indices (as discussed above), were assessed. This two-factor model was also compared to a one-factor model to assess fit. The results suggested that the two-factor fit the data better than the one-factor model (See Table 4.3). However, inspection of the fit indices showed less-than-acceptable model fit, indicating that scale modifications were needed.

During the scale modification process, several tests were conducted to determine whether an item was kept or discarded. Specifically, squared multiple correlations, and both the lambda-X (LX) and theta delta (TD) modification indices were evaluated to determine whether an item had poor explanatory power, cross-loaded with another construct, or had high correlated errors with other items. Before any item was removed, however, I evaluated it to make sure it did not theoretically weaken the scale or compromise reliability. Based on the evaluations of modification indices and face validity of the scale (i.e. examining the item content in light of the CFA results), six items were deleted, leaving nine items. Rerun of the

CFA showed that all items loaded on one factor and had a better fit than the previous models. Specifically, the CFA of the alternative one-factor model showed a good fit, $x^2 (27) = 61.75$ –, $p < .01$, CFI = .98, IFI = .98, NNFI = .98, RMSR = .06 and RMSEA = .08 – with all indices falling within acceptable ranges (Hu & Bentler, 1995). The CFA fit statistics for the one-factor model, two-factor model and the alternative one-factor model (the new 9-item scale) are shown in Table 4.3. Subsequently, a reliability test was conducted with these nine items. The Cronbach alpha for the adjusted diversity management scale score with nine items was α = .93, indicating good scale reliability (internal consistency) as it was above the .70 threshold (alpha estimates of between .60 and .70 are considered acceptable (Hair et al., 2006; Nunnally, 1978).

Table 4.3 *Confirmatory Factor Analysis of Diversity Management Practice (DMP) Items*

	Competing Models	$x^2(\Delta x^2)$	df(Δdf)	CFI	IFI	RMSEA	RMSR	NNFI
Comparison of the CFA results obtained from the DMP construct	One-Factor	447.1(385.4)	90(63)	0.931	0.931	0.156	0.107	0.919
	Two-Factor	234.7(173)	89(62)	0.972	0.972	0.100	0.087	0.967
	Alternative One-Factor Model	61.7(-)	27(-)	0.985	0.985	0.085	0.060	0.980

Figure 4.2 *Results for Confirmatory Factor Analysis (Alternative One-factor Model)*
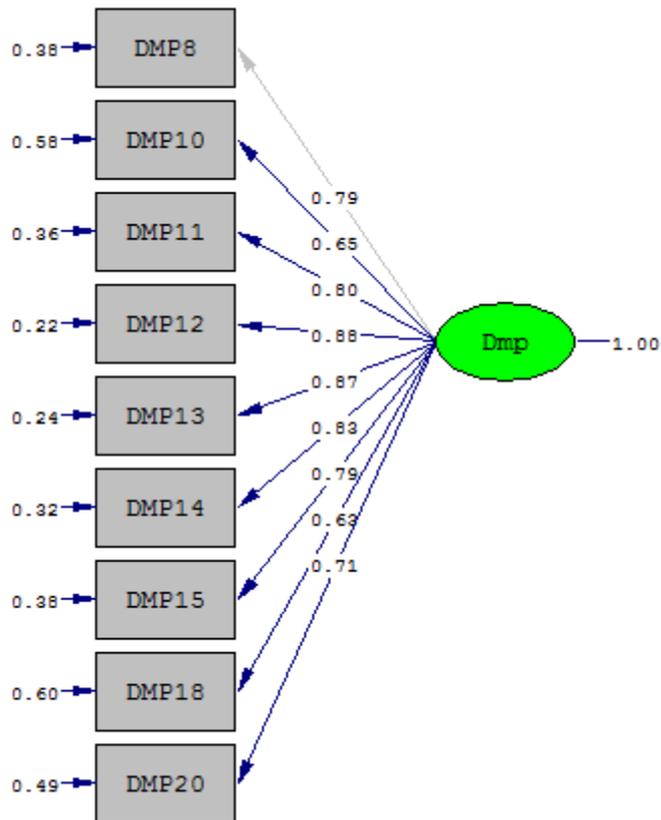
4.8 SCALE/CONSTRUCT VALIDATION

Construct validity is defined as the degree to which a measure assesses the construct it is purported to assess (Peter, 1981, p. 134; also see Schwab, 1980). In this section, the construct validity of the diversity management scale was examined by assessing convergent, discriminant and nomological validities.

4.8.1 Content Validity

Content validity of the diversity management scale was based on theoretical expectations, and upon expert opinions of researchers and practitioners (e.g. Shin, Collier & Wilson, 2000). As noted earlier, all scale items were taken from the literature and from the in-depth interviews with HR/diversity managers. Although the assessment of content validity is a subjective process (Carmines & Zeller, 1979), the comprehensive content (i.e. the items within the scale) of the scale derived from an extensive literature search, in-depth interviews and the use of expert judges provided support for acceptable content validity (DeVellis, 2003; Spector, 1992).

4.8.2 Convergent and Discriminant Validity

Convergent validity refers to the degree of agreement between two or more measures of the same construct. Evidence of convergent validity was assessed by three measures: item reliability; construct reliability (Cronbach alpha); and average variance extracted (AVE – Fornell & Lacker, 1981). Item reliability was evaluated by the size of the loadings of the measures on their corresponding constructs. According to Falk and Miller (1992) and Chin (1998), most of the loadings should be at least .60, and ideally .70, or higher. This indicates that each measure is accounting for 50% or more of the variance in the underlying latent

variable (Bagozzi, 1994; Fornell & Larcker, 1981; Hair et al., 2006). Given that all the items loaded highly (i.e. > .60) on the diversity management factor demonstrates the scale's convergent validity (Fornell & Lacker, 1981). Table 4.4 shows the item loadings for the measurement model, indicating adequate convergent validity. Further, as mentioned earlier, the Cronbach alpha's assessing reliability of each factor was deemed adequate. Alpha for the diversity management practice scale was .93, which is above the typical .70 cut-off (Nunnally, 1978). Finally, the AVE score for the diversity management practice scale was .65 (see Table 4.4). According to Fornell & Larcker (1981), convergent validity is established if the value of the variance extracted exceeds .50 for a factor. Taken together, my analysis demonstrates that the newly developed diversity management practice scale is uni-dimensional and has a high degree of convergent validity.

Table 4.4 *Measurement Model Items*

Construct items	Loadings	Average variance extracted	Cronbach alpha
		.65	.93
DMP8	.79		
DMP10	.66		
DMP11	.80		
DMP12	.88		
DMP13	.87		
DMP14	.82		
DMP15	.79		
DMP18	.63		
DMP20	.71		

Discriminant validity is the extent to which a measure is indeed novel, and not simply a reflection of some other variables (Churchill, 1979). Hence, assessment of discriminant validity requires comparison with other constructs. Campbell and Fiske (1959) argue that constructs can be invalidated by too high correlations with other constructs from which they

were intended to be differentiated (p. 81). In order to assess the discriminant validity of the diversity management practice scale (and as previously noted), data were collected on a number of variables theorised to relate to DMP. These variables are diversity management (Pitts, 2009) and diversity climate (Mor Barak, Cherin & Berkman, 1998; DeNisi & Gonzalez, 2009) (see Chapter Three for construct definitions). One way by which discriminant validity can be demonstrated is through the magnitude of the correlations between the measure of interest and other measures that are supposedly not measuring the same variable (Mor-Barak et al., 1998; Heeler & Ray, 1972). The objective is to confirm that each item correlates more strongly with its respective factor than with all other factors (indicating that the item 'discriminates' its own factor from others).

Accordingly, discriminant validity was assessed by Fornell and Larcker's (1981) test. According to these authors, a construct may be considered to have adequate discriminant validity if the square root of the AVE for each construct is larger than the correlation between that construct and any other construct in the model (Chin, 1998; Fornell & Larcker, 1981). As shown in Table 4.5, all constructs in the estimated model fulfilled this condition of discriminant validity. The relatively high variance extracted for each factor, compared to the correlations between constructs, offers evidence of discriminant validity.

Table 4.5 *Descriptive Statistics and Correlation Among Construct Scores*

	DMP	Diversity Management	Diversity Climate
DMP	**.81**		
Diversity Management	.47	**.80**	
Diversity Climate	.12	.58	**.87**
M	2.55	3.11	3.53
SD	1.01	0.95	1.03

(Square Root of Average Variance Extracted in the Diagonal)

4.8.3 Nomological validity

Nomological validity refers to the ability of a scale to behave as expected with respect to some other constructs to which it is related (Churchill, 1995). This type of validity is based on hypothesised relationships between theoretical causes and effects of the test construct. There are well-grounded theoretical reasons to expect a positive association between diversity management and attitudinal work outcomes, such as organisational commitment, job satisfaction and perception of overall justice (e.g. Pitts, 2009; McKay et al., 2007; Magoshi & Chang, 2009). Thus, in the current context, nomological validity would be demonstrated if diversity management positively and significantly related to job satisfaction and organisational commitment. From a social exchange perspective, we can expect that an employee who perceives that the organisation values diversity management by its implementation of diversity management practices is more likely to reciprocate with a positive attitude, such as organisational commitment (cf. Pitts, 2009; McKay et al., 2007; Magoshi & Chang, 2009).

As shown in Table 4.6, diversity management positively related to organisational commitment ($r = .35$, $p < 0.001$) and job satisfaction ($r = .43$, $p < 0.001$), suggesting evidence of nomological validity for the proposed diversity management practice scale.

Table 4.6 *Means, Standard Deviations, and Inter-correlations*

Variable	*M*	*SD*	α	1	2	3
(*N* = 170)						
1. Diversity management practices	22.91	9.04	.93	-		
2. Job satisfaction	19.42	5.33	.85	.43**	-	
3. Organisational commitment	17.83	5.58	.83	.35**	.69**	-

Note. **p < 0.001 (2-tailed)

In summary, the findings suggest evidence for convergent validity, discriminant validity and nomological validity, indicating that the newly developed 9-item uni-dimensional diversity management practice scale has adequate psychometric properties (see Appendix 7 for final DMP scale items).

4.9 METHOD BIAS

Because of the self-reported nature of the data, common method variance is a potential issue. The most frequently found sources of method variance in self-report surveys are acquiescence and social desirability bias (Spector, 1987). Acquiescence bias is the tendency to agree with items independent of content (Winkler, Kanouse & Ware, 1982, p. 555). Social desirability, on the other hand, refers to the need for social approval and acceptance, and the belief that it can be attained by means of culturally acceptable and appropriate behaviours (Crowne & Marlowe, 1964, p. 109). Various procedural and statistical remedies were used in minimising or eliminating the potential effects of common method variance on the findings of this study, as recommended by Podsakoff, MacKenzie, Lee & Podsakoff (2003).

First, the cover letter attached to the survey assured respondents of their anonymity, and emphasised that there were no right or wrong answers. This procedure was used to reduce respondents' evaluation apprehension and make them less likely to edit their responses to be more socially desirable, acquiescent and consistent with how they thought the researcher wanted them to respond (Podsakoff et al., 2003). Furthermore, varying response options (e.g. 5-point response options ranging from 'Not at all' to 'To a very large extent', and 6-point response options ranging from 'Strongly disagree' to 'Strongly agree') were used to further minimise method bias.

Second, partial correlation was used to control the effects of method variance. There are several different variations of this procedure, including: (i) partialling out social desirability or general affectivity; (ii) partialling out a 'marker' variable; and (iii) partialling out a general factor score (Podsakoff et al., 2003). In this study, a marker-variable technique was used. This involves the use of a marker variable to assess the extent of method bias in self-reports (Lindell & Brandt, 2000; Lindell & Whitney, 2001). Marker variables can be identified by selecting a variable that theoretically should not be related to at least one of the study variables. As noted in the literature, two variables that are frequently assumed to cause common method variance are the respondents' affective states and their tendency to respond in a socially desirable manner (Podsakoff et al., 2003). In view of this, the variable 'negative affectivity' was chosen as the marker variable in this study, as it was expected to be unrelated to diversity management. Negative affectivity is defined as a mood-dispositional dimension that reflects pervasive individual differences in negative emotionality and self-concept (Watson & Clark, 1984). Negative affectivity is characterised by a tendency to focus on the negative aspects of persons (including self) and the world in general, and by a tendency to experience high levels of distress. Negative affectivity was measured according to the negative 10 items from the PANAS (Positive and Negative Affect Scale) developed by Watson, Clark and Tellegen (1988). Participants were asked to rate 'to what extent' they generally felt about each of the items. Similar to previous research (Chen & Spector, 1991; Jex & Spector, 1996), the marker variable was used to control for these biases by measuring it directly, and then partialling out the effect on the predictor and criterion variables. The difference between the zero-order correlations was compared using Olkin and Finn's (1995) significance test (cf. Spector, Chen & O'Connell, 2000).

More specifically, partial correlation was used to explore the relationships between diversity management practices (DMP), organisational commitment (OC) and job

satisfaction, while controlling for negative affectivity. There was a positive, partial correlation between DMP and OC, controlling for negative affectivity, r = .36, n = 170, p < .001, with high levels of diversity management being associated with increased levels of organisational commitment. Subsequently, there was a positive, partial correlation between diversity management practice and job satisfaction, controlling for negative affectivity, r = .45, n = 170, p < .001, with high levels of diversity management being associated with increased levels of job satisfaction. An inspection of the zero order correlation coefficients (r = .35 and .43 respectively) revealed that controlling for negative affectivity had very little effect on the strength of the relationship between the variables, suggesting that the findings are substantive and not an artefact of the method used.

4.10 CONCLUSION

The purpose of Study 1 was to develop and validate a diversity management practice scale. This was done in three phases: item generation; item refinement; and scale validation. Following item generation and refinement, the remaining items were subject to an extensive scale-validation process. Findings from this process provided support for the reliability and validity of the scale. First, the comprehensive content (i.e. the items within the scale) of the scale derived from an extensive literature search and in-depth interviews, and the use of expert judges provided support for acceptable content validity. Second, high item loadings (> .60), high Cronbach alpha (.93) and a high AVE score (> .50) demonstrated the convergent validity of the scale. Third, the relatively high variance extracted for each factor, compared to the correlations between the diversity management practice construct and other related constructs (i.e. diversity management and diversity climate), suggested evidence of discriminant validity. Finally, the positive and significant relationship between the diversity management practice scale and job satisfaction and organisational commitment, respectively, demonstrated nomological validity. Taken together, these results demonstrated substantial support for a 9-item uni-dimensional diversity management practice scale (see Appendix 7 for the final scale items). In the following chapter I describe the methodology used in testing the hypothesised relationships discussed in Chapter Three.

CHAPTER FIVE

MAIN STUDY (STUDY 2)

5.1 INTRODUCTION

The validation analysis in the preceding chapter provided initial empirical evidence for the psychometric properties of the newly developed uni-dimensional diversity management practices scale. The main objective of Study 2 was to use the newly developed diversity management scale to develop and test a social exchange-based model of the relationship between black and ethnic minority employees and their employing organisations. Specifically, in this study I examined: (i) perceptions of support for diversity, perceptions of overall justice, and developmental experiences (indicators of integration into organisational life) as mediators of the relationship between diversity management and social exchange with organisation; (ii) the moderating influence of diversity climate on the relationship between diversity management and these indicators of integration; and (iii) the work outcomes of social exchange with organisation defined in terms of career satisfaction, turnover intention and strain. In this chapter, I describe Study 2's methodology (sample and data collection procedures, measures and data analytic techniques), present the results of the data analysis, and provide an interpretation of the findings.

5.2 SAMPLE AND DATA COLLECTION

The sensitive nature of my research domain contributed to significant difficulties in gaining access into organisations, as organisations were sceptical about releasing information on diversity and diversity management. However, following a very long and exhausting period of negotiation, I succeeded in obtaining access to a sample of ethnic and minority employees, selected from a cross-section of public and private sector organisations that were generally considered leaders in diversity management within the UK. These organisations were in such diverse industries as finance, retail, health, education, manufacturing, construction, hotels and restaurants.

