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**Antecedents and Outcomes of Managing Diversity in a UK Context: Test of a Mediation
Model**

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Abstract

Extant research on diversity management has primarily examined the main effects of diversity management practices on outcomes from an organizational perspective. Meta-analysis in this field corroborates the conclusion that this approach is unable to account for the outcomes of diversity management effectively. The current study extends the literature by examining organizational antecedents of diversity management practices (DMP). This study also examines the mediating influences of perception of overall justice (POJ) and social exchange with organization (SEWO) on the relationships between DMP and work outcomes of career satisfaction and turnover intention. Results of data obtained from a cross section of 191 minority employees in UK revealed: (i) the reasons why organisations adopted and implemented DMP influenced employees' outcomes of turnover intention and career satisfaction; (ii) the relationship between diversity management and social exchange with organization is mediated by perception of overall justice; (iii) social exchange with organization relates to increased career satisfaction; and (iv) DMP related positively to career satisfaction through perception of overall justice and SEWO.

Keywords: diversity management practices, social exchange with organizations, perception of overall justice, turnover intention, career satisfaction

The predicted growth of an ethnically diverse workforce has made the effective management of workforce diversity a business imperative (Roberson & Stevens, 2006; Roberson & Park, 2007). 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 organizational life and the implications of this lack of integration on their career progression (cf. Mor Barak, 2011; Noon, 2007; Hitlan, Clifton & DeSoto, 2006; Wood, 2008; Kalev, 2009), there is a dearth of research on the nature of the relationship black and ethnic minority employees have with their employing organizations. Perhaps motivated by the business case for diversity, much of the diversity research has focused on the performance implications of implementing diversity management practices (e.g. Konrad, Yang & Maurer, 2015; Armstrong, Flood, Guthrie, Liu, Maccurtain & Mkamwa, 2010). While this line of research is interesting and substantively relevant, the recognition of employees as a source of competitive advantage implies that organizations must effectively manage all members of their increasingly diverse workforces if they are to leverage their competencies to create and sustain competitive advantage. An important issue for organizations, therefore, is how to create conditions that foster minority employees' integration into organizational life. Accordingly, the main 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 organizations and the resulting implications for their work outcomes.

Many scholarly reviews and meta-analyses have examined the outcomes of workplace diversity (e.g. Guillaume, Dawson, Otaye-Ebede, Woods & West, 2015; Guillaume, Dawson, Woods, Sacramento, & West, 2013; Joshi & Roh, 2009; Shore, Chung-Herrera, Dean, Ehrhart, Jung, Randel, & Singh, 2009; van Knippenberg & Schippers, 2007). These reviews and meta-analyses found that the relationship between diversity and its outcomes is complex

and equivocal (Yang & Konrad, 2011). One possible cause of the equivocal findings is that much of the research that has examined the work outcomes of diversity management has adopted a main effect approach; in this regard, the findings failed to explicate how and why diversity management is related to the work outcomes examined. Also, and much more importantly, is the fact that very few studies have looked at the antecedents of workforce diversity management (Yang & Konrad, 2011; Konrad et al., 2016).

Consequently, extant research has begun examining underlying mechanisms of the influence of diversity management on its outcomes, such as procedural justice (Magoshi & Chang, 2009) and organizational commitment (Mckay, Avery, Tonidandel, Morris, Hernandez & Hebl, 2007). Despite the interesting insights provided by these studies into the intermediate linkages between diversity management and its outcomes, research has yet to investigate how diversity management practices work to influence the integration (defined in terms of social exchange with an organization) of ethnic and minority employees. Furthermore, although the adoption of diversity practices has been linked to the influence of government legislation (e.g., Konrad et. al., 2016; Tatli, 2011; Leck & Saunders, 1992; Edelman, 1992), industrial sector and leadership (e.g., Cooke & Saini, 2010; Buttner, Lowe & Billings-Harris, 2006), to date, no research to my knowledge has examined the collective role of employees' perception of compliance and competitive pressures as antecedents to the diversity management – work outcome relationships.

In view of the preceding limitations, the objectives of this study are two-fold; (i) to examine the mediating roles of perception of overall justice and social exchange with the organization in the relationship between diversity management practices and the work outcomes of turnover intention and career satisfaction, and (ii) to examine employee perception of compliance-based and competitive-based reasons for adopting DMP as antecedents of diversity management practices. This study is conducted within a UK context

as much of previous research on diversity management, its antecedents and outcomes have been based on US samples. Although the scant research on diversity management based on non-US samples has shown diversity management to be a relevant construct (Forstenlechner, Lettice, & Özbilgin, 2012; Syed & Ozbilgin, 2009), they are yet to examine antecedents of diversity management practices and the mechanisms through which diversity management practices influences their demonstrated outcomes (Yang & Konrad, 2011). Understanding the mechanisms through which managerial techniques are effective across cultures may provide knowledge useful for global firms seeking to increase the performance of their culturally diverse workforce (Aryee & Chen, 2006).

By pursuing these objectives, my study contributes to the literature in two significant ways. First, examining some antecedents of diversity management practices could broaden our understanding of how diversity management is related to its work outcomes. Second, by examining these potential mediators, I add to the limited research that has responded to Cunningham's (2007) and van Knippenberg & Schippers (2007) calls for more studies which do not rely too heavily on diversity's direct effects on outcomes. By responding to this call, I also explicate the important role social exchange with organization plays in integrating ethnic and minority employees into organizational life and the resulting outcomes of this relationship.

