Addressing employee diversity to foster their work engagement

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1. Introduction

Diversity is a reality for organizations (Mohammed & Angell, 2004). As a vital resource, the diversity among employees (Bührmann, 2017), if effectively addressed and valued, can be converted into the organizational capability for its success (Richard & Johnson, 2001). For instance, if older employees are offered training opportunities with training styles that match their learning styles rather than being placed in a training class that matches younger employees’ learning styles (Urick, 2017), they can readily accumulate new knowledge and merge it with their experience to create new resources for the organization. However, without a glimpse at internal differences among employees, most strategic HRM models implicitly presumed workforces as generic and homogeneous (Lu, Chen, Huang, & Chien, 2015) albeit the extent to which an organization includes employees from diverse social groups and treats them fairly is their major concern (Chung et al., 2015; Herdman & McMillan-Capehart, 2010). While diversity has been extensively acknowledged as having crucial consequences for employees, the effective diversity management remains an elusive goal (Chung et al., 2015). Diversity human resource (HR) management is viewed as attracting, developing, retaining and effectively managing a diverse workforce to synergize their contributions to the organizational performance (Ashikali & Groeneveld, 2015).

Diversity-oriented HR practices contribute to the creation of an environment that fosters mutual respect for and among all employees irrespective of their diversity (Hicks-Clarke & Iles, 2000; Kunze, Boehm, & Bruch, 2013). Our study follows recent calls to “conduct studies to uncover the HR practices associated with pro-diversity climates” and their effects (Avery & McKay, 2010, p. 242; Boehm, Kunze, & Bruch, 2014). Diversity-oriented HR practices might help alleviate bias in key personnel decision-making moments, but without cultivating diversity climate, such practices are less prone to eliminate the daily relational sources of discrimination that influence employees’ perceptions and experiences of diversity orientation (Green & Kalev, 2008; Nishii, 2013).

Recent research has commenced to delve into the outcomes of diversity practices and climate (Madera, Dawson, & Neal, 2017). Researchers have accumulated knowledge on how diversity practices and climate yield employee job satisfaction and organizational commitment as well as reduce their turnover intentions (Madera et al., 2017; Madera, Dawson, & Neal, 2013). Nonetheless, less empirical work has been dedicated to exploring diversity practices and climate as organizational precursors of work engagement among employees (Downey, Werff, Thomas, & Plaut, 2015) albeit work engagement reflects employees’ active harnessing of their personal resources toward work roles and engaged employees are more motivated and committed to perform behaviors within and beyond their roles (Rich, Lepine, & Crawford, 2010) as well as stay with the organization (Kumar, Jauhari, Rastogi, & Sivakumar, 2018). Work engagement refers to a positive, fulfilling, affective-motivational work-related state of mind (Salanova, Agut, & Peiró, 2005). Hence, the main question that our research aims to address is to examine whether diversity-oriented HR practices influence...
employee work engagement through cultivating diversity climate in the workplace.

As earlier discussed, diversity management is about changing the climate since this is a vital way to activate the potential of a diverse workforce (Ashikali & Groeneveld, 2015). Diversity climate refers to shared perceptions among members and in a work group that they are fairly treated and integrated into work environment irrespective of their backgrounds (Chung et al., 2015). Through building a diversity work climate, diversity practices would benefit all employees and thus foster their positive attitudes and behavior (Ashikali & Groeneveld, 2015). We hence assume that diversity climate can link diversity-oriented HR practices with employee work engagement.

In line with prior research on HRM outcomes, our study will draw on social exchange theory (Blau, 1964) to argue that the organization’s investments in diversity-oriented HR practices will elicit positive work attitudes and behavior (Ashikali & Groeneveld, 2015; Downey et al., 2015). Since diversity-oriented HR practices signal fair and supportive treatment to all social groups in the workplace (Jehn & Bezrukova, 2004), employees would perceive such practices to be beneficial for them and thereby develop social exchange relationship with the organization. Employees are in turn inclined to reciprocate in positive attitudes and behavior such as forming and sharing positive perceptions of diversity practices as well as engaging enthusiastically in their work roles (Li & Frenkel, 2017) to maintain this social exchange relationship.