I made initial contact with the CEOs/HR managers of these organisations. Based on these informal contacts, letters were sent to each of the selected organisations soliciting their participation in the study. I assured them that individual responses from participants would be held in strict confidence, and that the data would be used solely for the purposes of this study. The letter also stated that the objective of the study was to examine minority employees' perceptions and experience of diversity management practices within their organisations. Meetings were subsequently arranged with managers in order to ascertain the best methods for distributing and collecting questionnaires. It was decided that contact persons from each of the organisations be selected and tasked with the responsibility of compiling a list of ethnic and minority employees, administering the survey questionnaires, and following up on the participants. I then sent survey packages to the selected contact person in each of the participating organisations. The survey packages contained questionnaires for each of the participants, and a self-addressed envelope for returning completed questionnaires. Drop-boxes were also provided at the reception point of each of the organisations, where completed questionnaires, sealed in these envelopes, could be dropped off.

Of the 400 survey packages distributed, 220 were returned, of which 191 were filled out completely and were used for further analysis, representing a response rate of 47.75%. Of the 191 respondents, 48% (92) were female, 36.8% (70) were between the ages of 30-39 years old, and reported an average organisational tenure of 4.47 years (s.d. = 4.39). Respondents worked an average of 34.22 hours (s.d. = 9.27) a week. In terms of educational attainment, 77.3% (110) had achieved at least an undergraduate or first degree.

5.3 MEASURES

Diversity Management Practice (DMP). I used the 9-item scale developed and validated in Study 1 to measure diversity management practices. Sample items were: 'Diversity training objectives are communicated to employees'; and 'The management of this organisation puts a lot of emphasis on having a diverse workforce'. These items were measured using a 5-point response option ranging from (1) 'Not at all' to (5) 'To a very large extent'. The scale's alpha reliability in this study is .93.

Perceived Diversity Climate (DC). I used a 5-item, abridged version of Mor Barak's 16-item (2005) scale to measure diversity climate. Sample items were: 'Managers here have a track record of hiring and promoting employees objectively, regardless of their race, gender, sexual orientation, religion, or age'; and 'Managers interpret human resource policies (such as sick leave) fairly for all employees'. These items were measured using a 5-point response option ranging from (1) 'Not at all accurate' to (5) 'Very accurate'. The scale's alpha reliability in this study is .88.

Developmental Experiences (DE). I measured DE with a 6-item scale developed by Wayne et al. (1997). Sample items included: 'In the position that I have held in this organisation, I have often been given additional challenging assignments'; and 'In the positions that I have held in this organisation, I have often been assigned projects that have enabled me to develop and strengthen new skills'. These items were measured using a 7-point response option ranging from (1) 'Strongly disagree' to (7) 'Strongly agree'. The scale's alpha reliability in this study is .87.

Perception of Support for Diversity (POSD). I measured POSD with a 3-item 'Managing Diversity' factor from Hegarty and Dalton's (1995) Organisational Diversity Inventory. Selected items were: 'My organisation has sponsored classes, workshops, and/or seminars on managing the diverse workforce'; and 'My Company accommodates the needs of diverse persons (e.g. disabled persons, minority employees, religious groups)'. These items were measured using a 7-point response option ranging from (1) 'Strongly disagree' to (7) 'Strongly agree'. The scale's alpha reliability in this study is .88.

Perception of Overall Justice (POJ). I used a 6-item scale developed by Ambrose & Schminke (2009) to measure POJ. Sample items included: 'Overall, I am treated fairly by my organisation'; and 'For the most part, my organisation treats its employees fairly'. These items were measured using a 7-point response option ranging from (1) 'Strongly disagree' to (7) 'Strongly agree'. The scale's alpha reliability in this study is .73.

Social Exchange with the Organisation (SEWO). I measured SEWO using an 8-item scale developed by Shore, Tetrick, Lynch & Barksdale (2006). Sample items included: 'My organisation has made a significant investment in me' and 'My relationship with my

organisation is based on mutual trust'. These items were measured using a 5-point response option ranging from (1) 'Strongly disagree' to (5) 'Strongly agree'. The scale's alpha reliability in this study is .81.

Career Satisfaction (CS). I measured CS using a 5-item scale developed by Greenhaus, Parasuraman & Wormley (1990). Sample items included: 'I am satisfied with the progress I have made toward meeting my overall goals'; and 'I am satisfied with the success I have achieved in my career'. These items were measured using a 5-point response option ranging from (1) 'Strongly disagree' to (5) 'Strongly agree'. The scale's alpha reliability in this study is .93.

Strain. I measured strain using a 12-item scale developed by Goldberg & Williams (1988). Sample items included: 'I have recently lost much sleep over worry'; and 'I have recently felt constantly under strain'. These items were measured using a 4-point response option ranging from (1) 'Not at all' to (4) 'Much more than usual'. The scale's alpha reliability in this study is .89.

Turnover Intention (TI). I measured TI using an abridged, 2-item scale of the original 3-item scale reported by Colarelli (1984) and used by Wayne, Randel & Stevens (2006). The items were: 'I frequently think about quitting my job'; and 'I am planning to search for a new job within the next 12 months'. These items were measured using a 5-point response option ranging from (1) 'Strongly disagree' to (5) 'Strongly agree'. The scale's alpha reliability in this study is .81.

Negative Affectivity (NA). I measured NA using the 10 negative items from the PANAS (Positive and Negative Affect Scale) scale developed by Watson, Clark and Tellegen (1988). Sample items included: 'To what extent do you generally feel nervous'; and 'To what extent do you generally feel scared'. These items were measured using a 5-point response option ranging from (1) 'Very slightly/Not at all' to (5) 'Extremely'. The scale's alpha reliability in this study is .85.

5.4 CONTROLS

I controlled for respondents' age, gender, tenure, work hours and work experience, because previous research has shown them to be related to various attitudes and behaviours (e.g. Triana, Garcia & Colella, 2010; Mor Barak et al., 1998; Mor Barak & Levin, 2002; Pitts, 2009). Gender was coded 1 = *male* and 2 = *female*; age was coded 1 = under 30, 2 = 30-39, 3 = 40-49, 4 = 50-59 and 5 = 60+. A single item, requesting that respondents write in their response as appropriate, was used to measure tenure, work hours and work experience. I also controlled for negative affectivity.

5.5 DATA ANALYSIS

5.5.1 Data Analytic Technique

In Study 2, I used structural equation modelling (SEM) to test the hypothesised relationships depicted in my model, particularly the direct and mediated relationships (i.e. hypotheses 1a, 1b & 1c; 2a, 2b & 2c; 4a, 4b & 4c). Moderation effects were tested with multiple regression analysis using SPSS version 20 (i.e. hypotheses 3a, 3b & 3c).

5.5.1.1 Structural Equation Modelling (SEM)

SEM can be defined as a class of methodologies that seeks to represent hypotheses about the means, variances and covariance of observed data in terms of a smaller number of structural parameters defined by a hypothesised underlying model (Kaplan, 2000). In other words, SEM is a comprehensive statistical approach for testing hypotheses about relations among observed and latent variables (Hoyle, 1995). It has also been defined as a statistical technique for testing and estimating causal relations using statistical data (Pearl, 2000). Specifically, SEM is used to estimate relationships between latent variables; explore direct, indirect and total effects; explore multivariate relationships in an integrated manner; and explicitly test competing models.

SEM analysis is performed in various steps. First, SEM begins with the specification of a model to be estimated. In SEM, model specification involves formulating a statement about a set of parameters – specified as either free or fixed. (i) Free parameters/pathways are those in which hypothesised causal relationships between variables are tested, and therefore are left 'free' to vary, while (ii) in fixed parameters, the relationship is between variables that already have an estimated relationship, usually based on previous studies, and are 'fixed' in the model (cf. Hoyle, 1995). Hence, fixed parameters are not estimated from the data, and their value typically is fixed at zero, while free parameters are estimated from the data, and are those that the investigator believes to be non-zero (Hoyle, 1995). Basically, there are two components of the general structural model: (i) the measurement model, which is that component of the general model in which latent variables are prescribed; and (ii) the structural model, which is that component of the general model that prescribes relations between latent variables and observed variables that are not indicators of latent variables (Hoyle, 1995; Kaplan, 2000). In other words, the structural model shows potential causal

dependencies between endogenous and exogenous variables, and the measurement model shows the relations between latent variables and their indicators.

The next step, once the model has been specified, is the estimation of free parameters. This can be derived from the set of observed data. Parameter estimation is done by comparing the actual covariance matrices, representing the relationships between variables and the estimated covariance matrices of the best fitting model (cf. Hoyle, 1995; Kaplan, 2000). This estimation is obtained through numerical maximisation of a fit criterion, as provided by maximum likelihood estimation and weighted least square. Maximum likelihood or generalised least-square methods are preferred for developing parameter estimates, as opposed to single-stage least-square methods, such as those used in standard ANOVA or multiple regressions. This is because maximum-likelihood estimation gives a unified approach to estimation, which is well-defined in the case of normal distribution. When the estimation procedure converges on a solution, a single number is derived that summarises the degree of correspondence between the implied and observed covariance matrix. That number is referred to as the value of the fitting function. A model is set to fit the observed data to the extent that the covariance matrix it implies is equivalent to the observed covariance matrix (i.e. elements of the residual matrix are near zero) (Hoyle, 1995).

Having estimated a model, the next stage is to assess the model for fit and interpret it. It is important to examine the fit of an estimated model to determine how well it models the data. This is a basic task in SEM modelling, which forms the basis for accepting or rejecting models and, more usually, accepting one competing model over another. The index of fit provides a perspective on the fit of structural equation models (Kaplan, 2000). There are various fit indices; however, the most common is the goodness-of-fit test (x^2). The basic idea behind fit indices is that the fit of the model is compared to the fit of some baseline model that usually specifies complete independence among the observed variables. Examples of

these indices include comparative fit index (CFI), normed fit index (NFI), incremental fit index (IFI) and Tucker-Lewis Index (TLI). These indices are typically scaled to lie between zero and one, with one representing perfect fit relative to the baseline model (Kaplan, 2000). According to Kaplan (2000), a value of .95 is adequate, and hence considered evidence that the target model fit is a good fit to the data (see Chapter Four for a detailed discussion on model fit indices). In Study 2, I used a number of fit indices to assess model fit. Specifically, I used the overall model Chi-square measure, the Tucker-Lewis index (TLI; Tucker & Lewis, 1973), the comparative fit index (CFI; Bentler, 1990) and the root-mean-square error of approximation (RMSEA; Browne & Cudeck, 1993). In addition, I used Akaike's (1987) information criterion (AIC) to evaluate the relative fit of the best-fitting model and the non-nested alternative model. The model with the smaller AIC value is considered the better fitting model (Jöreskog & Sörbom, 2001).

Although similarities exist between SEM and other data analytic techniques, such as multiple regression, ANOVA and correlations, scholars have noted the advantages of SEM over these multivariate procedures (cf. Fornell, 1982; Byrne, 1988). Such advantages noted by Byrne (1988) include: (i) SEM takes a confirmatory approach, which is particularly effective for hypothesis testing. By demanding that the pattern of inter-variable relations be specified a priori, SEM lends itself well to the analysis of data for inferential purposes; (ii) SEM provides explicit estimates of error variance parameters, whilst traditional multivariate procedures such as linear regression are incapable of either assessing or correcting for measurement error; and (iii) SEM can incorporate both unobserved and observed variables, whilst traditional methods are based on observed measurements only. In sum, SEM technique is a more comprehensive and flexible approach to data analysis than any other single statistical model. As opposed to regression analysis and other forms of data analytic techniques, SEM is used to test 'complex' relationships between observed (measured) and

unobserved (latent) variables, and also relationships between two or more latent variables. Furthermore, SEM provides a means of controlling for extraneous variables, as well as for measurement errors (Hoyle, 1995). Although certain research hypotheses can be effectively tested using standard methods, SEM provides a means of testing complex hypotheses and models, such as the model presented and tested in Study 2. Specifically, SEM was used in this study for scale validation and testing of the measurement model (confirmatory factor analysis), mediation testing (test plausibility of simple and complex mediational models) and testing between group model stability. I used SEM to test the hypothesised relationships because of the complexity of my model (moderated and mediated relationships).

First, in order to assess the distinctiveness of the constructs, all the scales were examined through confirmatory factor analysis (CFA) using LISREL 8.80 (see Jöreskog & Sörbom, 2006). As noted above, in conducting SEM scholars have proposed a two-step modelling approach – measurement and structural modelling (James et al., 1982). Anderson and Gerbing (1988) stress the need for researchers to conduct SEM using this modelling approach. They note that the measurement model provides an assessment of convergent and discriminant validity, while the structural model provides an assessment of predictive validity. Joreskog and Sorbom (1993, p. 113) summarise these approaches and note:

> *The testing of the structural model, i.e. the testing of the initially specified theory, may be meaningless unless it is first established that the measurement model holds. If the chosen indicators for a construct do not measure that construct, the specified theory must be modified before it can be tested. Therefore, the measurement model should be tested before the structural relationships are tested.*

Accordingly, in this study, before testing the structural models, the measurement model for each construct was tested, and the findings reported in the result section, below.

Second, to test the first part of my model – the main effects of diversity management practices on developmental experience, perception of support for diversity, and perception of

overall justice, respectively – I used LISREL 8.80 and the maximum likelihood (ML) estimation procedure.

Finally, I used SEM to test mediating relationships in my study; specifically, the mediating role of perception of overall justice, perception of support for diversity, and developmental experiences on the diversity management-social exchange with organisation relationship. SEM was also used in testing the outcomes of social exchange with organisation, and to provide more rigorous testing of my analysis (i.e. testing the full model, and examining social exchange with organisation as a mediator of the relationships between the mediators (POJ, POSD and DE) and my outcomes). In order to test the hypothesised mediating relationships, I first assessed the following conditions for mediation: (i) the independent variable must be related to the mediator; (ii) the mediator must be related to the dependent variable; and (iii) the independent variable must have no effect on the dependent variable when the mediator is held constant (full mediation), or the effect should become significantly smaller (partial mediation; Kenny, Kashy & Bolger, 1998).

5.5.1.2 Multiple Linear Regression

As noted earlier, moderation effects in my model were tested using multiple linear regression analysis. Multiple linear regression attempts to model the relationship between two or more explanatory variables and a response variable by fitting a linear equation to observed data. Multiple regression analysis is an extension of simple linear regression analysis (which is usually carried out to estimate the relationship between a dependent variable, y, and a single explanatory variable, x, given a set of data that includes observations for both of these variables for a particular population). However, given the complexity of my model (i.e. testing the interaction effect of diversity climate on the mediators), simple linear regression analysis was will be inappropriate as it doesn't allow for testing explanatory variables (i.e.

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simple regression models can be used to determine how, and to what degree, one variable influences another. However, as researchers we know and understand that in most social sciences research there may be several variables that could potentially influence the same outcome), hence the need to examine my hypotheses using multiple linear regression technique.

Multiple linear regression analysis technique is mainly used when testing for moderating/interacting effects amongst variables (cf. Aiken & West, 1991). Moderation effects are typically discussed as an interaction between factors or variables, where the effects of one variable depends on the levels of the other variable in analysis (Fairchild & MacKinnon, 2009). That is, moderator variables affect the strength and/or direction of the relation between a predictor and an outcome: enhancing, reducing, or changing the influence of the predictor. A single regression equation forms the basic moderation model:

$$Y = i_5 + \beta_1 X + \beta_2 Z + \beta_3 XZ + e_5$$

Where β_1 is the coefficient relating the independent variable X, to the outcome, Y, when $Z = 0$, β_2 is the coefficient relating to the moderator variable Z, to the outcome when $X = 0$, i_5 the intercept in the equation, and e_5 is the residual in the equation (Fairchild & MacKinnon, 2009). The regression coefficient for the interaction term β_3 provides an estimate of the moderation effect. If β_3 is statistically different from zero, there is significant moderation of the *X-Y* relation in the data (Fairchild & MacKinnon, 2009). A detailed discussion of moderation analysis goes beyond the scope of this thesis; however, readers can find a full description of moderator effects and a framework for their estimation and interpretation presented in Aiken and West (1991). For the purpose of this thesis, however, it is important to note the key steps to be carried out when conducting moderating analysis using multiple regression analysis.