Theoretical Framework and Hypotheses Development

Social Exchange Theory

Social exchange theory (SET) was conceptualized by Blau (1964) as a relationship based on trust and unspecified obligation. It constitutes a long-term and open-ended transaction characterized by mutual commitment and socio-emotional investments (Shore, Tetrick, Lynch & Barksdale, 2006). According to Blau (1964), there are 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). Thus, 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 party (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 emphasizes 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).

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).

Based on these tenets, I posit that social exchange in an employment relationship may be initiated by an organization investing in the implementation of DMP, which could signal an organization’s interest in maintaining a long-term relationship with its employees, and also emphasizes the socio-emotional aspects of the exchange. This relationship is further

enhanced when organizations communicate the reasons why these diversity management practices are being implemented. Legal/compliance reasons could engender reciprocal behaviors of increased turnover intention and reduced career satisfaction while competitive reasons could engender career satisfaction and reduced turnover intention amongst diverse employees.

[Insert Figure 1 about here]

Antecedents of Diversity Management Practices

Diversity management practices (DMP) describe formalized organizational system, process, or practice developed and implemented for the purpose of effective diversity management (Yang & Konrad, 2011). According to Kulik (2014), diversity management practices refer to the implementation and experience of an organization's diversity management programs by lower level managers and employees in the organization (pp. 131). Although it occurs within an organizational context, the adoption and implementation of diversity management practices is influenced by both societal and organizational factors. Two influences suggested by Edelman (1992), Tatli (2011) and Buttner et al. (2006), examined in this study are: (1) legal/compliance and (2) competitiveness (business reasons).

Legal/compliance-based reasons for adopting and implementing DMP historically originate from equal employment opportunity/affirmative action (EEO/AA) law. This US based law consists of a body of antidiscrimination mandates comprising statutes, constitutional mandates, and presidential executive orders, which seeks to limit employers' ability to perpetuate social advantage or disadvantage through employment opportunities (Edelman, 1992; pp. 1532). According to Kellough (2006), EEO/AA law is founded on ethical principles. This principle suggests that society has an obligation to overcome historical discrimination against specific groups of people to compensate those who have

been intentionally and unjustly wronged (Kellough, 2006; Velasquez, 2005). Therefore, companies have a moral and ethical obligation to promote social justice and implement principles of compensatory justice through their policies and programs (Mor Barak, 2011), which are often times driven by legal parameters set by the government. Organizations are therefore obligated by the governing laws to adopt policies to reduce discrimination (e.g. Dobbin, Sutton, Meyer, & Scott, 1993; Konrad & Linnehan, 1995).

Within the UK, legal compliance has been a primary driver for organizations to adopt and implement diversity management practices (e.g. Tatli, 2011; Hepple, 2010). The Equality Act (2010) is the most recent UK legislation that governs against discrimination in order to achieve equality of opportunity. The Equality Act (2010) aims to tackle discrimination on the grounds of age, disability, gender, gender reassignment, pregnancy and maternity, race and ethnicity, religion or belief, and sexual orientation. Before this Act, other anti-discrimination laws existed in the UK (e.g. the 1975 Sex Discrimination Act; the 1970 Race Relations Act, etc.). These laws similar to EEO and AA all serve the purpose of preventing discrimination and protecting social groups that have historically been discriminated against. The increasing number of discriminatory lawsuits against companies has made legal compliance one of the most important business motive for organizations in the UK to adopt and implement DMP (Tatli, 2011; Tatli, Ozbilgin, Worman & Price, 2008b). Dickens (1999) reaffirms the important role legal regulation plays in setting and broadening employer equality agenda, providing universal standards and minima, and in altering the costs of discrimination and employer inaction (pp. 12).

I argue therefore that organizations that adopt and implement diversity management practices for legal reasons follow a compliance strategy and are less likely to engender positive reactions from their employees. This is because this approach is often 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). When employees' perceive legal/compliance reasons as the main driver to their organizations implementing DMP, this could influence their attitudes and behaviors towards that organization. Nishii, Lepak and Schneider (2008), found that employees' attributions of why human resource (HR) practices were implemented by their organizations had an impact on their commitment and job satisfaction. Their argument was that the relationship between HR practices and employee attitudes and behaviors, which could ultimately affect organizational performance, may depend on the attributions employees make about the motives underlying the HR practices (Nishii et al., 2008; pp. 505). Congruently, I propose that the attributions that minority employees make about the reasons why organizations adopt diversity management (DM) practices have attitudinal and behavioral consequences. Thus, employee's perception of the reasons why their organization adopts diversity management practices will be critical to their subsequent work behaviors and attitudes. Specifically, I hypothesize that if an employee perceives legal reasons as the underlying motive why their organization adopts and implements DMP, they will have a higher turnover intention and lower career satisfaction. I therefore hypothesize:

Hypothesis 1a: Employees perceptions that DMP adoption and implementation is compliance-based will negatively relate to career satisfaction

Hypothesis 1b: Employees perceptions that DMP adoption and implementation is compliance-based will positively relate to turnover intention

Competitive reasons are a second driver to organizations adopting and implementing diversity management practices. Research has provided some compelling evidence that managing diversity leads to positive outcomes, such as competitive advantage (e.g. Cox, 2001). One way of enhancing competitiveness as shown by Richard and his colleagues

(Richard, 2000; Richard, Barnett, Dwyer, & Chadwick, 2004) is by having a diverse workforce. They suggested that diversity can be a valuable, rare, and inimitable resource that enhances competitiveness.