One crucial area of diversity research concerns the conditions that can strengthen or weaken the impacts of diversity HR practices and diversity climate on employee behavior. The contextual approach of work engagement research indicates a need for further scholarly attention to contextual factors such as leadership to fully understand the nexus between HR practices and employee work engagement (Alfes, Shantz, Truss, & Soane, 2013). Drawing on the substitutes for leadership theory (Rerr & Jermier, 1978), we expect that diversity-oriented leadership can serve as a substitute when HR practices do not convey strong signals concerning respect for diversity, and therefore can act as a contingency for the effect of diversity-oriented HR practices on work engagement.

To further understand the conditions under which diversity-oriented HR practices exert a positive effect on employee work engagement, group composition moderators should also be taken into consideration. As suggested by Lu et al. (2015) for further investigation into internal contingencies in regards to group diversity, our inquiry seeks to examine the moderating roles of demographic (i.e., age and gender) and functional (i.e., professional tenure and expertise) diversity for the effects of diversity-oriented HR practices.

Our research thus contributes to the diversity management and work engagement literature in various ways. First, we develop a research model addressing the nexus between diversity-oriented HR practices and employees’ work engagement. Given that employee engagement provides the basis for their performance and the performance of their team (Costa, Passos, & Bakker, 2016), understanding how HR practices that address employee diversity contribute to the variance in their work engagement becomes salient. Second, by delving into the impacts of diversity-oriented HR practices on employee work engagement through first building diversity climate, our study offers a perspective complementary to the previous studies focusing on the effects of either diversity management practices or diversity climate rather than diversity HR practices associated with diversity climate (Avery & McKay, 2010; Boehm et al., 2014).

Third, our study explores the contextual boundary conditions for diversity-oriented HR practices’ effect on employee work engagement. In particular, we seek to investigate whether diversity-oriented leadership can serve as a substitute for diversity-oriented HR practices to influence employee work engagement, as well as if demographic and functional diversity of work groups can act as contingencies for the impacts of diversity-oriented HR practices on work engagement. Finally, since firms continue to grow globally interconnected, Zhou and Shalley (2008) suggested that one of the gaps to bridge in the diversity management literature is to extend the research to the international arena to attain cross-national generalizability. Specifically, since Vietnamese employees have the propensity to place high value on collectivism (Truong, Hallinger, & Sanga, 2017), the pressure for conformity in such a collectivistic culture (Truong et al., 2017) might offset the effects of diversity-oriented HR practices on work engagement. This research therefore provides contextual insights into the diversity management literature by exploring diversity management and work engagement issues in the Vietnamese context.

2. Literature review and hypothesis development

2.1. Diversity-oriented HR practices and employee work engagement

Diversity is defined broadly as “any significant difference that distinguishes one individual from another” (Kreitz, 2008, p. 102). Dobbs (1996) refers to diversity as any perceived difference among individuals such as age, sexual preference, geographic origin, lifestyle, profession, functional specialty, and position or tenure with an organization (p. 351).

Employees feel cared about by the organization not only when it makes investments to improve employee competence and performance in general but also when it concerns their diversity and specifically invests in further enhancing their strengths as well as improving upon their weaknesses that stem from this diversity. Diversity management is deemed to be a strategy that organizations utilize to more efficiently cash in on the opportunities that diversity profers (Richard, Roh, & Pieper, 2013). HRM scholars and practitioners maintain that not only organizational strategy and policies but also their translations, HRM practices, should effectively address employee diversity and create opportunities for them based on their differences (Alcázar, Fernández, & Gardey, 2013; Guillaume, Dawson, Ouyae-Ebele, Woods, & West, 2017; Jehn & Bezrukova, 2004; Yaprad, 2002). Diversity management concerns HR practices that amplify the value of workforce diversity for the organization (Ashikali & Groeneveld, 2015). Such HR practices are known as diversity-oriented HR practices. Diversity-oriented HR practices can be viewed as HR practices that “directly attempt to impart on employees the organization’s values regarding diversity” (Jehn & Bezrukova, 2004). Diversity-oriented HR practices are designed not merely to welcome and acknowledge diversity but also to enrich these corporate social responsibility, leveraging innovation, enhancing the satisfaction of diverse customers, or gaining competitive edge (Manoharan & Singal, 2017).

Work engagement focuses on personal engagement in the work role (Rich et al., 2010). Schaufeli, Salanova, González-Romá, and Bakker (2002) viewed it as a positive, fulfilling, work-related state of mind characterized by vigor (e.g., being mentally resilient and highly energetic), dedication (e.g., being highly immersed in work), and absorption (e.g., being highly concentrated in work) (p. 74). To explain the nexus between diversity-oriented HR practices and work engagement, we utilize social exchange theory (Blau, 1964; Cropaanzano, Anthony, Daniels, & Hall, 2017) since social exchange processes have been demonstrated to underlie the HR system–individual outcome link in general (Ashikali & Groeneveld, 2015) as well as the link between diversity management and employee engagement (Downey et al., 2015).