In order to test for moderation, two steps have to be taken: (i) all pertinent predictors have to be mean-centred; and (ii) the interaction variable has to be created by multiplying the respective mean-centred predictor variables (in this case, diversity management and diversity climate) (Aiken & West, 1991). Mean-centering can be defined as "subtracting the mean [a constant] from each score, x yielding a centered score" (Robinson & Schumacker, 2009, p. 6). One advantage of mean-centering variables, as noted by researchers, is that it reduces multicollinearity in interaction models, and improves the interpretation of regression coefficients (Aiken & West, 1991; Robinson & Schumacker, 2009; Fairchild & MacKinnon, 2009). Therefore, prior to carrying out moderated multiple linear regression analysis, I mean-centred diversity management and diversity climate using SPSS and created an interaction variable (i.e. diversity management *X* diversity climate). It is, however, important to note that diversity climate, as explained in Chapter Three, is treated as a psychological climate, and therefore an individual level variable (cf. James, Choi, Emily Ko, McNeil, Minton, Wright & Kim, 2008; Parker, Baltes, Young, Huff, Altmann, Lacost & Roberts, 2003). The results are discussed in the following sections.

5.6 RESULTS

5.6.1 Results of Cross Validation

Even though the proposed factorial structure (set out in Study 1) had a good fit with the data, I recognise that the results could be specific to the sample. Therefore, to further validate the findings in Study 1 and provide evidence of the generalisability of the diversity management measure, cross-validation with a different sample was essential. I conducted a CFA with LISREL 8.80 (Jöreskog & Sörbom, 2006) prior to performing the data analysis for the main study. The results of the CFA showed that the diversity management scale had a good fit, $x^2(27) = 59.16$, p < .01, CFI = .99, IFI = .98, NNFI = .98, RMSR = .04 and RMSEA = .08 (see Figure 5.1 below), with all indices falling within acceptable ranges (Hu & Bentler, 1995). Furthermore, the alpha reliability (Cronbach alpha) for the 9-item diversity management scale score was .93. In sum, the results were encouraging in terms of scale generalisability. These results provide further evidence to suggest that the scale developed and reported in Study 1 is a reliable operational measure of diversity management in a variety of samples.

Figure 5.1 *Results for Confirmatory Factor Analysis*
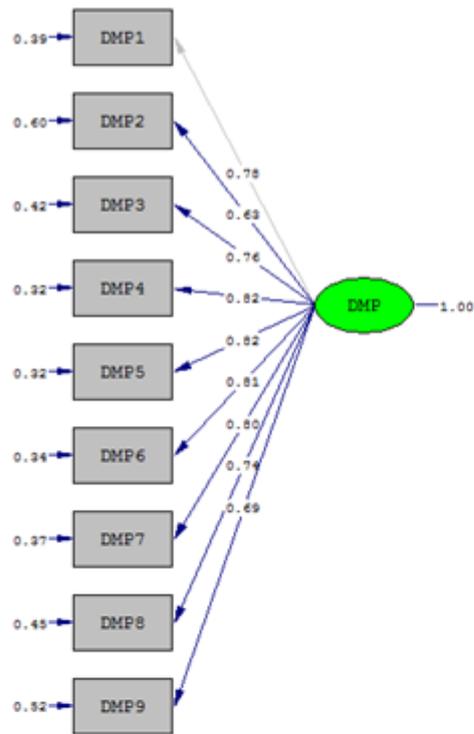
Chi-Square=59.16, df=27, P-value=0.00034, RMSEA=0.079

5.6.2 Main Study Results

5.6.2.1 Confirmatory Factor Analysis Results

I conducted a series of CFAs with LISREL 8.80 (Jöreskog & Sörbom, 2001) in order to examine the distinctiveness of the multi-item variables in the study. I compared the fit of a hypothesised 9-factor model with a nested alternative 8-factor Model 1 (combining diversity management practices and diversity climate), 7-factor Model 2 (combining perception of overall justice, perception of support for diversity, and developmental experiences), 7-factor Model 3 (combining career satisfaction, turnover intention and strain) and a 1-factor model. As shown in Table 5.1, the hypothesised 9-factor model (TLI = .95, CFI = .95, RMSEA = .075) fit the data better than the 8-factor Model 1 (TLI = .93, CFI = .93, RMSEA = .095), the 7-factor Model 2 (TLI = .93, CFI = .94, RMSEA = .087), the 7-factor Model 3 (TLI = .92, CFI = .93, RMSEA = .099) and the 1-factor model (TLI = .85, CFI = .84, RMSEA = .165).

Table 5.1 *Results of Confirmatory Factor Analysis for the Measure of Variables Studied*

Model	X^2	df	Δx^2	Δdf	TLI	CFI	RMSEA
Hypothesised 9-factor model	2458.44	1188	-	-	.95	.95	.075
8-factor Model 1 (combining DMP and diversity climate)	3264.90	1197	806.46	9	.93	.93	.095
7-factor Model 2 (combining perception of overall justice, perception of support for diversity, and developmental experiences)	2961.97	1205	503.53	17	.93	.94	.087
7-factor Model 3 (combining career satisfaction, turnover intention and strain)	3476.15	1205	1017.71	17	.92	.93	.099
1-factor Model 4	7621.97	1232	5163.53	44	.85	.85	.165
Constrained Model	121.17	6	-	-	.54	.82	.320
Unconstrained Model	118.68	3	2.49	3	.07	.82	.454

Note. N = 191. TLI = Tucker-Lewis Index; CFI = Comparative Fit Index; RMSEA = Root-Mean-Square Error of Approximation; DMP = Diversity Management Practices.

Furthermore, the chi-square difference test showed that the hypothesised 9-factor model fit the data significantly better than the 8-factor Model 1 (Δx^2 = 806.46, Δdf = 9), the

7-factor Model 2 ($\Delta x^2 = 503.53$, $\Delta df = 17$), the 7-factor Model 3 ($\Delta x^2 = 1017.71$, $\Delta df = 17$)

and the 1-factor model ($\Delta x^2 = 5163.53$, $\Delta df = 44$). The CFA results indicate support for the

hypothesised 9-factor model and, therefore, the distinctiveness of the variables in this study.

Table 5.2 *Means, Standard Deviations and Correlations*

	Variables	M	S.D.	1	2	3	4	5	6	7	8	9	10	11
1	Age	2.1	1.1											
2.	Sex	1.5	.50	.11										
3.	DMP	3.0	.91	.03	-.03	**.93**								
4.	DC	3.4	.88	.06	.04	.48**	**.88**							
5.	DE	4.2	1.4	.17*	-.01	.42**	.60**	**.87**						
6.	POSD	4.4	1.5	.10	.06	.58**	.59**	.68**	**.88**					
7.	POJ	4.4	1.1	.09	.02	.31**	.55**	.62**	.62**	**.73**				
8.	SEWO	3.4	.72	.19**	-.01	.39**	.52**	.63**	.59**	.52**	**.81**			
9.	CS	3.4	.93	.22**	-.05	.47**	.39**	.41**	.46**	.30**	.53**	**.93**		
10.	Strain	2.7	.68	.08	-.05	.13	.18*	.26**	.19**	.11	.28**	.35**	**.89**	
11.	TI	2.7	1.2	-.09	.05	-.05	-.06	.06	-.04	.08	-.03	-.23**	.13	**.81**

Note. N = 191. The reliability coefficients are in diagonal. DMP = Diversity Management Practices; POSD = Perception of Support for Diversity; SEWO = Social Exchange with the Organisation; POJ = Perception of Overall Justice; DE = Developmental Experiences; DC = Diversity Climate; CS = Career Satisfaction; TI = Turnover Intention.
*. Correlation is significant at the .05 level (2-tailed).
**. Correlation is significant at the .01 level (2-tailed).

5.6.2.2 Descriptive statistics, Alpha reliabilities and Zero-order correlations

Descriptive statistics, alpha reliabilities and zero-order correlations among the study variables are presented in Table 5.2. As shown in Table 5.2, diversity management practices related to perception of overall justice ($r = .31$ $p < .01$), perception of support for diversity ($r = .58$, $p < .01$) and developmental experience ($r = .42$, $p < .01$), respectively. Additionally, social exchange with organisation related to perception of overall justice ($r = .52$, $p < .01$), perception of support for diversity ($r = .59$, $p < .01$), and developmental experience ($r = .63$, $p < .01$), respectively. Finally, social exchange with organisation related to career satisfaction ($r = .53$, $p < .01$), turnover intention ($r =.-.03$, $p = ns$) and strain ($r = .28$, $p < .01$).

5.6.2.3 Results of the Diversity management – POJ, POSD & DE relationships

Table 5.3 provides the path estimates and t-values for the unrestricted model, testing the main effects of diversity management on perception of overall justice, perception of support for diversity, and developmental experience. Hypothesis 1a received support in that diversity management ($\gamma = .06$, $p <.001$) positively related to perception of overall justice. Hypothesis 1b also received support in that diversity management ($\gamma = .39$, $p <.001$) positively related to perception of support for diversity. Further, Hypothesis 1c received support in that diversity management ($\gamma = .17$, $p <.001$) positively related to developmental experience.

Table 5.3 *Standardised and un-standardised path estimates with POJ, POSD and DE as dependent variable for unrestricted model*

		Un-standardised Parameter Estimate	Standardised Parameter Estimate	T-Value
Hypothesis 1a	DMP -> POJ	.07	.06***	.92
Hypothesis 1b	DMP -> POSD	.64	.39***	6.29
Hypothesis 1c	DMP -> DE	.26	.17***	2.57

Note. N = 191. DMP = Diversity Management Practices; POSD = Perception of Support for Diversity; POJ = Perception of Overall Justice; DE = Developmental Experiences.
***p < .001 (since all hypotheses are directional, I used one-tailed tests).

5.6.2.4 Results of the Mediators of the Diversity Management - Social Exchange with Organisation Relationship

Hypotheses 2a, 2b and 2c suggested that perception of overall justice (H2a), perception of support for diversity (H2b), and developmental experience (H2c), respectively, would mediate the influence of diversity management on social exchange with organisation. I used SEM to test these hypotheses, controlling for age, gender, hours worked, work experience, tenure and negative affectivity. To test these hypotheses, I first assessed the conditions of mediation (see Prussia & Kinicki, 1996, p. 192). Baseline structural or hypothesised model results showed that diversity management significantly influenced the hypothesised mediators (perception of overall justice, perception of support for diversity, and developmental experience) in the predicted direction (see Table 5.3). The second condition was also satisfied because the results showed that perception of overall justice, perception of support for diversity and developmental experience, respectively, were positively related to social exchange with organisation. To evaluate the third condition for mediation, I compared the fit of an alternative partial mediating model and an alternative non-mediated model with my hypothesised model, the results of which are presented in Table 5.4. As shown in that

table, the chi-square difference result was statistically significant (p < .01), suggesting support for the hypothesised fully mediated model. Additionally, the AIC values (Akaike, 1987) showed that my hypothesised fully mediated model had a smaller value (AIC = 1143.67) than the partially mediated alternative model (AIC = 2589.65) and the alternative non-mediated model (AIC = 2743.71), reinforcing my decision to accept the hypothesised model as the best-fitting model. Figure 5.3 presents the SEM estimates for the hypothesised paths.

Table 5.4 *Results For Model Comparison*

Model	X^2	df	Δx^2	Δdf	TLI	CFI	RMSEA
1. Fully Mediated Model (Hypothesised)	1011.67	399	-	-	.95	.95	.089
2. Partially Mediated Model[a]	2385.65	979	1373.98	580	.93	.93	.087
3. Non Mediated Model[b]	2545.71	982	1534.04	583	.93	.94	.087

Note. N = 191. TLI = Tucker-Lewis Index; CFI = Comparative Fit Index; RMSEA = Root-Mean-Square Error of Approximation; DMP = Diversity Management Practices.
[a] In comparison with the hypothesised fully mediated model, the partially mediated model adds paths from social exchange with the organisation to DMP.[b] In comparison with the hypothesised fully mediated model, the non-mediator model tests the direct relationships.

5.6.2.5 Results of the Moderating Role of Diversity Climate

Hypotheses 3a, 3b and 3c suggest that diversity climate would moderate the relationship between diversity management and perception of overall justice, perception of support for diversity, and developmental experiences, respectively. Results of testing these hypotheses are shown in Table 5.5.

As shown in that table, Hypothesis 3a was supported because the interaction effect of diversity management and diversity climate on perception of overall justice was significant (β =.-15, p < .05). To further probe Hypothesis 3a, I plotted this significant interaction using values of one standard deviation below the mean and one standard deviation above the mean on diversity climate (Aiken & West, 1991). As shown in Figure 5.2, the nuances of the relationship were consistent with theoretical expectations. Additionally, I performed a simple slope analysis. The results of the single slope analysis revealed that under conditions of high diversity climate (i.e. significantly greater than zero), the relationship between diversity management and perception of overall justice is significant: simple slope = -.15 (.07), t = -1.95, p < .05. On the other hand, under conditions of low diversity climate, the relationship between diversity management and perception of overall justice is not significant: simple slope = -.11(.06), t = -1.95, p > .05. Therefore, simple slope analyses indicate that the nature of this interaction is consistent with my predictions. This suggests that the relationship between diversity management and perception of overall justice is attenuated when the moderator, diversity climate, is high.

Hypothesis 3b proposes that diversity climate will moderate the relationship between diversity management and perception of support for diversity. However, this hypothesis was not supported. Results showed a non-significant interaction between diversity management and diversity climate in predicting perception of support for diversity (β =.-06, p > .05).

Similarly, Hypothesis 3c, involving the interaction effect of diversity management and diversity climate on developmental experiences (β =.-06, p > .05), was not supported, as shown by the non-significant results.

Table 5.5 *Regression Results Involving Diversity Climate as a Moderator*

Variables	Perception of Overall Justice	Perception of Support for Diversity	Developmental Experiences
Hypothesis 3a			
Age	.01		
Organisational tenure	.01		
Organisational size	.06		
Work experience	.02		
Diversity management	.14		
Diversity climate	.42		
Diversity management * Diversity climate	-.15*		
Hypothesis 3b			
Age		.02	
Organisational tenure		.03	
Organisational size		.01	
Work experience		-.01	
Diversity management		.43	
Diversity climate		.35	
Diversity management * Diversity climate		-.06	
Hypothesis 3c			
Age			
Organisational tenure			.17
Organisational size			-.00
Work experience			-.02
Diversity management			-.01
Diversity climate			.20
Diversity management * Diversity climate			.49
			-.06

Note. N = 191. Entries are un-standardised coefficients (Friedrich, 1982).
*p < .05, two-tailed. **p < .01, two-tailed.
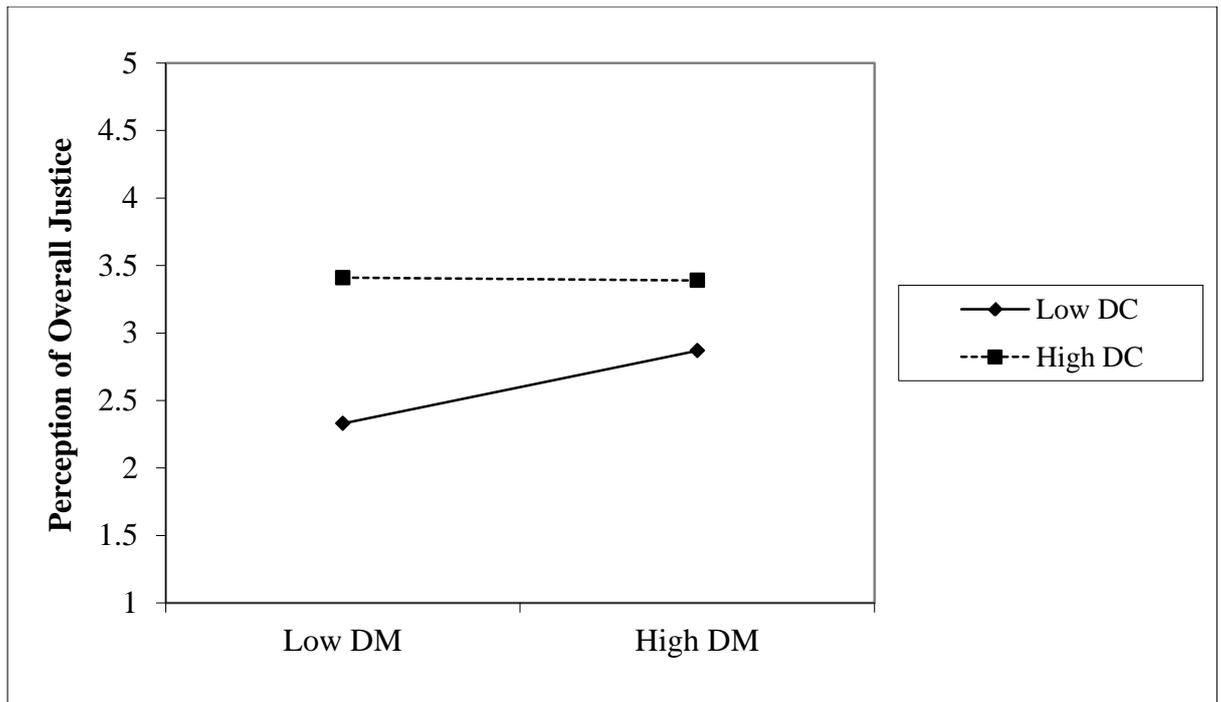
Figure 5.2 *Diversity Management X Diversity Climate Effect on Perception of Overall Fairness*

5.6.2.6 Results for Outcomes of Social Exchange with Organisation

Figure 5.3 presents the results of the SEM analysis used to test Hypotheses 4a, 4b and 4c. As shown in that figure social exchange with organisation (γ = -.12, p < .05) showed a significant negative relationship with turnover intentions (Hypothesis 4a), and a significant positive (γ = .58, p < .05) relationship with career satisfaction (Hypothesis 4b), suggesting support for these hypotheses. However, social exchange with organisation had a significant positive relationship with strain (γ = .57, p < .05), and so Hypothesis 4c did not receive support.