Although competitiveness has been examined as an outcome, no research to date has empirically examined the possibility that competitiveness predicts diversity management practices. It is likely that organizations adopt and implement diversity management practices because they want to be more competitive. Research shows that top management support is a positive predictor of diversity management practices (Buttner et al., 2006; Kellough & Naff, 2004). Furthermore, studies have shown that organizations with a clearly articulated link between diversity effectiveness and performance are more likely to develop diversity management practices (Buttner et al., 2006; Rynes & Rosen, 1995). I, however, argue that organizations that pursue a competitive strategy are more likely to adopt diversity management practices and are more likely to engender positive reactions from their employees such as increased career satisfaction and lower turnover intentions. I therefore hypothesize:

Hypothesis 2a: Employees perceptions that DMP adoption and implementation is competitive-based will positively relate to career satisfaction

Hypothesis 2b: Employees perceptions that DMP adoption and implementation is competitive-based will negatively relate to turnover intention

Diversity Management Practices and Perception of Overall Justice

Employees' perceptions of overall justice (POJ) 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 by employees in regards to diversity initiatives. For example, Ely and Thomas (2001) found that fairness perspectives, “characterized by a belief in a culturally diverse workforce as a moral imperative to ensure justice and the fair treatment of all members of society” (pp. 245) affected the functioning of culturally diverse work groups. Similarly, Triana and Garcia (2009) in their study found that the employees’ perception of racial discrimination at work was related to feelings of procedural injustice from the organization (pp. 954). This reasoning can be related to other justice perspectives, as the general fairness of the process by which an organization goes about creating, performing, and monitoring diversity management practices could lead employees to associate the organization as a whole with overall unfairness.

The reason diversity management practices may relate to POJ could be because of the history and origin of diversity management (i.e. equality/equal opportunities) which is often based on fairness and social justice (c.f. Liff & Wajcman, 1996). Scholars have 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 (e.g. Foster & Harris, 2005; Cox, 1993; Ely & Thomas, 2001; Soni, 2000). This suggests that diversity management practices can lead to employees’ perception of the general fairness of their employing organization (c.f. Foster & Harris, 2005). From a social exchange perspective, when a company effectively adopts diversity management practices, employees perceive that the organization values and cares about them. This will lead them to believe that the practices, strategies, and policies of the organization are fair. I, therefore, posit the following:

Hypothesis 3: Perception of diversity management practices positively relate to perceptions of overall justice

Perception of Overall Justice as a mediator between the diversity management practices – social exchange with organization relationship

On the basis of social exchange predictions, I expect diversity management to be related to the social exchange with the organization (SEWO) but indirectly through POJ. The relationship between organizational justice and social exchange has been widely researched in the literature (examples are, Lavelle, Rupp & Brockner, 2007; Tekleab, Takeuchi & Taylor, 2005; Cropanzano, Prehar, & Chen, 2002; Cropanzano, Rupp, Mohler, & Schminke, 2001; Moorman, Blakely, & Niehoff, 1998). For example, Lavelle and colleagues showed that the support from and trust of the organization that organizational justice creates, puts the social exchange relationship in motion (Lavelle et al., 2007). Similarly, other scholars have shown the relationship between different facets of organizational justice (i.e. procedural, distributive & interactional) and social exchange (e.g. Konovsky & Pugh, 1994; Moorman, et al., 1998).

Drawing upon SET (Blau, 1964), an organization that invests in the adoption and implementation of diversity management practices could signal to the employees' that the organization is interested in creating a long-term employment relationship. Consequently, employees' in organizations with such practices are more likely to perceive that the organization values and cares about diversity, which in turn could influence how the employees' perceive fairness within the organization (i.e. their sense of overall justice is heightened). A high level of perceived fairness, therefore, leads to high-quality ties or a high level of attachment to the organization, leading to increased SEWO. Therefore, the relational aspect of a fair work environment (fostered by diversity management), constitutes an underlying mechanism for the diversity management practices – SEWO relationships.

Following this line of logic and on the basis of social exchange theory (Blau, 1964), I argue that when employees perceive that their organizations invest in implementing diversity management practices, they are likely to reciprocate by accepting the fairness of the organization's practices, policies, and strategies. This acceptance in the overall fairness of the organization would hence manifest in creating a social exchange relationship with the organization. Therefore, on the basis of the theoretical and empirical evidence discussed previously, I hypothesize that:

Hypothesis 4: Perception of overall justice mediates the relationship between perception of diversity management practices and social exchange with organization.