Following social exchange theory (Blau, 1964; Cropaanzano et al., 2017), employees will be expected to react to being valued and cared by reciprocating with attitudinal and behavioral responses beneficial for the organization (Ashikali & Groeneveld, 2015). In this light, when employees perceive that their organization is concerned about their existence and contributions, they are inclined to develop a felt obligation to reciprocate (Eisenberger, Huntington, Hutchison, & Sowa, 1986; Ratnasingam et al., 2012). Employees’ perceptions about the degree to
which the organization cares about them are premised on relevant policies, HRM practices, and treatments they have experienced in the organization (Rhoades, Eisenberger, & Armeli, 2001). From Hannah and Iverson's (2004) perspective, supportive HR practices can be deemed to be an indication that the organization cares about its employees and are thus likely to be reciprocated by employees. This employee–organization/management social exchange can be applied to the case of diversity-oriented HR practices, designed to fairly treat and support employees from diverse backgrounds (Choi & Rainey, 2014; Jehn & Bezrukova, 2004; Kim & Park, 2017).

Besides offering generic training opportunities, organizations with diversity-oriented HR practices provide diversity training for both employees and managers (Kulik, 2014; Madera, 2013; Madera et al., 2013). Through diversity training, employees can leverage their awareness of fair treatment practices and support that the organization provides for employees from diverse backgrounds, while managers enhance their understanding of the value of diversity and know how to enhance such a value by materializing diversity practices in their team and fairly distributing resources to employees regardless of their differences. Moreover, through diversity-oriented HR practices, employees from different social groups can obtain equal opportunities for skill training from the organization (Shen, Chanda, D’Netto, & Monga, 2009). Diversity-oriented HR practices also support employees by providing mentoring and networking programs to connect members who share a demographic background (Madera, 2013; Madera et al., 2013).

The organization further demonstrates their care about the diversity of employees through closely monitoring pay and promotion rates across demographic groups (Kulik, 2014; Madera, 2013; Madera et al., 2013). Additionally, employees from diverse backgrounds may themselves experience the benefit of diversity recruitment as well as observe their colleagues experience this benefit (Roberson, Buonocore, & Yearwood, 2017). Resources and support that are based on diversity-oriented HR decisions will activate employee feelings of gratitude and indebtedness to the organization, resulting in the development of their social exchange relationship with the organization (Cropanzano & Mitchell, 2005).

Furthermore, under diversity-oriented HR practices, differences as well as similarities are valued, recognized and engaged. In such a work environment, employees can maintain their “otherness” while concurrently identifying with their work group. In other words, when diversity-oriented HR practices are in place, an employee’s uniqueness is valued while simultaneously the employee is treated as an insider (Nishii, 2013; Shore et al., 2011). Diversity-oriented HR practices would hence identify and value employees’ uniqueness from their differences and leverage their felt obligation to the organization (Ashikali & Groeneveld, 2015). This obligation would give rise to the formation of social exchange relationship between employees and the organization and invoke employees’ positive reciprocal affective and behavioral responses such as work engagement to maintain such a relationship. Employee engagement has been shown to act as a means of recompensing their organization in exchange for fairness, recognition, and career and social related support that they have received (Cropanzano & Mitchell, 2005; Maslach, Schaufeli, & Leiter, 2001). This line of discussion leads to the ensuing hypothesis on the link between diversity-oriented HR practices and employee work engagement:

**Hypothesis 1.** Diversity-oriented HR practices are positively related to employee work engagement.

### 2.2. Diversity climate as a mediator

Climate alludes to shared perceptions and cognitive evaluations among group members of formal and informal workplace policies, procedures, and practices, as well as behaviors that are anticipated of members, supported, and rewarded (Reichers & Schneider, 1990). Accordingly, diversity climate refers to “employees’ shared perceptions of the policies, practices, and procedures that implicitly and explicitly communicate the extent to which fostering and maintaining diversity and eliminating discrimination is a priority in the organization” (Gelfand, Nishii, Raver, & Schneider, 2005, p. 104). Chrobot-Mason and Aramovich (2013) view diversity climate as a shared unit-level perception of the degree to which an organization values and integrates diversity through its paradigm, policies and programs.