Figure 5.3 *Structural Equation Modelling Results for the Hypothesised Model*
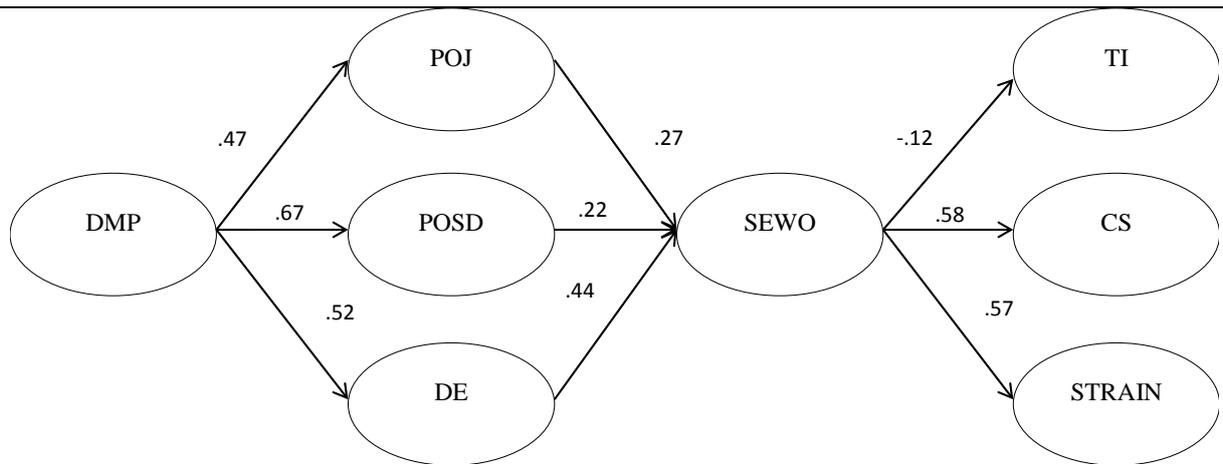
Note: N = 191. Structural equation modelling results of POJ, POSD and DE as mediators and SEWO work outcome relationships.
DMP = Diversity Management Practices; POJ = Perception of Overall Justice; POSD = Perception of Support for Diversity; DE = Developmental Experiences; SEWO = Social Exchange with Organisation; TI = Turnover Intentions; CS = Career Satisfaction.

CONTROLS
Age
Gender
Hours worked per wk
Work experience
Organizational tenure
Negative affectivity

5.6.2.7 Results for Full Model

To provide a more rigorous test of the hypothesised relationships, I used SEM to examine social exchange with organisation as a mediator of the relationships between perception of overall justice, perceived support for diversity, developmental experiences and my outcomes. First, to assess mediation, I followed steps recommended by Prussia & Kinicki (1996, p. 192). Specifically, the steps followed as described above were: (i) the independent variable must be related to the mediator; (ii) the mediator must be related to the dependent variable; and (iii) the independent variable must have no effect on the dependent variable when the mediator is held constant (full mediation), or when the effect may become significantly smaller (partial mediation; Kenny, Kashy & Bolger, 1998).

Baseline structural model results showed that perception of overall justice, perception of support for diversity, and developmental experiences significantly influenced the mediator

– social exchange with organisation – in the predicted direction. The second condition was also satisfied because the results showed that social exchange with organisation had a significant association with career satisfaction, strain and turnover intention. To evaluate the third condition for mediation, I compared the fit of an alternative partial mediating model and an alternative non-mediated model with my fully mediated model, the results of which are presented in Table 5.6. As shown in that table, the Chi-square difference result used to compare the models was statistically significant ($p < .001$), and thus the fully mediated model was preferred on the basis of parsimony. Additionally, the AIC values (Akaike, 1987) showed that the fully mediated model had a smaller value (AIC = 84.00) than the alternative, partially mediated model (AIC = 101.16) and non-mediated model (AIC = 85.38), reinforcing my decision to accept the parsimonious fully mediated model as the best-fitting model.

Table 5.6 *Results For Model Comparison*

Model	X^2	df	Δx^2	Δdf	TLI	CFI	AIC
1. Fully Mediated Model	34.00	3	-	-	.92	.93	84.00
2. Partially Mediated Model	39.20	3	5.20	0	.92	.92	101.16
3. Non Mediated Model	53.37	3	19.37	0	.89	.91	85.38

Note. N = 191. TLI = Tucker-Lewis Index; CFI = Comparative Fit Index; AIC = Akaike's Information Criterion.

5.6.2.8 Bootstrapping Results

Bootstrapping analysis is basically a resampling method used when assessing mediation. It involves 'resampling' the data many times with replacement samples to generate an empirical estimation of the entire sampling distribution of a statistic (Mooney & Duval, 1993). Recent studies have highlighted its importance for mediation analysis, as it: (i) confirms the mediation effect because of its accuracy for computing confidence intervals for

mediation effect when the mediation effect is non-zero; and (ii) acts as an aid to non-normal data (i.e. the resampling method has more accurate Type I error rates and power than a single-sample method that assumes a normal distribution) (Cheung & Lau, 2008). The bootstrap procedure first involves defining a resampling space, R, which is usually the observed sample with size n. Then the B number (usually 500 or 1,000) of bootstrap samples of n observations is randomly drawn from R with replacement. The desired statistics or parameters are obtained for each bootstrap sample (Cheung & Lau, 2008). There are four methods commonly used to define confidence intervals based on bootstrapping: the percentile method; the bootstrap-t method; the bias-corrected (BC) method; and the bias-corrected and accelerated (BCa) method. However, research examining the accuracy of confidence intervals for the indirect effect has demonstrated that the bias-corrected (BC) bootstrap method produces the most accurate confidence intervals (MacKinnon, Lockwood & Williams, 2004).

Therefore, in this study, and to further provide a more rigorous test, and to cross-validate the mediated findings described above, I followed Preacher and Hayes' (2008a) bootstrapping procedure for assessing and comparing indirect effects in multiple mediator models. I used LISREL 8.80 (Joreskog & Sorbom, 2006) to conduct the simulation and bootstrapping procedures.

Results from the bootstrapping analysis suggest that the indirect effect of diversity management on career satisfaction through the mediators (POJ, POSD, DE & SEWO) was positive and significant (.19; 95% bias-corrected CI = .05, .16). Furthermore, the indirect effect of diversity management on turnover intention was negative and significant (-.01; 95% bias-corrected CI = -.08, .04). Finally, the indirect effect of diversity management on strain was significant (.09; 95% bias-corrected CI = .09, .28). Because zero is not in the 95% intervals, I conclude that the indirect effects are indeed significantly different from zero ($p <$

.05, two-tailed). I further infer from these results that diversity management is a distal antecedent of these work outcomes through the mediators.

5.7 METHOD BIAS

Because of the self-reported nature of the data, common method variance is a potential issue. As noted earlier, the most frequently found sources of method variance in self-reported surveys are acquiescence and social desirability bias (Spector, 1987). In Study 2, various procedural and statistical remedies were used to minimise or eliminate the potential effects of common method bias on the findings of this study.

First, the cover letter attached to the survey assured respondents of their anonymity, and emphasised that there were no right or wrong answers. This procedure was used to reduce respondents' evaluation apprehensions and make them less likely to edit their responses to be more socially desirable, acquiescent and consistent with how they thought the researcher wanted them to respond (Podsakoff et al., 2003). Furthermore, varying Likert-type scales (e.g. the 5-point Likert scale ranging from 'Not at all' to 'To a very large extent', or the six-point Likert scale ranging from 'Strongly disagree' to 'Strongly agree') were used as further procedures to minimise method bias.

Second, partial correlation was also used to control the effects of method variance. There are several different variations of this procedure, including: (i) partialling out social desirability or general affectivity; (ii) partialling out a 'marker' variable; and (iii) partialling out a general factor score (Podsakoff et al., 2003). In this study, the marker-variable technique was used. The variable 'negative affectivity' was chosen as the marker variable and was measured with ten items, asking participants to rate how they generally felt about each of the items. Negative affectivity was controlled for in testing the hypothesised model. Similar

to previous research (Chen & Spector, 1991; Jex & Spector, 1996), the marker variable was used to control for these biases by measuring it directly and then partialling out the effect on the predictor and criterion variables. The difference between the zero-order correlations was compared using Olkin and Finn's (1995) significance test (cf. Spector, Chen & O'Connell, 2000). The results suggested that controlling for negative affectivity responding had very little effect on the strength of the relationships between the variables. Based on this analysis, I conclude that method bias did not significantly alter the results.

5.8 CONCLUSION

This chapter has described the methodology used in Study 2 and the data analysis techniques used to test the hypothesised relationships, as well as presented the results of these analyses.

CFA results indicated support for the hypothesised nine-factor model and, therefore, the distinctiveness of the variables in this study. Pertaining to the hypothesised relationships, Hypotheses 1a, 1b and 1c were supported, in that diversity management was positively related to perception of overall justice, perception of support for diversity, and developmental experiences, respectively. Additionally, the results indicated that perception of overall justice (H2a), perception of support for diversity (H2b), and developmental experiences (H2c) mediated the diversity management practice-social exchange with organisation relationship. Furthermore, results from the tests of my hypotheses indicated that diversity climate moderated the relationship between diversity management and perception of overall justice (H3a). However, support was not found for Hypotheses 3b and 3c, as diversity climate did not significantly moderate the diversity management - perception of support for diversity and diversity management-developmental experiences relationships. Finally, social exchange with organisation was found to be positively related to career satisfaction, and negatively related to turnover intentions (supporting Hypotheses 4a and 4b). However, Hypothesis 4c did not receive support, as social exchange with organisation was positively related to strain. Thus, 9 of the 12 hypotheses were supported. The results of the mediated analysis were corroborated with those obtained from a bootstrap analysis, suggesting that diversity management practices constitute a distal antecedent of the work outcomes through the mediators.

In the next chapter (Chapter Six), I summarise the salient findings, discuss their theoretical and practical implications, highlight the limitations of my research, and conclude with a discussion of some directions for future research.

CHAPTER SIX

DISCUSSION

6.1 INTRODUCTION

Findler et al. (2007) noted that, while the trend of increased workforce diversity is global, the research regarding its impact on organisational culture and worker outcomes has typically focused on the United States and, to a limited degree, on Europe (e.g. Al Ariss, Vassilopoulou, Ozbilgin & Game, 2013; Tatli, 2011; Noon, 2007; Kamenou & Fearfull, 2006; Mosisa, 2002; Kossek, Huber-Yoder, Castellino & Lerner, 1997; Ogbonna & Harris, 2006). Furthermore, despite much anecdotal and often times empirical evidence that black and ethnic minority employees do not feel integrated into organisational life, and the implications of this lack of integration on their career progression (cf. Al Ariss et al., 2013), there is a dearth of research on the nature of the relationship black and ethnic minority employees have with their employing organisations. Consequently, a major issue for organisations is how to create conditions that foster minority employees' integration into organisational life. Accordingly, the questions I sought to address in this thesis were: 'how and why does the adoption of diversity management practices influence the integration of ethnic and minority employees defined in terms of social exchange with organisation (SEWO)?' and 'What are the outcomes of SEWO for individual employees?'

Hence, the objectives of this study were to develop and validate a measure of diversity management, and subsequently use this measure to test a social-exchange-based model of the relationship between black and ethnic minority employees and their employing organisations and the resulting implications for their work outcomes.

This chapter pulls the threads of this research together by recapitulating the objectives of the study and discussing its findings. Specifically, I summarise the salient findings and

discuss their theoretical and practical implications. Furthermore, I discuss the limitations of the study and map out some directions for future research.

6.2 SUMMARY OF FINDINGS

Findings from Study 1 provided initial evidence for the psychometric properties of the newly developed 9-item diversity management scale. Additionally, results from Study 2 revealed three salient findings. First, the relationship between diversity management and social exchange with organisation is mediated by perception of support for diversity, perception of overall justice, and developmental experiences, respectively. Second, perception of overall justice is influenced by the interaction effect between diversity management and diversity climate. Last, social exchange with organisation relates to career satisfaction and reduced turnover intention. Taken together, these findings suggest that diversity management signals an organisation's intent to form a long-term, mutually beneficial relationship with ethnic and minority employees that positively influences their experiences of work (in terms of perception of support for diversity, perception of overall justice, and developmental experiences). Consequently, it is these positive experiences that lead minority employees to form a perception that the organisation cares about them, thus leading them to experience their careers as satisfying and encouraging them to want to stay with an organisation.

6.3 THEORETICAL IMPLICATIONS

6.3.1 Study 1

Linking back to the beginning of this thesis (i.e. chapters one and two), literature-review-based deliberations suggested that, despite the increasing attention that research has paid to the concepts of diversity and diversity management, to date there is still no validated scale to measure diversity management. This is partly due to the ambiguous nature of the diversity management construct, which has become an obstacle for researchers in developing a useful measure of diversity management (cf. Pitts et al., 2010). Diversity scholars have hence advocated an empirically driven measure of the diversity management construct (e.g. Harrison & Klein, 2007). Accordingly, in Study 1 I built on and extended the literature in diversity management by developing and validating a diversity management scale. To the best of my knowledge, this is the first study to provide an operationally valid measure of the diversity management construct. Diversity management was conceptualised as a "process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued, so that all can reach their potential and maximise their contributions to an organisation's strategic goals and objectives" (U.S. Government Accountability Office (GAO), 2005, p. 1).

Specifically, the results of Study 1 revealed that the newly developed diversity management scale is uni-dimensional. Although results of the EFA showed the items loading on two factors, further analysis using CFA showed that the fit indices were low, suggesting poor model fit, thus indicating that scale modifications and further analysis were needed. Based on the evaluations of modification indices and face validity of the scale, six items were deleted, resulting in a better fitting 9-item uni-dimensional scale. Substantial support for the reliability and validity of the diversity management scale was subsequently found. Convergent, discriminant and nomological validity tests suggest that the scale behaves as

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expected because it is related to similar constructs, distinct from constructs it is not intended to measure, and significantly related to hypothesised causes and effects of diversity management.

Theoretically, the development and validation of an ethno-racial diversity management scale extends the literature in two ways. First, it is a preliminary step in resolving the issues of lack of specificity in the conceptualisation of diversity management and the difficulty in operationalising the construct. The implication is that this inductively developed measure of diversity management could help facilitate more rigorous research in the field, thereby aiding the development of actionable knowledge and the comparison of research findings. Second, as earlier noted, research findings in the diversity discipline have been equivocal. Difficulties in synthesising findings in this research stream have been attributed to the lack of an empirically valid measure of workforce diversity management. Therefore, one implication of this empirically validated measure of workforce diversity management is that it has the potential to aid the diversity field in obviating these difficulties. This is because as other researchers use or replicate this scale in their studies, this could help streamline research in the diversity field, ultimately enhancing our understanding of the performance implications of workforce diversity management.