SEWO and Turnover Intention (TI)

Turnover intention refers to a conscious and deliberate wilfulness to leave one's organization (Tett & Meyer, 1993). It is consistent with Fishbein's (1967) model of attitudes, intentions and behaviors, 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 behaviors. 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 social exchange with the organization may negatively relate to TI stems from the fact that employees create emotional attachments to organizations that are perceived to care about them. Attesting to this notion, Eisenberger et al. (1986) found that employees who believe their companies are committed to them (in terms of creating a relationship through the implementation of DMP) 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 organization in which they do not feel included (e.g. Keller, 2001;

Sanchez & Brock, 1996). This may lead to TI. However, drawing upon SET (Blau, 1964) if employees perceive that they have a social exchange relationship with an organization that shows value for diversity and concern for them, this could deter them from exiting the organization. Therefore, social exchange relationship with the organization can be seen to decrease quit intentions. I thus hypothesize that:

Hypothesis 5a: Social exchange with organization negatively relates to turnover intention.

SEWO and Career Satisfaction

Karatepe (2012) defines career satisfaction as “employees’ perceived satisfaction with their career in their current organization in terms of advancement, achievement of career goals, and development of new skills” (p. 736). One way in which employees can receive advancement, develop skills and achieve their career goals in their organizations is by receiving ‘investments’ from their employers. According to Hom and colleagues (2009), an organization that invests in formal and informal training and development, promotion opportunities, etc., is likely to have a culture that values enduring employee-organization relationships (Hom et al., 2009). Employee-organization relationship “includes the employer’s expectations about specific contributions that it desires from employees and the inducements that it uses to effect the desired contributions” (Tsui, Pearce, Porter & Tripoli, 1997:1091), and is founded on the exchange theory.

Based on social exchange theory, when an organization invests in its employees, it suggests that it cares about their wellbeing (cf. Eisenberger et al., 1986). The employee, in turn, reciprocates by developing trusting and high-quality relationships with their employer (SEWO relationship) which could result in career satisfaction. This theoretical argument is

supported by empirical studies which have found organizational support to relate positively to career satisfaction (e.g. Armstrong-Stassen & Ursel, 2009; Karatepe, 2012).

On the basis of the theoretical and empirical evidence discussed above, I argue that when employees perceive that they have a social exchange relationship with their organization as a result of the organizations support for diversity, they are likely to reciprocate by becoming more satisfied with their careers. I, therefore, hypothesize the following:

Hypothesis 5b: Social exchange with organization positively relates to career satisfaction.

As previously noted, a fundamental tenet of diversity management theorizing is that diversity management practices constitute a distal driver of organizational and individual performance through a series of mediating processes (e.g. Peretz, Levi & Fried, 2015; Shen, Tang & D'Netto, 2014). Consistent with this tenet and based on the preceding discussions, I posit that diversity management practices drive career satisfaction and reduce turnover intention through the mediators of POJ and SEWO. Specifically, I argue that when employees perceive that their organization invests in diversity management practices, they are likely to reciprocate by accepting the fairness of the organizations practices, policies and strategies. This acceptance in the overall fairness of the organization would hence manifest in creating a social exchange relationship with the organization, which in turn will lead to reduced turnover intention and increased career satisfaction. I therefore hypothesize:

Hypothesis 6a: The relationship between employee perception of diversity management practices and turnover intention is indirect through the mediators of POJ and SEWO.

Hypothesis 6b: The relationship between employee perception of diversity management practices and career satisfaction is indirect through the mediators of POJ and SEWO.

Method

Sample and Procedure

Data were obtained from a sample of ethnic and minority employees selected from a cross-section of public and private sector organizations generally considered leaders in diversity management within the UK. These organizations were in such diverse industries as finance, retail, health, education, manufacturing, construction, hotel and restaurants.

Of the 400 survey packages distributed, 220 were returned. However, only 191 completed questionnaires were useable representing an effective response rate of 47.75%. Of the 191 respondents, 48% (92) were female, 36.8% (70) were between the ages of 30 – 39 years, and reported an average organizational 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 received at least an undergraduate or a first degree.

Measures

Perception of Competitive Reasons for DMP I used a 3-item scale to measure competitive reasons. The items are “Diversity management within my organization is practiced mainly to seek out and use the full potential of all employees”, “Diversity management within my organization is practiced because this organization will like to be a reflection of its customers”, and “Diversity management within this organization is practiced because my organization believes that diverse teams produce better results”. 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 .89.

Perception of Compliance Reasons for DMP I used a 3-item scale to measure compliance reasons. The items are “My organization practices diversity management mainly to comply with legal requirements”, “My organization practices diversity management mainly to comply with trade union requirements”, and “My organization practices diversity management in order to avoid legal suites”. 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 .91.

Diversity Management Practice (DMP) I used a 9-item scale developed by Otake (2013) to measure DMP. This measure was more suitable for this study as previous studies have conceptualized diversity management practices differently and have been developed specific to their studies (e.g. Armstrong et al., 2010). Furthermore, these measures along with similar measures (e.g. Kellough & Naff, 2004; Pitt, 2006; 2009) have provided little evidence of the psychometric properties and validity of their measures. Sample items are “Diversity training objectives are communicated to employees”, “The management of this organization 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.

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 organization” and “For the most part, my organization 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 Organization (SEWO) I measured SEWO using an 8-item scale developed by Shore et al. (2006). Sample items include, “My organization has made a significant investment in me” and “My relationship with my organization 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.

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 are "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.

Career Satisfaction (CS) I measured CS using a 5-item scale developed by Greenhaus, Parasuraman, & Wormley (1990). Sample items include, "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.

Negative Affectivity (NA) I measured NA using the 10 negative items from the PANA (Positive and Negative Affect) scale developed by Watson, Clark and Tellegen (1988). Sample items include; "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.