6.3.2 Study 2

As discussed in Chapter Three, this study is underpinned by SET. Scholars have suggested that in order to facilitate enrichment of this body of scholarship, researchers need to consider a wider array of theories across the social sciences that could potentially contribute to deeper and more generalisable conclusions in diversity research (Shore et al., 2009). Within the diversity management literature there has been substantive use of traditional status-based theoretical perspectives, such as social identity/self-categorisation theory (Tajfel, 1978). Despite the insights provided by the use of this theory, findings have mainly indicated that diversity has negative work implications, such as conflict. Therefore, to understand the potential benefits of diversity management, other theoretical perspectives, such as SET, are needed. While considerable attention has been paid to SET in the HR literature as a way to predict employee performance, it has rarely been interpreted through the lens of diversity management. The use of SET to understand the relationships in my hypothesised model is therefore a key attempt to examine the patterns of relationships conducive to individual performance and the processes that create and sustain these relationships (Evans & Charles, 2005; Tsui, Pearce, Porter & Tripoli, 1997). Particularly, from the perspective of SET I examined underlying mechanisms linking the relationship of diversity management practices to work outcomes. Specifically, I explored why, and under what conditions, these two concepts are related.

As noted in the earlier chapters, particularly chapters one and three, research has suggested that the mixed findings in diversity research can be attributed to the fact that extant research primarily focuses on the direct effects of diversity/diversity management on outcomes. Additionally, diversity scholars have noted a dearth of research aiming to provide a systematic explanation of precisely why and how diversity management effects occur and operate to influence employee effectiveness (Van Knippenberg & Schippers, 2007; Nishii &

Mayer, 2009; Joshi & Roh, 2009). Consequently, in Study 2 I developed and tested a social-exchange-based model of the relationship between black and ethnic minority employees and their employing organisations. Specifically, I hypothesised that diversity management relates to perception of support for diversity, perception of overall justice, and developmental experiences, respectively, which in turn leads to social exchange with organisation, and ultimately to work outcomes defined in terms of career satisfaction, turnover intention and strain. Furthermore, I proposed that the way diversity climate is perceived by ethnic minority employees constitutes a boundary condition of the influence of diversity management practice on fairness perceptions, perception of support for diversity, and developmental experiences, respectively. The findings in Study 2 significantly support my hypothesised relationships, and this has a number of theoretical implications.

First, the findings of Study 2 provide insights into how and why diversity management practices relate to social exchange with organisation. Particularly, pertaining to the individual relationships, the results revealed that diversity management positively relates to perception of overall justice, perception of support for diversity, and developmental experiences. The findings also revealed that the relationship between diversity management and social exchange with organisation is mediated by overall justice, perceived support for diversity, and developmental experiences. The results indicate that organisations that implement diversity management practices could create a social exchange relationship with minority employees. This is because adopting these diversity management practices demonstrates an organisation's effort to support diversity. Subsequently, the perception that an organisation supports diversity could create a feeling of attachment with the organisation. This is consistent with Magoshi & Chang's (2007) finding that, when a company effectively utilises diversity management practices, employees perceive that decision-making processes are implemented based on non-prejudicial factors; accordingly, their sense of overall justice

is enhanced. It is also consistent with findings from other diversity management scholars, who have demonstrated that organisational efforts to support diversity (e.g. by implementing diversity management practices) is one way in which the organisation can provide an environment that indicates social approval and respect for all employees, regardless of their racial background (cf. Hicks-Clarke & Iles, 2000; Mor Barak & Levin, 2002). Additionally, an organisation's implementation of diversity management practices signals to the employees that the organisation is concerned and cares about them. This enhances their work experiences (in terms of perception of overall justice, perception of support for diversity, and developmental experiences), which in turn leads minority employees to perceive a social exchange relationship with an organisation. These findings therefore provide new insights into our understanding of the diversity management - social exchange with organisation relationship, in that it suggests explanations why the implementation of diversity management works to influence social exchange with organisation.

Second, diversity scholars have noted the importance of research that examines aspects of organisational environment that might contribute to employees feeling valued and included (Nishii & Mayer, 2009), such as psychological diversity climate. Accordingly, in my study I examined the moderating influence of psychological diversity climate. The results of the moderated analysis revealed that diversity climate is a boundary condition of the relationship between diversity management and overall justice perception. The implication of this finding is that it provides additional insights into why diversity management could influence perceived overall fairness. From the perspective of social exchange theory, employees cannot help but accentuate their supportive feelings for an organisation that implements diversity management practices. An organisation's implementation of diversity management practices signals an act of goodwill that could engender feelings of overall justice; these feelings are more pronounced at high levels of diversity climate, as opposed to

low levels. This finding resonates with those in the literature (McKay et al., 2007; Gonzalez & DeNisi, 2009), and underlines the relevance of diversity climate in understanding why diversity management could lead to minority employees' perception of integration with the organisation. However, contrary to my predictions (Hypotheses 3b and 3c), the results revealed that diversity climate did not moderate the influence of diversity management on perception of support for diversity and developmental experiences. A plausible explanation could be that, as opposed to fairness perception (employees perception that decision processes are implemented on non-prejudicial factors), which could be immediately recognised, developmental experiences and perception of support for diversity require a time difference to ascertain. I thus suggest that future research should empirically examine this intuitively plausible explanation using a longitudinal research design.

Third, and perhaps motivated by the business case for diversity, much of the diversity research has focused on the performance implications of implementing diversity management practices. While this line of research is interesting, the recognition of employees as a source of competitive advantage implies that organisations must effectively manage all members of their increasingly diverse workforces if they are to leverage their competencies to create and sustain competitive advantage. Furthermore, research evidence suggests that individual experiences and performance make organisational performance possible, and so it is important to start at the individual level. Additionally, HR scholars have critiqued the shift of HR research from being employee-focused to strategy-focused (Van Buren, Greenwood & Sheehan, 2011; Guest, 2002), and have called for more HR research that re-focuses attention on the employee (Guest, 2002). Consequently, there is need for more research examining individual-level outcomes. Accordingly, and so as to advance research in the diversity field, I have examined individual-level outcomes (defined in terms of career satisfaction, turnover intention and strain) of social exchange with organisation. Within the framework of this

study's objective (i.e. to develop and test a social-exchange-based model of the relationship between black and ethnic minority employees and their employing organisations), it is important to understand what integration means for black and ethnic minority employees in the context of their career progression. That is, the feeling of inclusion could potentially affect the career experiences of these employees and improve their overall well-being, in terms of reducing stress, reducing turnover intention and increasing career satisfaction (cf. Mor Barak, 2011). My findings generally support these arguments, in that social exchange with organisation was shown to positively relate to career satisfaction, and negatively relate to turnover intentions (supporting Hypotheses 4a and 4b). The results suggest that ethnic and minority employees' perceptions of a social exchange relationship with an organisation will lead them to experience their careers as satisfying, thus leading them to want to stay with the organisation. The implication of this finding is that it reiterates the importance of social exchange with organisation as an important management tool for fostering integration. Surprisingly, and contrary to my prediction, the results also revealed that social exchange with organisation was positively related to strain. Perhaps the general measure of 'strain' plays a part in explaining the unsupported relationship. This is because, although it was explained to respondents that strain was being measured within the context of the work environment (i.e. workplace strain), individuals might feel strain from a variety of other issues not relating to the workplace, which could then have affected their responses to the strain items. Further research might need to re-examine this relationship, with particular attention given to the way strain is conceptualised and measured.

Finally, an overall implication of the findings in this study to diversity research is the demonstration that effective diversity management has positive implications for work outcomes. To date, the bulk of diversity research on outcomes has focused mainly upon individual strains of diversity (e.g. demographic diversity – Joshi, Hui & Jackson, 2006;

Sacco & Schmitt, 2005), to the relative exclusion of the role of effective diversity management (McKay, Avery & Morris, 2008). Additionally, much existing research on diversity and equality involves sociological and economic analyses of discrimination (see Table 2.1 for a review). Although these studies have made substantial contributions to knowledge, they are frequently devoid of critical analysis of the organisational context (i.e. the implementation of diversity management) and the ways in which the organisational context influences emerging patterns of relationships (Ogbonna & Lloyd, 2006). In this regard, my findings illustrate that the effective management of diversity, as manifested in social exchange with organisation relationship, has positive ramifications for ethnic and minority employees' career satisfaction and turnover intent. Thus, my study contributes to the diversity management literature by suggesting social exchange relationship with an organisation as a tool that can be used to foster the potential benefits of implementing diversity management practices within organisations.

6.4 PRACTICAL IMPLICATIONS

The findings of this study have a number of practical implications, which I discuss in this section.

Research has emphasised the need for companies to establish structured and meaningful diversity management practice metrics if they intend to realise superior business performance. However, companies have found this difficult to attain. For example, Kochan et al. (2003) reported that none of the 20 large and well-known Fortune 500 companies approached for their study had systematically examined the effects of their diversity initiatives. One of the reasons for not evaluating diversity programmes is that organisations typically struggle to identify meaningful metrics to calculate the return on investment of

human resource practices (Kochan et al., 2003), and diversity is no exception. The development and validation of a measure of diversity management could therefore aid in resolving this issue. Accordingly, this inductively developed measure of diversity management can be used to conduct an audit of an organisation's diversity management practices. The audit can then be used to: first, elicit the opinions of minority employees about their work and career experiences, and how this could potentially influence their individual work performance; and second, review the values of the organisation in order to ensure that the needs of employees (assets) are reflected. In addition, the measure developed in this study may also serve as an assessment tool for understanding the degree to which employees perceive specific attributes to be representative of their business unit or organisation. By linking such information to individual attitudes and behaviour, this tool may be useful for assessing and improving the effectiveness of diversity management initiatives. Further, by linking such information to individual-level outcomes (e.g. job satisfaction, organisational commitment etc.), this tool may be useful for conducting intra-organisational comparisons on the relationships between various approaches to diversity management and individual performance.

The finding that perception of overall justice, perception of support for diversity, and developmental experiences mediate the diversity management-social exchange with organisation relationship, and the fact that diversity climate moderates the diversity management perception of overall justice relationship has practical implications. The main implication for organisations is that it aids the understanding of how and why diversity management relates to individual outcomes. Additionally, it provides organisations and their managers with actionable knowledge about when and how to use diversity management practices effectively so as to create and sustain competitive advantage. An understanding of when and how the implementation of diversity management practices are likely to play a role

in ensuring ethnic and minority employee integration would help improve the accuracy and generalisability of diversity management models, and provide insight into how minority employees can be managed more effectively. As noted in Chapter One, mixed findings in diversity research have made the management of a diverse workforce difficult for organisations and their managers. Based on my research findings, this difficulty can be obviated by ensuring overall fairness of policies and practices, providing opportunities for development and career enhancement for ethnic and minority employees, and ensuring that the organisation has a supportive diversity climate.

Probably the single most important implication of the findings of the present research is that organisations that establish a social exchange relationship with minority employees could potentially harness the positive effects of diversity management, and so strengthen the business case for implementing diversity. The question, however, is 'how can organisations foster the development of social exchange relationships with minority employees?' Findings of this study suggest a number of ways to do this. First, organisations need to invest in implementing diversity-specific HR practices (i.e. diversity management practices), as indicated in this study. Second, minority employees' perception of fairness, support for diversity, and developmental experiences could aid the development of social exchange relationships with an organisation. Finally, creating a climate that supports diversity could aid the perception of fairness by minority employees, which could in turn create a social exchange relationship with the organisation. Put together, these conditions could foster minority employees' integration into organisational life. Based on social exchange theory, research has shown that employees form psychological contracts (this characterises the employee-employer relationship and emphasises organisations' attainment of favourable outcomes by understanding employees' expectations) with their organisation. As a policy implication for the organisation, given that diversity management practices can influence

employee perceptions of the employment relationship, which in turn influences work outcomes, organisations need to judiciously craft their human resource toolkits based on their employment relationship strategies and business strategies (cf. Aggarwal & Bhargava, 2008).

6.5 LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

While the present study makes a number of contributions to the extant research, the findings must be interpreted against a background of its limitations.

First, only one type of diversity (racio-ethnicity) was examined in this study. Focusing on only the racio-ethnic dimension of diversity could be seen as a limitation, in the sense that it limits the conclusions we are able to draw with regard to how the newly developed and validated diversity management scale will perform in terms of other diversity dimensions such as age, gender and sexual orientation. However, focusing on only this dimension of diversity could also be seen as a benefit, because within the UK there is sparse research on ethno-racial diversity. Given the fact that ethnicity is one of the first visual cues attended to in interactions (Ito & Urland, 2003), it is important to examine this dimension. Further, as cited by researchers, focusing on ethnic diversity is a proxy for deeper and more significant differences in thought and perspective (Ely & Thomas, 2001), and underpins many of the indicators of diversity. However, in order to broaden our understanding of the concept of diversity management, it will be useful for researchers to further validate the diversity management scale using other dimensions of diversity, such as gender and age.

Additionally, the sampling framework for the present study (studies 1 and 2) was limited to minority employees in the United Kingdom. Although this enabled testing of the study's propositions in a clearly delineated population of minority employees, obtaining data

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from a single geographic area limits the generalisability of the findings to other geographic areas, such as the United States or Asia. Therefore, to enhance external validity, a possible avenue for future research might be to test the theoretical model or other similar frameworks with data from other cultures and geographical regions. Further, it may be useful to assess the generalisability of the diversity management scale developed in this study to other national contexts.

Second, following existing methodological guidelines for scale development (e.g. DeVellis, 2003; Spector, 1992), I adopted a reflective strategy in developing and validating the diversity management scale, as discussed in Chapter Four. Research scholars have noted two strategies in scale development, dependent upon the researcher's conceptualisation of the focal construct; the researcher can (i) either treat the (unobservable) construct as giving rise to its (observable) indicators (Fornell & Bookstein, 1982); or (ii) view the indicators as defining characteristics of the construct (Rossiter, 2002). In the former case, measurement items would be viewed as *reflective* indicators of Z, and so conventional scale development guidelines (e.g. Churchill, 1979; DeVellis, 2003; Netemeyer, Bearden & Sharma, 2003; Spector, 1992) should be followed. In the latter case, measurement items would be seen as formative indicators of Z, and so index construction strategies (Diamantopoulos & Winklhofer, 2001) should be utilised. Given the way certain organisational practices such as human resource practices and high performance work systems have been measured (i.e. multi-dimensional constructs), one might presume that a formative strategy might have been more adequate for developing the diversity management scale. However, my choice of a reflective strategy was based on: (i) the comprehensive set of guidelines recently offered by Jarvis, Mackenzie and Podsakoff (2003) for choosing between reflective and formative specifications; (ii) theoretical considerations, implying that the formative method was considered but deemed inappropriate for the purposes of this study; and (iii) the view that

reflective measures (and use of covariance structure analysis) are better suited for theory development and testing purposes, whereas formative measures (accompanied by partial least squares (PLS) estimation) are better for prediction (Anderson & Gerbing, 1988). Despite these justifications for the use of a reflective strategy, it might be useful for researchers to consider the potential applicability of a formative measurement perspective in future research.

Third, the use of a cross-sectional design precludes inferences about the causal status of the relationships reported in this study. Although the directionality of some of the relationships examined are unambiguous (e.g. diversity management practices to perception of overall justice), future research using a longitudinal research design might be better suited to demonstrating the causal status of the relationships examined. This is because it is possible that the effects of diversity management practices on work outcomes may take a long time to materialise. Perhaps the development of a time-series database and the testing of the diversity management relationships in a longitudinal framework could provide more insights into diversity research.

Fifth, data collected for this research (i.e. studies 1 and 2) were based on self-reports. Because of the self-reported nature of the data, common method variance is a potential issue. However, as discussed in the method bias sections in chapters four and five, relevant measures were taken to reduce the impact of method bias on the findings. It might, however, be relevant for future research to collect data from multiple sources.

Lastly, in this research I focused on individual-level analysis. Although my findings provide relevant information on individual-level perceptions and minority employees' experience of work, it is, however, important to note that individual-level experiences are nested in organisational contexts. I therefore suggest that future research should propose and

test cross-level models, as well as examine both organisational and individual-level outcomes.