Controls I controlled for respondents' age, gender, tenure because previous research has shown them to be related to various attitudes and behaviours (e.g. Triana, Garcia & Colella, 2010; 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 that requested respondents to write in their response as appropriate was used to measure tenure, work hours and work experience. I also controlled for negative affectivity.

Cautions against common method variance

I addressed the issue of common method variance (CMV) in three ways. First, according to Podsakoff, MacKenzie, Lee, and Podsakoff (2003), the negative affectivity of survey respondents is a likely source for CMV in the research involving the single-source measurement of employees' perceptions about their organizations and their job attitudes and behaviors. The above problem of the contamination from CMV in examining the relationships between these variables can be treated by using the negative affectivity as a control variable in regression analysis. Hence, negative affectivity was controlled for in testing the hypothesised model. Similar to previous research (Chen & Spector, 1991; Jex & Spector, 1996), this 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 (see Table 2). This partialling out of negative affectivity as a source for CMV helped to remove the doubt about the validity of my findings.

Additionally, my CFA analysis (see Table 1) revealed that the eight-factor model (which included the above seven variables and the negative affectivity) fitted significantly better than the one-factor model, a result indicating no significant CMV according to Harmon's one-factor test (Podsakoff & Organ, 1986).

Though I was unable to rule out fully the contamination problem caused by CMV, the above cautious measures helped to strengthen confidence in my findings.

Analytical Approach

This study employs a two-step procedure involving confirmatory factor analysis (CFA) using AMOS and regression analysis using the macro PROCESS developed by Hayes (Hayes, 2013). First, to assess model fit in this analysis, I adopted the standards from the literature that reasonable fit is indicated by comparative fit index (CFI) and incremental fit index (IFI) values greater than .90 and root-mean-square error of approximation (RMSEA) values less than .10 (Hu & Bentler, 1995).

Second, all of the study hypotheses were tested using the PROCESS tool in SPSS 22. PROCESS is a flexible computation tool that integrates contemporary techniques (e.g., nonparametric bootstrapping procedures) optimal for testing a wide variety of process models (Hayes, 2013). This method incorporates the normal theory approach (i.e., the Sobel test), a bootstrap approach, and Baron and Kenny's (1986) approach to estimate the indirect effects. In particular, PROCESS Model 6 was used to analyze the hypothesized direct and mediation effects. This analysis involves the estimation of three regression equations (i.e. first, the mediator is regressed onto the antecedent - $M1 = \beta01 + \beta1X + \epsilon1$; next, the second mediator is regressed onto the first mediator and the antecedent variable - $M2 = \beta02 + \beta2M1 + \beta5X + \epsilon2$; finally, the outcome variable is regressed onto the first mediator, second mediator, and antecedent variable - $Y = \beta03 + \beta4X + \beta3M2 + \beta6M1 + \epsilon3$). This is followed by bootstrap estimates of indirect effects and corresponding confidence intervals (Hayes, 2013).

Results

Confirmatory factor analyses. Prior to testing my hypotheses and proposed structural model, I examined the fit of my measurement model via a confirmatory factor analysis. This analysis confirmed that the proposed measurement model fit the data well, $X^2(571, N = 191) = 1031.58, p < .001, CFI = .91, IFI = .91, RMSEA = .06$. This model was better fitting than

was an alternate single-factor model that loaded all the variables on a single factor, $X^2 (592, N = 191) = 3146.16, p < .001, CFI = .49, IFI = .50, RMSEA = .15$. The CFA results indicate support for the hypothesized seven-factor model and, therefore, the distinctiveness of the variables in this study.

Descriptive Statistics and Correlations. Table 1 presents the means, standard deviations, coefficient alphas, and inter-scale correlation matrix for all measures. All measures demonstrated strong reliability. Perception of competitive-based reasons for DMP was positively related ($r = .62, p < .01$) to career satisfaction, and perception of compliance-based reasons for DMP was positively related ($r = .22, p < .01$) to turnover intention. Diversity management practices was positively related to perception of overall justice ($r = .31, p < .01$). In turn, perception of overall justice was positively related to social exchange with organization ($r = .52, p < .01$). Furthermore, social exchange with organization was negatively related to turnover intention ($r = -.03, p = ns$) and positively related to career satisfaction ($r = .53, p < .01$).

[Insert Table 1 about here]

Tests of Hypotheses. The results of all direct and indirect relationships proposed in my model are shown in Table 2. Hypothesis 1a predicted that the perception of compliance-based reasons for DMP would be negatively related to career satisfaction. The unstandardized coefficient ($b = .07, p = ns$) doesn't support this hypothesis. Hypothesis 1b suggested that perception of compliance-based reasons for DMP would be positively related to turnover intention. The significant unstandardized coefficient ($b = .25, p < .01$) supports this hypothesis. Hypothesis 2a predicted that perception of competitive-based reasons for DMP would be positively related to career satisfaction also received support ($b = .61, p < .001$). Furthermore, hypothesis 2b predicting that employee perception of competitive-based reasons for DMP would be negatively related to turnover intention received marginal support ($b = -$

.12, $p < .10$). Hypothesis 3 predicted that diversity management practices would be positively related to perception of overall fairness also received support ($b = .35, p < .001$). Hypothesis 4 predicted that perception of overall fairness would mediate the relationship between diversity management practices and social exchange with organization. My analyses show this indirect effect to be significant, estimated coefficient is .13(.04) with a 95% CI of [.06, .20]. Hypothesis 5a predicted that social exchange with organization would be related to turnover intention. The unstandardized coefficient ($b = -.02, ns$) supports this hypothesis although not significant. Hypothesis 5b predicted that social exchange with organization would be positively related to career satisfaction also received support ($b = .52, p < .001$). Hypothesis 6a predicted an overall indirect effect of diversity management practices on turnover intention via the two sequential mediators. This wasn't supported. Finally, Hypothesis 6b predicted an overall indirect effect of diversity management on career satisfaction via the two sequential mediators. This indirect effect was supported, coefficient is .21(.06) with a 95% CI of [.10, .33]. The total effect was, as expected, also significant, for both turnover intention, coefficient is .26(.09) with a 95% CI of [.09, .42], and career satisfaction coefficient is .50(.07) with a 95% CI of [.37, .63].

[Insert Table 2 about here]

Discussion and Conclusion

The findings revealed that the reasons why organizations adopted and implemented diversity management practices influenced employees' outcomes of turnover intention and career satisfaction. Specifically and according to research (Edelman, 1992; Tatli, 2011; Buttner et al., 2006) two antecedents to DMP implementation which was included in this study are the perception of compliance-based reasons for implementing DMP and perception of competitive-based reasons for implementing DMP.

The study findings showed that when employees perceive that diversity management practices are driven not by a concern for employees but by an equality-driven compliance-focus (i.e., legal reasons and political correctness), there is an increased level of turnover intention. The fact that career satisfaction (CS) was unrelated to employees' perception of compliance could be that CS as a subjective dimension of career success (Gattiker & Larwood, 1988), can be influenced by a number of other more direct factors such as supervisor support (Greenhaus et al., 1990) and skill utilization (Aryee, 1993). On the other hand and supporting the business-case argument (Cox, 2001; Kochan et al., 2003), organizations that implement diversity management practices for business reasons such as the need to be competitive, translate to employees their willingness to be progressive, inclusive and to go beyond legal compliance (c.f. Tatli, 2011). Consequently, minority employees in organizations whose diversity management practices focus on leveraging diversity to achieve business-related outcomes (e.g. competitiveness) are more likely to have increased career satisfaction and reduced turnover intention. These findings support research that have argued that how an organization approaches diversity management can have significant implications for whether the organization is helped or harmed by its diversity (Olsen & Martin, 2012; Cox, 1993; Ely & Thomas, 2001; Konrad & Linnehan, 1995).

Consistent with my prediction, diversity management practices, relates to perception of overall justice and social exchange with an organization. The results indicate that organizations that implement diversity management practices could create a social exchange relationship with minority employees. This is because, adopting these diversity management practices demonstrates an organization's effort to support diversity. Subsequently, the perception that an organization supports diversity could create a feeling of attachment to the organization. This is consistent with Magoshi and Chang's (2009) finding that when a company effectively utilizes diversity management practices, employees perceive that

decision processes are implemented on non-prejudicial factors, and accordingly, their sense of overall justice is enhanced. It is also consistent with findings from other diversity management scholars that have demonstrated that organizational efforts to support diversity (e.g. by implementing diversity management practices), “is one way by which an organization can provide an environment that indicates social approval and respect for all employees regardless of their racial background” (Triana & Garcia, 2009: 945). These findings, therefore, provide new insights into our understanding of diversity management relationships, in that it suggests explanations of how the implementation of diversity management practices works to influence social exchange with the organization. Additionally, the findings demonstrate how diversity management practices can lead to positive outcomes. It illustrates that the effective management of diversity, as manifested in social exchange with organization relationship has positive ramifications for ethnic and minority employees’ turnover intent and career satisfaction. Thus, my study contributes to the diversity management literature by suggesting social exchange relationship with an organization as a tool which can be used to foster the potential benefits of implementing diversity management practices within organizations.

The findings must be interpreted against a backdrop of the limitations of the study. First, the cross-sectional research design limits the extent to which cause-effect relations can be inferred from our findings. 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 materialize. Perhaps, the development of a time-series database and testing of the diversity management relationships in a longitudinal framework could provide more insights into

diversity research. Second, focusing on only the racio-ethnic dimension of diversity could be seen as a limitation, 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 allows for deeper and more significant differences in thought and perspective (Olsen & Martins, 2012; Ely & Thomas, 2001) and underpins many of the indicators of diversity examined; it is hence important to examine this dimension. However, in order to broaden our understanding of the concept of diversity management; it will be useful for researchers to validate the theoretical framework using other diversity dimensions (e.g. age, gender). Third, data collected for this research was based on self-reports. Because of the self-reported nature of the data, common method variance is a potential issue. However, relevant measures were taken to reduce the impact of method bias on the findings as described in the section on cautions against common method variance. Based on the analysis undertaken, I conclude that method bias did not significantly alter the results. 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 organizational contexts. I, therefore, suggest that future research should propose and test cross-level models as well as examine both organizational and individual level outcomes.