These limitations are, however, counterbalanced by a number of methodological strengths. First is the development and validation of a diversity management scale, which should motivate more rigorous racio-ethnic research and facilitate synthesising of the accumulation of findings in this research stream. Second, data were collected from multiple organisations, spanning multiple industries, which make the findings generalisable to other industries, albeit in the same national context.

6.6 CONCLUSION

The changed demographic composition of the workforce, coupled with a need to effectively manage this workforce as a source of competitive advantage, underscores the importance of diversity management. Despite much effort, the accumulated findings in this stream of research have been equivocal (Nishii & Mayer, 2009). These equivocal findings have been attributed to a number of factors, including: (i) differences in the conceptualisation and measurement of diversity management; (ii) failure to examine the mechanisms underlying the diversity management-performance relationship; and (iii) failure to examine the conditions under which diversity management leads to its suggested outcomes. In addition, despite much anecdotal and often times empirical evidence that black and ethnic minority employees do not feel integrated into organisational life, and the implications this has for their work outcomes, there is a dearth of research on the nature of the relationship that black and ethnic minority employees have with their employing organisation. Studies have shown that a major issue facing organisations is how to create conditions that shape the

nature of the relationship between black and ethnic minority employees and their employing organisations and the resulting implications for their work outcomes. Accordingly, I conducted two separate but related studies to address the preceding unanswered issues in the diversity literature. Specifically, the objectives of this study were: (i) to develop and validate a measure of workforce diversity management practices; and (ii) to develop and test a social-exchange-based model of the relationship between black and ethnic minority employees and their employing organisations, as well as assess the implications of this relationship for their work outcomes.

Study 1 results demonstrated substantial support for a 9-item, uni-dimensional diversity management practice scale. Results from Study 2 revealed three salient findings. First, as predicted, the relationship between diversity management practices and social exchange with organisation was mediated by perception of support for diversity, perception of overall justice, and developmental experiences, respectively. Second, consistent with my prediction, diversity climate moderated the relationship between diversity management practices and perception of overall justice, but, contrary to my prediction, it did not moderate the relationships between diversity management and perception of support for diversity and developmental experiences. Finally, social exchange with organisation was significantly and positively related to career satisfaction and strain, and negatively related to turnover intention. Taken together, these findings suggest that diversity management signals an organisation's intent to form a long-term, mutually beneficial relationship with employees that positively influences employees' experiences of work (in terms of perception of support for diversity, perception of overall justice, and developmental experiences). Consequently, these positive experiences lead minority employees to form a perception that the organisation cares about them, which then influences the work outcomes of career satisfaction and turnover. Understanding the processes through which diversity management could lead to

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positive outcomes is of paramount importance if we are to improve the effectiveness of employees from minority backgrounds and, ultimately, the effectiveness of organisations.

In summary, this research (studies 1 and 2) contributes to theory and practice by developing an empirically valid measure of workforce diversity management, and suggesting social exchange with organisation as a critical management tool to foster integration in an age where employees constitute a source of competitive advantage. Despite the findings presented here, it is clear that this study represents only a first step towards a better understanding of the effects of diversity management in organisations. In light of this, a number of directions for future research have been proposed. I hope that findings and suggestions for future studies discussed in this research motivate further investigation in this field.

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APPENDICES

APPENDIX 1 – INTERVIEW QUESTIONS

Qualitative Interviews

Objectives

- To gather rich, in-depth data from minority managers and employees on their understanding of diversity management

- To understand what diversity management practices are available within participating organisations

- To evaluate employee perception of these practices within the organisation based on their career/work experiences

Questions

1. What does diversity mean to you?

2. In your own words, how would you explain/define diversity management?

3. How is diversity management practiced within your organisation? i.e. what sort of diversity management practices are currently applied within your organisation?

4. What is your perception of these diversity management practices (based on respondents' experiences of these practices)?

5. In your opinion, how would you evaluate your organisation's strategic plans in the following aspects?

   a. Recruitment and selection of ethnic minority employees

   b. Promotion of ethnic minority employees

   c. Training and development (multi-cultural awareness)

   d. Career development and growth

6. Would you say your organisation is interested in your career development as a minority employee? How? Can you give an instance or example?

7. How have these practices enhanced/decreased your feeling of inclusion within your organisation?

8. If your organisation were to implement a diversity management practice, what would you recommend as the most important for generating positive consequences?

9. In one sentence, can you describe what effective diversity management means to you?

10. What do you think should be the most important reason for organisations to implement diversity management practices, and why? E.g. moral reasons, legal reasons, business imperatives (competitive advantage)

Semi-structured interview questions

Please tick any of the practices below which, in your opinion, should be important in managing employees from various nationalities.

Factors	Tick (√)
Recruitment and selection	
Promotion and career growth	
Training and development	
Work/life balance	
Grievance and disciplinary procedures	
Social and interactive programmes	
Mentoring	
Flexible working	
Employee involvement in decision making	
Family-friendly practices	

Please list any other practices not included in the list that you feel are important for effective diversity management

- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………

In the grid below you will see a number of different diversity management practices. Using the scales from 'Not important' (1) to 'Very important' (5) please indicate how important you think each diversity management practice is to organisations' bottom-line performance?

DM Practice	1	2	3	4	5
Recruitment & Selection					
Training & Development					
Promotion					
Flexible working					
Mentoring					
Employee involvement in decision making					
Family-friendly practices					
Social and interactive programmes, e.g. days out, lunches/dinners					
Work/life balance					
Grievances and disciplinary procedures					

Please list any other practices not included in the list above that are important for effective diversity management, and state their level of importance from 1 to 5

- …………………………………………………………………………
- …………………………………………………………………………
- …………………………………………………………………………

APPENDIX 3 – OPEN-ENDED QUESTIONNAIRE

<u>Open-ended questionnaire</u>

1. Define diversity (What does 'diversity' mean to you?)

   ………

   ………

   ………

2. Define diversity management (In your own words, how would you explain/define diversity management?)

   ………

   ………

   ………

3. State the key diversity management practices (What sorts of diversity management practices are available/ should be adopted within the organisation? e.g. career development programmes, training & development, work-family practices)

   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………

4. Potential benefits of adopting DM practices

   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………
   - ……………………………………………………………………

- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………

5. Reasons for recruiting minority employees (What are the main reasons for the adoption of diversity management practices? E.g. ethical reasons, increased competitive advantage, legal reasons)

- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………

6. Main difficulties experienced in managing ethnic minority employees (What are the difficulties you have experienced in managing ethnic minority employees? E.g. language barriers)

- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………

7. Barriers to effective diversity management

- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………
- …………………………………………………………………

8. Method for removing barriers

……

……

……

9. Method of creating a sense of inclusion amongst ethnic minority employees

……

……

………

10. Recommendation for the most effective diversity management practice(s)

- …………………………………………………………………
- …………………………………………………………………

- …………………………………………………………………………………

NOTE: Please continue on a separate page for further explanation if needed (ensure you write question number beside answer)

THANK YOU

APPENDIX 4 – DMP ITEMS PHASE 1 (EXPERT JUDGES)

Diversity Management Practice Questionnaire

Dear Respondent,

I am a PhD student at Aston Business School, Aston University. I am writing to kindly request your participation in the above survey by completing the attached questionnaire.

The objective of this study is to examine HR managers' perception of diversity management practices within their organisation. Specifically, it aims to examine how diversity management is practiced within organisations in the UK, with the aim of suggesting best practices for managing diversity so as to enhance individual and organisational performance.

Your participation is VITAL, as it will contribute to a greater understanding of workable diversity management practices within organisations. This actionable knowledge can then be used to foster conditions that enhance the performance implications of diversity management practices, or strengthen the business case for implementing diversity management.

Please read each question carefully and answer it according to how you personally feel about it. There are no RIGHT or WRONG answers. For the study to be meaningful, it is important that you complete ALL the questions in this survey.

In accordance with the ethics of behavioural science research, individual responses will be completely CONFIDENTIAL. Please return completed questionnaires to me via email or return to the coordinator.

If you have any questions or enquiries, please feel free to email me at
otayele@aston.ac.uk.

Thank you for your time and patience in completing the questionnaires.

Yours faithfully,

Lilian Otaye
Doctoral student
Work & Organisational Psychology Group
Aston Business School
Aston University
Aston Triangle, Birmingham, B4 7ET

otayele@aston.ac.uk

SECTION A

Interviews conducted with HR/DM managers on human resource diversity management practices within their organisations have yielded the following practices. For each, please indicate (√) the extent to which the items reflect diversity management practices within your organisation/any organisation in the UK.

	YES	NO
Considerable importance is placed on the recruitment process (there is no prejudice at the point of recruitment)		
Applicants undergo structured interviews (job-related questions, same questions asked of all applicants and rating scales) before being hired		
The workplace demography is a reflection of the community		
Outreach programmes for minority recruitment is encouraged		
Minority job fairs are used for recruiting		
There are formal procedures in place for obtaining feedback on diversity management practices		

	YES	NO
Multicultural awareness training is part of the diversity management programme		
Diversity training is designed to accomplish specific objectives		
Diversity training objectives are communicated to employees		
Employees are required to give feedback after diversity training programmes		
Employees normally go training on diversity-related issues		
Formal orientation programmes emphasise the need to work with employees from diverse backgrounds		

	YES	NO
There is a diversity management programme implementation plan		
Diversity is incorporated into your company's vision or mission statement		
There is consistency and clarity of message from top-management on valuing diversity		
Adequate information is provided to employees about the importance of diversity management issues		
Diversity management related issues/memos are shared with employees		
The organisation puts a lot of emphasis on having a diverse workforce		

	YES	NO
Developmental opportunities are made available for employees from BME backgrounds		
Diversity initiative includes a formal mentoring program		

	YES	NO
The diversity programme includes an informal mentoring program		
Role models from various nationalities are nurtured and coached to be mentors		

	YES	NO
Promotion is not based on ethnicity or race		
All employees have clear career paths in this organisation		
Employees from BME backgrounds have a future in the organisation		
BME employees have few opportunities for upward movement		
A formal career development programme exists for all employees		
HR managers are required to report on patterns of promotion for minority employees		

	YES	NO
Employees from BME backgrounds are involved in formal participation processes, such as round-table discussions or suggestion groups		
Employees from BME backgrounds are involved in informal participation processes, such as social interactions, group outings or events		
Employees are provided with the opportunity to suggest improvements in the way things are done		
Supervisors keep open communication with employees		
Employees have access to diversity related materials used in the organisation		
Ideas and suggestions of employees from BME backgrounds are taken very seriously by managers		
Job security is almost guaranteed to employees irrespective of their ethnic background		
Employees have access to diversity management policy information in the organisation		

	YES	NO
There are sponsored classes, workshops and/or seminars on diversity		
A lot of effort is put into diversity management		
My organisation spends enough money and time on diversity awareness and related training		
My organisation values diversity		
Managing diversity has helped my organisation to be more effective		

	YES	NO
Patterns of BME employment and promotion are reported in the organisation's annual report		
There is a diversity programme accomplishment or status report		
The organisation uses measures (e.g. productivity, performance) to assess the effectiveness of its diversity programme in achieving stated objectives		

	YES	NO
Employees are held accountable for taking appropriate actions to achieve the objectives of the diversity programme		
The diversity programme is linked to the organisation's annual performance plan		
The diversity programme includes awards and incentives		
The organisation evaluates the effectiveness of diversity training provided to employees		

	YES	NO
All employees, irrespective of their background, are treated fairly and equitably		
It is important that work groups reflect the diversity of the organisation's workforce		
Managers are encouraged to be fair to all employees in their decision making		
All employees have a reasonable and fair complaint process		

	YES	NO
The organisation tries to accommodate cultural differences		
The organisation operates an open-door policy for all its employees		
Cooperation between employees of diverse backgrounds is emphasised		

SECTION B

Please indicate (√) if the above-stated practices represent an exhaustive summary of HR diversity management practices within your organisation/any organisation in the UK.

☐ YES

☐ NO

If **NO**, please list any other practices not included in the list that are important for effective diversity management

- ……
- ……
- ……
- ……
- ……
- ……
- ……
- ……
- ……
- ……
- ……

END
Please continue on a separate sheet if you require more space
Return your completed questionnaire to the survey coordinator or direct
to me via email – otayele@aston.ac.uk

Once again, thank you for your patience in completing the questionnaire
APPENDIX 5 – Informed Consent Form

Informed Consent Form (ICF)

This Informed Consent Form is for selected participants who have been invited to participate in my research titled "Ethno-racial Diversity Management: A Multi-level Analysis of the Processes Linking Diversity Management and Organisational Performance".

Name of Principal Investigator: Ms Lilian Otaye
Name of Organisation: Aston University
Name of Supervisor: Professor Samuel Aryee

This Informed Consent Sheet is in two parts
  • Information Sheet (to share information about the study with you)
  • Certificate of Consent (for signatures if you choose to participate)

Part I: Information Sheet

Introduction

I am a PhD Student currently conducting research with the Work & Organisational Group, Aston Business School, Aston University. My research is mainly about how to foster individual performance amongst ethnic-minority employees, with the aim of increasing organisational performance. I will provide you with information and invite you to be part of this research. Please take time to reflect on and decide if you are comfortable to participate. If you have any questions, let me know and I will do my best to explain.

Purpose of the Research

Globalisation, changing equality laws and organisations' bid for competitive advantage has led to an increase in the number of ethnic minority employees in organisations. My study seeks to find out how diverse groups of employees can be effectively managed so as to increase individual and organisational effectiveness. I want to learn from my study how ethnic minority employees' perceptions of diversity management practices within their organisations affect their performance. This knowledge will help us understand what practices and policies need to be put in place by organisations in order to create inclusion and engagement from ethnic-minority employees, and so enhance performance.

Type of Research Intervention

This research will involve your participation in an interview and possibly a questionnaire as well. The questionnaire should take about 15 minutes to complete, and the interview will be an hour and a half maximum.

Participant Selection

You have been invited to take part in my research because I believe your experience can contribute much to our understanding and knowledge of diversity management.

Procedures

If you accept to participate in the study, the information that will be needed from you is as follows.

- **Interviews**

    Participate in an interview conducted by me.

    The interview will take place at a convenient location. If it is better for you, the interview can take place in your office. If you do not wish to answer any of the questions during the interview, you may say so and the interviewer will move on to the next question. No one else but the interviewer will be present. With your permission, the entire interview will be tape-recorded, but no-one will be identified by name in the final research document. The tape will be kept securely locked up in my office. Transcription will be done by me or an agent who has no knowledge of research or participants. The information recorded is confidential, and no one else except me will have access to the tapes. All data will be stored electronically for the necessary duration and will be destroyed afterwards.

- **Survey Questionnaires**

    You will be required to fill out a survey which will be provided by me either directly or via email. Participants will be provided with a 'dropbox' for completed questionnaires. Pseudonyms will be assigned to participants, while generic names will be used for participating organisations. If you do not wish to answer any of the questions included in the survey, you may skip them and move on to the next question. The information recorded is confidential, your name will not be included on the forms, and only a number will identify you. All data will be stored electronically for the necessary duration and will be destroyed afterwards.

Duration

Data will be collected over a 6 month period. During this period, one hour interviews will be held with selected participants, after which survey questionnaires will be distributed to all participants, which will require about 30 minutes to complete.

Risks

My research will pose no risk either to participating organisations or employees. I intend to conduct my research in strict adherence to the ethics of behavioural science research. In accordance with the ethics of behavioural science research, participating organisations and their employees will be assured of confidentiality. Survey responses will be used exclusively for the purposes of my doctoral dissertation. Participation will be voluntary, and refusal to participate involves no penalty. Also, participants are at liberty to discontinue or withdraw from the study at any time. However, due to the nature of the research, there is a risk that you may share some personal or confidential information by chance, or that you may feel uncomfortable talking about some of the topics. I do not wish for this to happen. Thus, you do not have to answer any question or take part in the discussion/interview/survey if you feel the question(s) are too personal, or if talking about them makes you uncomfortable.

Benefits

There will be no direct benefit to you, but your participation is likely to help us find out more about how your organisation can effectively manage diversity. Findings also can help organisations rethink their existing strategies, thereby providing a better and more conducive working environment for you.

Confidentiality

I will not be sharing information about you to anyone outside of the research team. The information collected from this research project will be kept private. Any information about you will have a number on it instead of your name. Only the researcher will know what your number is, and will hold that information under lock and key.