These limitations are, however, counterbalanced by the strengths of this study. First, this study adds to the sparse literature on the contextual influences on diversity management practices. Second, this is the first study to have examined the mediating role of perception of overall justice and social exchange with the organization in the diversity management practice-work outcome relationships reported in the extant literature. Support for the

hypothesized mediating role of perception of overall justice and social exchange with organization lends credence to recent theoretical arguments that highlight the importance of relationships as a source of competitive advantage (Uhl-Bien, Graen, & Scandura, 2000). Third, confidence in my model was reinforced by the finding that the alternative nested model did not fit the data as well as the hypothesized model. Finally, the non-US sample provides preliminary evidence of the cross-cultural generalizability of diversity management practices and the intrinsic motivational implications of social exchange with the organization on employee work career satisfaction.

The findings of this study suggest two implications. First, understanding the contextual influences on the implementation of diversity management practices should provide an informed basis for creating conditions that facilitate the development of effective diversity management practices as an important source of positive work-related attitudes and behaviors. Second, the mediating influence of social exchange with the organization and overall justice provide preliminary evidence for the effectiveness of relationship building as a managerial technique to influence motivational levels across cultures. In that organizations that establish a social exchange relationship with minority employees could potentially harness the positive effects of diversity management and strengthen the business case for implementing diversity. The question, however, is ‘how can organizations foster the development of social exchange relationships with minority employees’. Findings of this study suggest a number of ways. First, organizations need to invest in implementing diversity specific HR practices (i.e. diversity management practices) that are not seen to be legally driven or motivated. Second, minority employees’ perception of fairness and support for diversity could aid the development of social exchange relationships with an organization. Put together, these conditions could foster minority employees’ integration into organizational life. Based on social exchange theory, research has shown that employees

form psychological contracts (this characterizes the employee-employer relationship and emphasizes organizations attainment of favorable outcomes by understanding employee's expectations) with their organization. As a policy implication for the organization, since diversity management practices can influence employee perception of the employment relationship which, in turn, influences work outcomes, organizations need to judiciously craft their human resource toolkits based on their employment relationship strategies and business strategies (cf. Aggarwal & Bhargava, 2009).

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Table 1
Means, Standard Deviations, Reliabilities and Intercorrelations among Study Variables

| Variables | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------------------------------------|------|------|-------|-------|-------|-------|-------|--------|-------|-------|-----|----|
| 1 Compliance | 3.27 | 1.06 | (.89) | | | | | | | | | |
| 2 Competitive | 3.29 | 0.99 | .16* | (.91) | | | | | | | | |
| 3 Diversity Management Practices | 3.03 | 0.90 | -.05 | .60** | (.93) | | | | | | | |
| 4 Perception of Overall Justice | 4.44 | 1.02 | .15* | .43** | .31** | (.73) | | | | | | |
| 5 Social Exchange with Organization | 3.42 | 0.72 | .14 | .57** | .39** | .52** | (.81) | | | | | |
| 6 Turnover Intention | 2.66 | 1.19 | .22** | -.08 | -.05 | .08 | -.03 | (.81) | | | | |
| 7 Career Satisfaction | 3.35 | 0.92 | .17* | .62** | .47** | .30** | .53** | -.23** | (.93) | | | |
| 8 Age | 2.08 | 1.00 | .11 | .18* | .02 | .09 | .18* | .08 | .22** | | | |
| 9 Gender | 1.48 | 0.50 | .03 | -.03 | -.03 | .02 | -.01 | .05 | -.05 | .11 | | |
| 10 Tenure | 4.48 | 4.36 | .02 | .12 | .03 | .13 | .13 | -.01 | .17 | .44** | .05 | - |

Note. $n = 191$. Coefficient alphas are listed in parentheses along the diagonal.

* $p < .05$. ** $p < .01$ (2-tailed).

Table 2
 Estimations of Direct Effects and Indirect Effects

| | Coefficient | SE | 95% CI Lower | 95% CI Upper |
|---|-------------------|-----|-----------------|-----------------|
| <i>Direct effects</i> | | | | |
| 1. Perception of Compliance-based reasons for adopting DMP → Career Satisfaction (H1a) | .07 | .05 | .04 | .16 |
| 2. Perception of Compliance-based reasons for adopting DMP → Turnover Intention (H1b) | .24** | .08 | .10 | .43 |
| 3. Perception of Competitive-based reasons for adopting DMP → Career Satisfaction (H2a) | .61*** | .06 | .45 | .67 |
| 4. Perception of Competitive-based reasons for adopting DMP → Turnover Intention (H2b) | -.12 [†] | .09 | -.34 | .04 |
| 5. Diversity Management Practices → Perception of Overall Justice (H3) | .35*** | .08 | .18 | .51 |
| 6. Diversity Management Practices → Social Exchange with Organization | .21*** | .05 | .09 | .31 |
| 7. Diversity Management Practices → Turnover Intention | -.06 | .10 | -.29 | .16 |
| 8. Diversity Management Practices → Career Satisfaction | .31*** | .07 | .15 | .46 |
| 9. Perception of Overall Justice → Social Exchange with Organization | .31*** | .04 | .21 | .42 |
| 10. Social Exchange with Organization → Turnover Intention (H5a) | -.02 | .13 | -.32 | .26 |
| 11. Social Exchange with Organization → Career satisfaction (H5b) | .52*** | .08 | .33 | .72 |
| <i>Indirect effects (one mediator)</i> | | | | |
| 12. Diversity Management Practices → Perception of Overall Justice → Social Exchange with Organization (H4) | .13*** | .04 | .06 | .20 |
| <i>Total indirect effect</i> | | | | |
| 13. Diversity Management Practices → Perception of Overall Justice → Social Exchange with Organization → Turnover Intention (H6a) | -.02 | .05 | -.13 | .06 |
| 14. Diversity Management Practices → Perception of Overall Justice → Social Exchange with | .21*** | .06 | .10 | .33 |