Result Dissemination

Findings from my research will be made available to you and your organisation. The research is the property of Aston University; however, nothing that you tell me today will be shared with anybody else, and nothing will be attributed to you by name.

Right to Refuse or Withdraw

You do not have to take part in this research if you do not wish to do so, and choosing to participate will not affect your job or job-related evaluations in any way. You may stop participating in the [survey/interview] at any time without your job being affected. I will give you an opportunity at the end of the interview to review your remarks, and you can ask to modify or remove portions of these remarks if you do not agree with my notes, or if I did not understand you correctly.

Who to Contact

If you have any questions, you can ask them now or later. If you wish to ask questions later, my contact details are:

Lilian Otaye
Work & Organisational Psychology Group
Aston Business School
Aston University
Aston Triangle, Birmingham, B4 7ET
otayele@aston.ac.uk

This proposal has been reviewed and approved by the School's Research Ethics Committee (SREC), which is a committee at Aston University whose task it is to make sure that research participants are protected from harm.

Part II: Certificate of Consent

I have been invited to participate in research about diversity management and its effect on organisational performance.

I have read the foregoing information, or it has been read to me. I have had the opportunity to ask questions about it, and any questions I have been asked have been answered to my satisfaction. I consent voluntarily to be a participant in this study and for the interview to be recorded.

Print Name of Participant_____

Signature of Participant _____

Date _____
        Day/month/year

Statement by the researcher

I have given the participant sufficient time to read and understand the research information. To the best of my ability, I have made sure that the participant understands the research, what information will be collected and how it will be used.

I confirm that the participant was given an opportunity to ask questions about the study, and all the questions asked by the participant have been answered correctly and to the best of my ability. I confirm that the individual has not been coerced into giving consent, but that consent has been given freely and voluntarily.

A copy of this ICF has been provided to the participant.

Print Name of Researcher _____

Signature of Researcher _____

Date _____
    Day/month/year

APPENDIX 6 –STUDY 1 QUESTIONNAIRE

Managing a Diverse Workforce Survey

Dear Respondent,

I am a PhD student in Aston Business School at Aston University. I am writing to kindly request your participation in the above survey by completing the attached questionnaire.

The objective of this study is to examine minority employees' perceptions and experiences of diversity management practices within their organisation. Specifically, it aims to examine how diversity management is practised within organisations in the UK in order to identify best practices.

Your participation is VITAL, as it will contribute to a greater understanding of effective diversity management practices within organisations. This actionable knowledge can then be used to foster conditions that enhance individual and organisational well-being.

Please read each question carefully and answer it according to how you personally feel about it. There are no RIGHT or WRONG answers. For the study to be meaningful, it is important that you complete ALL the questions in this survey.

In accordance with the ethics of behavioural science research, individual responses will be completely CONFIDENTIAL. Please return completed questionnaires to me via email or return to the survey coordinator.

For more information, or if you have any questions or enquiries, please feel free to contact me – Lilian Otaye , Work & Organisational Psychology Group, Aston Business School, Aston University email: otayele@aston.ac.uk
Tel. +44(0)121 204 5242

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Thank you for your time and patience in completing this survey.

SECTION A

1. Below are Human Resource practices that organisations might use to manage a diverse workforce. For each item, please indicate (√) the extent to which these practices are used in your organisation.

Not at all	To a slight extent	To some extent	To a large extent	To a very large extent
1	**2**	**3**	**4**	**5**

This organisation places considerable importance on recruiting the best candidate (there is no prejudice at the point of recruitment). ☐1 ☐2 ☐3 ☐4 ☐5

Applicants undergo structured interviews (same job-related questions asked of all applicants) before being hired. ☐1 ☐2 ☐3 ☐4 ☐5

Long-term employee potential is emphasised when hiring new employees. ☐1 ☐2 ☐3 ☐4 ☐5

Outreach programmes for minority recruitment is encouraged. ☐1 ☐2 ☐3 ☐4 ☐5

Minority job fairs are used for recruiting. ☐1 ☐2 ☐3 ☐4 ☐5

Considerable effort is made to ensure this organisation's workforce reflects the diversity of the population. ☐1 ☐2 ☐3 ☐4 ☐5

Multicultural awareness training is part of the diversity management programme. ☐1 ☐2 ☐3 ☐4 ☐5

Diversity training objectives are communicated to employees. ☐1 ☐2 ☐3 ☐4 ☐5

Diversity is incorporated into the company's vision or mission statement. ☐1 ☐2 ☐3 ☐4 ☐5

Role models from minority ethnic backgrounds are nurtured and coached to be mentors. ☐1 ☐2 ☐3 ☐4 ☐5

There are formal procedures for obtaining feedback on diversity management practices. ☐1 ☐2 ☐3 ☐4 ☐5

This organisation spends money and time on diversity awareness and related training. ☐1 ☐2 ☐3 ☐4 ☐5

This organisation evaluates the effectiveness of diversity training provided to employees. ☐1 ☐2 ☐3 ☐4 ☐5

Employees normally go through training in diversity-related employment issues. □1 □2 □3 □4 □5

Diversity-management-related issues/memos are shared with employees. □1 □2 □3 □4 □5

The formal orientation programme emphasises the need to work with employees of diverse backgrounds. □1 □2 □3 □4 □5

Employees are adequately informed about the importance of diversity management issues. □1 □2 □3 □4 □5

The management of this organisation puts a lot of emphasis on having a diverse workforce. □1 □2 □3 □4 □5

Cooperation among employees of diverse work groups is emphasised. □1 □2 □3 □4 □5

Employees have access to diversity materials used in the organisation. □1 □2 □3 □4 □5

Information on how well this organisation is doing in promoting diversity is shared with all employees. □1 □2 □3 □4 □5

Suggestions on how to improve cooperation among this organisation's demographically diverse workforce are shared with employees. □1 □2 □3 □4 □5

Complaints about discriminatory attitudes and behaviours targeted at specific groups are taken seriously. □1 □2 □3 □4 □5

Efforts are made to ensure that employees think of themselves as one big happy family. □1 □2 □3 □4 □5

Fostering a cooperative spirit among this organisation's workforce is an important part of corporate strategy. □1 □2 □3 □4 □5

Employees have access to policy information regarding diversity management practices. □1 □2 □3 □4 □5

Making the best use of all its employees is an important part of this organisation's corporate strategy. □1 □2 □3 □4 □5

There is a mentoring program that identifies and prepares all minority employees for promotion. □1 □2 □3 □4 □5

Supervisors/team leaders in this organisation are committed to a workforce that is representative of all segments of the society. □1 □2 □3 □4 □5

This organisation has policies and programmes that promote diversity (for example, recruiting minorities and women, training in awareness of diversity issues, mentoring).   ☐1 ☐2 ☐3 ☐4 ☐5

Managers/supervisors/team leaders work well with employees of different backgrounds.   ☐1 ☐2 ☐3 ☐4 ☐5

SECTION B

1. The statements below describe perceptions of the extent to which an organisation values, respects, and accepts differences (e.g. race, ethnicity, sexual orientation, religion etc.) among members of its workforce. For each statement, indicate (√) the extent to which it accurately or inaccurately describes your organisation.

Not at all accurate	Inaccurate	Somewhat accurate	Accurate	Very accurate
1	2	3	4	5

Managers here have a track record of hiring and promoting employees objectively, regardless of their race, gender, sexual orientation, religion or age.   ......☐1 ☐2 ☐3 ☐4 ☐5

Managers here give feedback and evaluate employees fairly, regardless of employees' race, gender, sexual orientation, religion, age or social background.   ......☐1 ☐2 ☐3 ☐4 ☐5

Managers here make layoff decisions fairly, regardless of factors such as employees' race, gender, age or social background.   ......☐1 ☐2 ☐3 ☐4 ☐5

Managers interpret human resource policies (such as sick leave) fairly for all employees.   ......☐1 ☐2 ☐3 ☐4 ☐5

Managers give assignments based on the skills and abilities of employees.   ......☐1 ☐2 ☐3 ☐4 ☐5

2. The statements below describe perceptions of integration into organisational life. For each statement, indicate the extent of your agreement or disagreement by ticking (√) the appropriate box.

Strongly disagree	Moderately disagree	Slightly disagree	Slightly agree	Moderately agree	Strongly agree
1	**2**	**3**	**4**	**5**	**6**

My co-workers openly share work-related information with me. ☐1 ☐2 ☐3 ☐4 ☐5 ☐6

I am usually among the last to know about important changes in the organisation. ☐1 ☐2 ☐3 ☐4 ☐5 ☐6

My supervisor does not share information with me. ☐1 ☐2 ☐3 ☐4 ☐5 ☐6

I frequently receive communication from management higher than my immediate supervisor. ☐1 ☐2 ☐3 ☐4 ☐5 ☐6

I am always informed about informal social activities and company social events. ☐1 ☐2 ☐3 ☐4 ☐5 ☐6

3. The statements below describe Human Resource practices. For each item, indicate (√) the extent of your agreement or disagreement as a description of the practices employed by your organisation.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
1	**2**	**3**	**4**	**5**

Employees have clear career paths within the organisation. ☐1 ☐2 ☐3 ☐4 ☐5

Employees have very little future within this organisation. ☐1 ☐2 ☐3 ☐4 ☐5

Employees' career aspirations within the company are known by their immediate supervisors. ☐1 ☐2 ☐3 ☐4 ☐5

Employees who desire promotion have more than one potential position they could be promoted to. ☐1 ☐2 ☐3 ☐4 ☐5

Extensive training programmes are provided for individuals in this job. ☐1 ☐2 ☐3 ☐4 ☐5

Employees will normally go through training programmes every few years. □1 □2 □3 □4 □5

There are formal training programmes to teach new hires the skills they need to perform their jobs. □1 □2 □3 □4 □5

Formal training programmes are offered to employees in order to increase their promotability in this organisation. □1 □2 □3 □4 □5

Performance is more often measured with objective, quantifiable results. □1 □2 □3 □4 □5

Performance appraisals are based on objective, quantifiable results. □1 □2 □3 □4 □5

Employees can expect to stay in the organisation for as long as they wish. □1 □2 □3 □4 □5

It is very difficult to dismiss an employee. □1 □2 □3 □4 □5

Job security is almost guaranteed to all employees. □1 □2 □3 □4 □5

Employees are allowed to make many work-related decisions. □1 □2 □3 □4 □5

Employees are often asked by their supervisors to participate in decisions. □1 □2 □3 □4 □5

Employees are provided the opportunity to suggest improvements in the way things are done. □1 □2 □3 □4 □5

Superiors keep open communication with employees. □1 □2 □3 □4 □5

Job duties are clearly defined. □1 □2 □3 □4 □5

My job has an up-to-date job description. □1 □2 □3 □4 □5

The job description for my job contains all of the duties performed by individual employees. □1 □2 □3 □4 □5

The actual job duties are shaped more by the employees than by a specific job description. □1 □2 □3 □4 □5

Individuals receive bonuses based on the profit of the organisation. □1 □2 □3 □4 □5

4. The statements below describe employees' affective attitudes to their jobs and the organisation for which they work. For each statement, indicate (√) the extent of your agreement or disagreement.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
1	**2**	**3**	**4**	**5**

I would be very happy to spend the rest of my career with this organisation. □1 □2 □3 □4 □5

I really feel as if this organisation's problems are my own. □1 □2 □3 □4 □5

I do feel a strong sense of 'belonging' to my organisation. □1 □2 □3 □4 □5

I do feel 'emotionally attached' to this organisation. □1 □2 □3 □4 □5

I do not feel like 'part of the family at my organisation. □1 □2 □3 □4 □5

This organisation has a great deal of personal meaning for me. □1 □2 □3 □4 □5

I am often bored with my job. □1 □2 □3 □4 □5

I feel fairly well satisfied with my present job. □1 □2 □3 □4 □5

I am satisfied with my job for the time being. □1 □2 □3 □4 □5

Most days I am enthusiastic about my work. □1 □2 □3 □4 □5

I like my job better than the average worker does. □1 □2 □3 □4 □5

I find real enjoyment in my work. □1 □2 □3 □4 □5

5. Below are statements that describe perceptions of an organisation's fair treatment of its employees. For each statement, indicate (√) the extent of your agreement or disagreement as a description of the fairness of the treatment that employees like yourself receive at the hands of your organisation.

Strongly disagree	Disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Agree	Strongly agree
1	2	3	4	5	6	7

Overall I am treated fairly by my organisation.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

In general, I can count on my organisation to be fair.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

In general, the treatment I receive around here is fair.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

For the most part, my organisation treats its employees fairly.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

Most of the people who work here would say they are often treated unfairly.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

Usually, the way things work in this organisation are not fair.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

6. The statements below describe perceptions of support an employee receives from his/her employing organisation. For each statement, indicate (√) the extent of your agreement or disagreement.

Strongly disagree	Disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Agree	Strongly agree
1	2	3	4	5	6	7

My organisation takes pride in my accomplishments.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

My organisation really cares about my well-being.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

My organisation values my contributions to its well-being.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

My organisation strongly considers my goals and values.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

My organisation shows little concern for me.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

My organisation is willing to help me if I need a special favour.　☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

7. Below are words or adjectives that describe different feelings and emotions. Indicate (1-5) to what extent you generally feel this way, that is, how you feel on the average.

Very slightly or not at all	A little	Moderately	Quite a bit	Extremely
1	**2**	**3**	**4**	**5**

_____distressed   _____upset

_____guilty   _____scared

_____hostile   _____irritable

_____ashamed   _____nervous

_____jittery   _____afraid

SECTION C

Differences in background often influence the way individuals perceive their work situation as well as how they feel about it. I am asking the following questions so that I can study the effects of such background factors. Please check (√) or write in your response.

Sex: Male ☐ Female ☐

What was your age at your last birthday? _____years

Highest educational attainment:

GCSE/GCE 'O' Levels or below	☐	Master's degree	☐
GCE 'A' Levels/BTEC/'Highers'	☐	Doctorate (PhD, D Phil)	☐
Bachelor's degree (BA/BSc)	☐	Professional qualifications	☐
Post graduate diploma	☐		

How many years have you been in the workforce since completing formal education? ____ Years

Do you have other employees who directly report to you? Yes ☐ No ☐

What industry do you presently work in?

☐ Finance   ☐ Retail

☐ Manufacturing   ☐ Health

☐ Education   ☐ Transportation
☐ Hotels and Restaurants   ☐ Construction
☐ Other (please indicate)_____

How long have been with your present organisation?   _____years

What is your occupational category (e.g. technician, professional, administrative support etc.)? _____

On average, how many hours per week do you devote to paid work? _____hours

What is the size of your organisation or number of people who work in your organisation? Please give an estimate if you are uncertain.

☐ Under 10   ☐ 250-999
☐ 11-99   ☐ Over 1000
☐ 100-249

Ethnic Background

A. Asian or Asian British ☐ Bangladeshi ☐ Indian ☐ Pakistani ☐ Any other Asian background, please state……………………………………………………………
B. Black or Black British ☐ African ☐ Caribbean ☐ Any other Black background, please state………………………………………………………….
C. Chinese or other ethnic group ☐ Chinese ☐ Any other, please state…………………………………………………………………………………
D. Mixed ☐ White & Asian ☐ White & Black African ☐ White & Black Caribbean ☐ Any other Mixed background, please state………………………………………………………

E. White ☐ British ☐ English ☐ Irish ☐ Scottish ☐ Welsh ☐ Any other White background, please state………………………………………………………………………….
F. **Any other Ethnic group, please state**………………………………………………………………………………

END

Please go over the questionnaire and ensure that all questions have been answered.
Return your completed questionnaire to the survey coordinator or direct to me via email – otayele@aston.ac.uk

Once again, thank you for your time and patience in completing this survey.

APPENDIX 7 – FINAL DMP ITEMS

1. This organisation communicates diversity training objectives to employees
2. In this organisation, role models from minority ethnic backgrounds are nurtured and coached to be mentors
3. This organisation has formal procedures for obtaining feedback on diversity management practices
4. This organisation spends money and time on diversity awareness and related training
5. This organisation evaluates the effectiveness of diversity training provided to employees
6. Employees of this organisation normally go through training in diversity-related issues
7. This organisation shares diversity management-related issues/memos with employees
8. The management of this organisation puts a lot of emphasis on having a diverse workforce
9. Employees have access to diversity materials used in this organisation

TITLE: Ethno-racial Diversity Management: A Multi-level Analysis of the Processes Linking Diversity Management and Organisational Performance

Research Problem

Globalisation, changing equality laws and organisations' bid for competitive advantage have led to an increase in the number of ethnic minority employees in organisations within the UK. How these diverse groups of employees are effectively managed so as to increase organisational effectiveness is now, more than ever, of key importance to practitioners and academics.