Organization → Career Satisfaction (H6b)

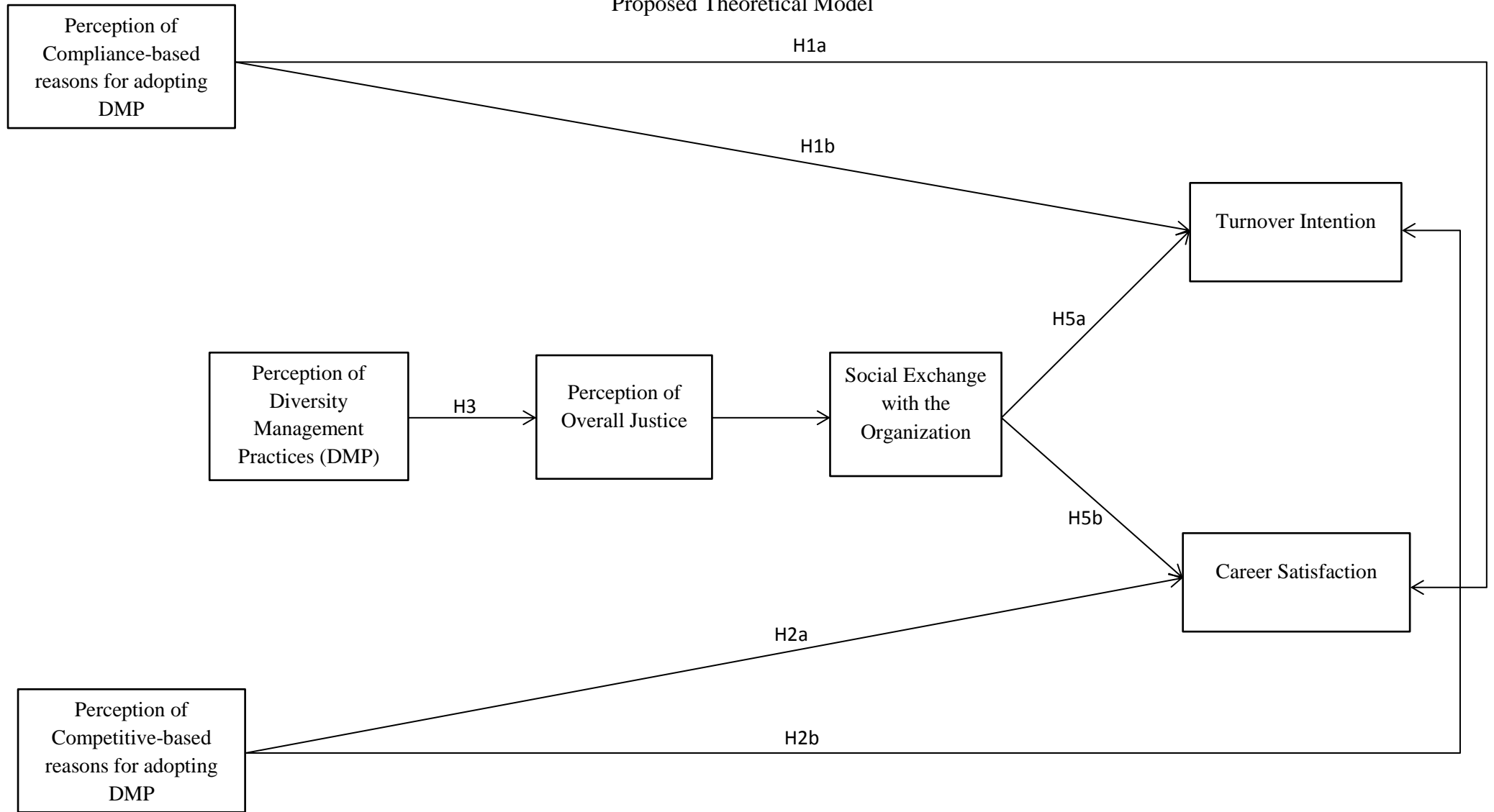
Total effect (direct + indirect)

| | | | | |
|---|--------|-----|-----|-----|
| 15. Compliance-based → Diversity Management Practices → Perception of Overall Justice → Social Exchange with Organization → Turnover Intention | .26*** | .09 | .09 | .42 |
| 16. Compliance-based → Diversity Management Practices → Perception of Overall Justice → Social Exchange with Organization → Career Satisfaction | .50*** | .07 | .37 | .63 |

Note. $n = 191$. All coefficients are unstandardized estimates.

$p < .05$. ** $p < .01$. *** $p < .001$.

Figure 1
Proposed Theoretical Model



H4: Diversity Management Practices →
Perception of Overall Justice → Social
Exchange with Organization

H6a: Diversity Management Practices →
Perception of Overall Justice → Social
Exchange with Organization → Turnover
Intention

H6b: Diversity Management Practices →
Perception of Overall Justice → Social
Exchange with Organization → Career
Satisfaction