Accordingly, much research has been conducted on various diversity facets and their impact on organisational performance. However, existing research has returned mixed/conflicting results, with some reporting positive (e.g. innovation and competitive advantage – Richard, Barnett, Dwyer & Chadwick, 2004; Bassett-Jones, 2005) and others neutral or even negative effects (e.g. lower cohesiveness, difficulties in communications and inter-group conflict tension – Cox, 1993; Richard, McMillan, Chadwick & Dwyer, 2003) of diversity on organisational performance.

Possible causes of these conflicting findings include:
- ➢ Differences in the conceptualisation of diversity management.
- ➢ Failure to examine the contextual factors (e.g. organisational climate, environment) underlying the diversity management-performance relationship.
- ➢ Failure to examine the conditions under which diversity management leads to its suggested outcomes.

To address these limitations, the objectives of my study are:
1. To develop and validate a diversity management instrument which can be used by Human Resource practitioners in organisations to assess how well they are doing in respect to their diversity management strategies.
2. To examine why and how diversity management is related to organisational performance.

3. To examine the outcomes of diversity management defined in terms of individual and organisational performance.

Organisational Benefits

The findings of this study have the potential to provide a number of significant benefits to organisations as they seek to fully utilise their diverse workforce to create and sustain competitive advantage.

➢ First, a validated diversity management instrument can be used to conduct an audit of diversity management practices, and as a tool for conducting regular benchmarking surveys (external benchmarking).

➢ Second, the measure can be included in organisational climate surveys to ascertain minority employees' experience of organisational life and perceptions of diversity climate in their organisations (internal benchmarking).

➢ Third, findings from my study will provide actionable knowledge to design and enhance the effectiveness of diversity management practices. Specifically, the findings will provide insight into why and how diversity management practices may be related to organisational performance. This information can be used to foster conditions that enhance the performance implications of these practices, or strengthen the business case for implementing diversity management.

These benefits are very important, as most organisations conduct regular audits; the results are then used to develop strategies and policies which are both beneficial to employees as well as organisations.

Furthermore, organisations are constantly searching for factors which they can put in place so as to enhance the positive effects of diversity (e.g. better innovation, reduced costs due to lower turnover and fewer lawsuits, enhanced market understanding and marketing ability, better problem solving, greater organisational flexibility, better decision making and better overall performance) and reduce the negative effects of diversity (e.g. conflict, tension, increased turnover).

Methodology

Sample and Data Collection Procedure

Participating organisations should be profit-making organisations based in the UK. They should have a minimum staff strength of 100 employees, and a representative workforce comprising some ethnic minority employees.

Data collection will be in three (3) phases.

Phase 1 - Scale development: one hour interviews will be conducted with participants.

Phase 2 - Scale validation: questionnaires will be administered to collect data to examine the validity and reliability of the diversity management instrument.

Phase 3 - Main study: to examine my propositions, survey data will be obtained from participants from participating organisations. Completed questionnaires will be returned in stamped self-addressed envelopes to my university address. Questionnaires will take about 30 minutes to complete.

Research Ethics

In accordance with the ethics of behavioural science research, participating organisations and their employees will be assured of confidentiality. Survey responses will be used exclusively for the purposes of my doctoral dissertation.

Dissemination of Research Findings

In return for participating in the study, I intend to make a presentation of my findings to senior management in each participating organisation, as well as provide them with a copy of my research report.

APPENDIX 9 – STUDY 2 QUESTIONNAIRE

Aston University
Aston Triangle
Birmingham B4 7ET
United Kingdom
Tel   +44 (0)121 204 3000

www.abs.aston.ac.uk

Managing a Diverse Workforce Survey

Dear Respondent,

Thank you for taking time to complete this academic and non-commercial study. The objective of this study is to examine minority employees' perception and experience of diversity management practices within their organisation. Specifically, it aims to examine how diversity management is practiced within organisations in the UK, and how it influences both individual and organisational outcomes.

Your participation is VITAL, as it will contribute to a greater understanding of workable diversity management practices within organisations. This actionable knowledge can then be used to foster conditions that enhance individual and organisational well-being.

Please read each question carefully and answer it according to how you personally feel about it. There are no RIGHT or WRONG answers. For the study to be meaningful, it is important that you complete ALL the questions in this survey.

In accordance with the ethics of behavioural science research, individual responses will be completely CONFIDENTIAL. Please return completed questionnaires directly to me or to the survey coordinator.

For more information, or if you have any questions or enquiries, please feel free to contact me – Lilian Otaye , Work & Organisational Psychology Group, Aston Business School, Aston University email: otayele@aston.ac.uk
Tel. +44(0)121 204 5242

Thank you again for your time and patience in completing this survey.

SECTION A

1. Below are Human Resource practices that organisations may use to manage a diverse workforce. For each item, please indicate (√) the extent to which these practices are used in your organisation.

Not at all	To a slight extent	To some extent	To a large extent	To a very large extent
1	**2**	**3**	**4**	**5**

Multicultural awareness training is part of the diversity management programme in this organisation. □1 □2 □3 □4 □5

This organisation communicates diversity training objectives to employees. □1 □2 □3 □4 □5

In this organisation, role models from minority ethnic backgrounds are nurtured and coached to be mentors. □1 □2 □3 □4 □5

This organisation has formal procedures for obtaining feedback on diversity management practices. □1 □2 □3 □4 □5

This organisation spends money and time on diversity awareness and related training. □1 □2 □3 □4 □5

This organisation evaluates the effectiveness of diversity training provided to employees. □1 □2 □3 □4 □5

Employees of this organisation normally go through training in diversity-related issues. □1 □2 □3 □4 □5

This organisation shares diversity management-related issues/memos with employees. □1 □2 □3 □4 □5

This organisation's formal orientation programmes emphasise the need to work with employees of diverse backgrounds.

□1 □2 □3 □4 □5

This organisation adequately informs employees about the importance of diversity management issues. □1 □2 □3 □4 □5

Work groups reflect the diversity of this organisation's workforce. □1 □2 □3 □4 □5

The management of this organisation puts a lot of emphasis on having a diverse workforce. □1 □2 □3 □4 □5

Cooperation among employees of diverse work groups is emphasised in this organisation. □1 □2 □3 □4 □5

Employees have access to diversity materials used in this
organisation.   □1 □2 □3 □4 □5

Employees have access to policy information regarding
diversity management practices in this organisation.   □1 □2 □3 □4 □5

SECTION B

2. The statements below describe perceptions of the extent to which an
    organisation values, respects and accepts differences (e.g. race, ethnicity, sexual
    orientation, religion etc.) among members of its workforce. For each statement,
    indicate (√) the extent to which it accurately or inaccurately describes your
    organisation.

Not at all accurate	Inaccurate	Somewhat accurate	Accurate	Very accurate
1	**2**	**3**	**4**	**5**

Managers here have a track record of hiring and promoting
employees objectively, regardless of their race, gender,
sexual orientation, religion or age.   ......□1 □2 □3 □4 □5

Managers here give feedback and evaluate employees fairly,
regardless of employees' race, gender, sexual orientation,
religion, age or social background.   ......□1 □2 □3 □4 □5

Managers here make layoff decisions fairly, regardless of
factors such as employees' race, gender, age or social   ......□1 □2 □3 □4 □5
background.

Managers interpret human resource policies (such as sick
leave) fairly for all employees.   ......□1 □2 □3 □4 □5

Managers give assignments based on the skills and abilities
of employees.   ......□1 □2 □3 □4 □5

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3. The statements below describe developmental opportunities. For each statement, please indicate (√) the extent of your agreement or disagreement with the statements below.

Strongly disagree	Disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Agree	Strongly agree
1	2	3	4	5	6	7

In the positions that I have held at this organisation, I have often been given additional challenging assignments.   □1 □2 □3 □4 □5 □6 □7

In the positions that I have held in this organisation, I have often been assigned projects that have enabled me to develop and strengthen new skills.   □1 □2 □3 □4 □5 □6 □7

Not at all	To a very little extent	To a little extent	To some extent	To a large extent	Extreme extent	To a very large extent
1	2	3	4	5	6	7

Besides formal training and development opportunities, to what extent have your managers helped you to develop your skills by providing you with challenging job assignments?   □1 □2 □3 □4 □5 □6 □7

Regardless of this company's policy on training and development, to what extent have your managers made a substantial investment in you by providing formal training and developmental opportunities?   □1 □2 □3 □4 □5 □6 □7

4. The statements below describe perceptions of support for diversity that an employee receives from his/her employing organisation. For each statement, indicate (√) the extent of your agreement or disagreement.

Strongly disagree	Disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Agree	Strongly agree
1	2	3	4	5	6	7

My organisation has sponsored classes, workshops and/or seminars on managing a diverse workforce.   □1 □2 □3 □4 □5 □6 □7

Managing diversity has helped my organisation to be more effective.   □1 □2 □3 □4 □5 □6 □7

My company accommodates the needs of diverse
persons (e.g. disabled persons, minority employees,   ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7
religious groups).

5. Below are statements that describe perceptions of an organisation's fair
   treatment of its employees. For each statement, indicate (√) the extent of your
   agreement or disagreement as a description of the fairness of the treatment that
   employees like yourself receive at the hands of your organisation.

Strongly disagree	Disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Agree	Strongly agree
1	2	3	4	5	6	7

Overall, I am treated fairly by my organisation.   ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

In general, I can count on my organisation to be fair.   ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

In general, the treatment I receive around here is fair.   ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

For the most part, my organisation treats its employees
fairly.   ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

Most of the people who work here would say they are
often treated unfairly.   ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

Usually, the way things work in this organisation are not
fair.   ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7

6. The statements below describe perceptions of the relationship between an
   employee and his/her employing organisation. For each statement, indicate (√)
   the extent to of your agreement or disagreement as a description of how you
   perceive the relationship between you and your present organisation.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
1	2	3	4	5

My relationship with my organisation is based on mutual
trust.   ......☐1 ☐2 ☐3 ☐4 ☐5

My organisation has made a significant investment in me.   ......☐1 ☐2 ☐3 ☐4 ☐5

The things I do on the job today will benefit my standing in

this organisation in the long run. ......□1 □2 □3 □4 □5

I try to look out for the best interest of my organisation
because I can rely on my organisation to take care of me. ......□1 □2 □3 □4 □5

There is a lot of give and take in my relationship with my
organisation. ......□1 □2 □3 □4 □5

I worry that all my efforts on behalf of my organisation will ......□1 □2 □3 □4 □5
never be rewarded.

Even though I may not always receive the recognition from
my organisation I deserve, I know my efforts will be
rewarded in the future. ......□1 □2 □3 □4 □5

I don't mind working hard today – I know I will eventually
be rewarded by my organisation. ......□1 □2 □3 □4 □5

7. The statements below describe employees' affective reactions to their careers.
    For each statement, indicate (√) the extent to which you agree or disagree.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
1	2	3	4	5

I am satisfied with the success I have achieved in my career. ......□1 □2 □3 □4 □5

I am satisfied with the progress I have made toward
meeting my overall career goals. ......□1 □2 □3 □4 □5

I am satisfied with the progress I have made toward
meeting my goals for income. ......□1 □2 □3 □4 □5

I am satisfied with the progress I have made toward
meeting my goals for advancement. ......□1 □2 □3 □4 □5

I am satisfied with the progress I have made toward
meeting my goals for the development of new skills. ......□1 □2 □3 □4 □5

8. Here are some questions regarding the way you may have been feeling over the last few months at your place of work. For each question, please tick the box (√) that best suits the way you have felt.

Not at all	No more than usual	Rather more than usual	Much more than usual
1	2	3	4

Have you recently......

Been able to concentrate on whatever you are doing   ......□1 □2 □3 □4

Lost much sleep over worry   ......□1 □2 □3 □4

Felt that you are playing a useful part in things   ......□1 □2 □3 □4

Felt capable of making decisions about things   ......□1 □2 □3 □4
Felt constantly under strain   ......□1 □2 □3 □4

Felt you couldn't overcome your difficulties   ......□1 □2 □3 □4

Been able to enjoy your normal day-to-day activities   ......□1 □2 □3 □4

Been able to face up to your problems   ......□1 □2 □3 □4

Been feeling unhappy and depressed   ......□1 □2 □3 □4

Been losing confidence in yourself   ......□1 □2 □3 □4

Been thinking of yourself as a worthless person   ......□1 □2 □3 □4

Been feeling reasonably happy with things   ......□1 □2 □3 □4

9. The statements below describe the likelihood of an employee maintaining membership of an organisation within the next 12 months. For each statement, indicate (√) the likelihood of you maintaining membership of your present organisation in the next twelve months.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
1	2	3	4	5

I frequently think about quitting my job   ……□1 □2 □3 □4 □5

I am planning to search for a new job within the next 12 months   ……□1 □2 □3 □4 □5

If I have my own way, I will be working for this
organisation 1 year from now ......□1 □2 □3 □4 □5

10. How often have you been promoted since joining your present organisation?

Please write your answer here:

| |

Promotion involves significant increase in scope of responsibilities, significant increases in salary, and changes to your position in the organisational hierarchy.

11. Below are words or adjectives that describe different feelings and emotions. Indicate (1-5) to what extent you generally feel this way – that is, how you feel on average.

Very slightly or not at all	A little	Moderately	Quite a bit	Extremely
1	**2**	**3**	**4**	**5**

_____distressed   _____upset
_____guilty   _____scared
_____hostile   _____irritable
_____ashamed   _____nervous
_____jittery   _____afraid

SECTION C

Differences in background often influence the way individuals perceive their work situation, as well as how they feel about it. The following questions help me study the effects of such background factors. Please check (√) or write in your response.

Sex: Male   ☐   Female   ☐

Your age: Under 30.... ☐   30-39..... ☐   40-49.... ☐   50-59.... ☐   60+....☐

Highest educational attainment:

GCSE/GCE 'O' Levels or below	☐	Post graduate diploma	☐
GCE 'A' Levels/BTEC/'Highers'	☐	Master's degree	☐
Professional qualifications	☐	Doctorate (PhD, D Phil)	☐
Bachelor's degree (BA/BSc)	☐		

How many years have you been in your current line of work or occupation? _____ years

Do you have other employees who directly report to you?   Yes ☐   No ☐

How long have you been with your present organisation? _____years

What is your occupational category (e.g., paramedic, technician, administrative, clerical, maintenance etc.)?_____

On average, how many hours per week do you devote to your paid work role with this organisation? _____hours

What industry do you presently work in?

☐ Finance   ☐ Retail
☐ Manufacturing   ☐ Health
☐ Education   ☐ Transportation
☐ Hotels and Restaurants   ☐ Construction
☐ Other (please indicate)_____

What is the size of your organisation or number of people who work in your organisation? Please give an estimate if you are uncertain.

☐ Under 10   ☐ 250-999
☐ 11-99   ☐ Over 1000
☐100-249

Ethnic Background

G. **Asian or Asian British**	H. **Black or Black British**
☐ Bangladeshi	☐ African
☐ Indian	☐ Caribbean
☐ Pakistani	☐ Any other Black background,
☐ Any other Asian Background, please	please
state…………………………………………………………	state…………………………………………………………
I. **Chinese or other ethnic group**	J. **Mixed**
☐ Chinese	☐ White & Asian
☐ Any other, please	☐ White & Black African
state…………………………………………………………	☐ White & Black Caribbean
	☐ Any other Mixed background,
…………………………………………	please state……………………………………
K. **White**	L. **Any other Ethnic group,**
☐ British	**please**
☐ Irish	**state**…………………………………………………
☐ Scottish	
☐ Welsh	…………………………………………
☐ Any other White background, please	
state…………………………………………………………	

END
Please go over the questionnaire and ensure that all questions have been answered. Return your completed questionnaire to the survey coordinator using the enclosed self-addressed envelopes. Once again, thank you for your time and patience in completing this survey.