We presume that employees perceive diversity orientation in the group climate when HR practices are targeted toward building a diverse workforce. This assumption is drawn upon signaling theory (Casper & Harris, 2008) and collective sensemaking theory (Maailis, 2005; Ostroff & Bowen, 2000). HRM practices can function as a signal of the employer’s intent toward its employees (Den Hartog, Boselie, & Pauwe, 2004). Ostroff and Bowen (2016) also depict how HR practices may signal to members what is collectively expected of them. If members observe that new peers in their work setting come from different social groups and that, irrespective of their diversity, members have equal chances to obtain training and promotion, then they may sense these as transparent signals that the organization is taking a credible interest in attracting, developing and maintaining a diverse workforce (Boehm et al., 2014) as well as proactively engaging employees of all social groups.

Employees are supposed to decipher these signals and collectively make sense (Schneider, 2000) of such diversity-oriented managerial guidelines. Employees themselves then understand their organizations’ major goals in fostering diversity and preventing any discrimination against diversity. This may influence their attitude and behavior toward members of different social groups as well as the development and spreading of diversity climate in the workplace (Boehm et al., 2014).

If a pronounced diversity climate is present in a work setting, employees of diverse backgrounds tend to trust that they are vital members of the organization (Ely & Thomas, 2001). Diversity climate research has further indicated that when employees perceive their workplace to be pro-diversity, employees believe their opportunities to grow professionally at work is fair and free from biases (McKay et al., 2007). Shore et al. (2011) also maintain that a diversity-inclusive climate may activate employee perceptions of justice and trust, which are crucial for the development of social exchange relationships between them and their organization. Employees’ perception and experience of social exchange relationships may be conducive to attitudinal and behavioral responses beneficial for their organization (Ashikali & Groeneveld, 2015) such as work engagement.

Empirical results have demonstrated that employees’ collective perceptions of diversity climate can exert effects on their job satisfaction (Hicks-Clarke & Iles, 2000), sense of psychological empowerment (Chrobot-Mason & Aramovich, 2013), and loyal behavior (Chung et al., 2015), leading employees to work engagement. Those who perceive a climate as nurturing a diverse workforce may experience less role ambiguity and role conflict (Madera et al., 2013), resulting in more active engagement in their work roles. Furthermore, on account of self-expression or sharing their personal identities in a diversity climate, employees tend to feel psychologically safe (Nishii, 2013) and become engrossed in their work activities. Diversity climate also contributes to cultivate relational ties as well as attenuate relationship and task conflicts, which may fuel employees’ enthusiasm and dedication toward their work.

Taking these lines of discussion together, we can expect the role of diversity climate in linking diversity-oriented HR practices with employee work engagement:

**Hypothesis 2.** Diversity climate mediates the positive relationship between diversity-oriented HR practices and employee work engagement.
2.3. Moderating role of diversity-oriented leadership

Drawing on Nemhard and Edmondson’s (2006) perspective, diversity-oriented leaders are those who lead people by welcoming and recognizing the contributions of employees of diverse backgrounds and characteristics. Leaders with diversity orientation lead employees by setting goals unprejudiced and fair for employees of different backgrounds, and by setting an example of caring about employees’ work life and valuing their contributions notwithstanding their differences. Therefore, diversity-oriented leadership can serve as a source of resources (including fair and supportive treatment for all social groups) that employees refer to and rely on to engage in their work.

In light of the substitutes for leadership theory (Kerr & Jermier, 1978), an HRM system can serve as a leadership substitute (Podsakoff, MacKenzie, & Fetter, 1993). Chuang, Jackson, and Jiang (2016) turn this view around and maintain that leadership behaviors can act as substitutes for formal HRM systems. In cases that their manager exhibits a high level of diversity-oriented leadership, employees are inclined to perceive the provided organizational resources (i.e., fairness and support for all social groups) from their leader, which can foster their enthusiasm about their work. In such situations, employees should perceive diversity orientation in leadership regardless of the levels of diversity-oriented HR practices. In other words, under high levels of diversity-oriented leadership, employee work engagement may be less strongly influenced by diversity-oriented HR practices. On the contrary, faced with low levels of diversity-oriented leadership, employees may turn to resources provided by the organization in the form of diversity-oriented HRM and sustain their work engagement. For instance, the organization may offer a diversity training program designed to mitigate prejudice and enhance employee awareness of the value of diversity, but if their manager may fail to advertise the program or even dishearten staffs from participating (Kulik, 2014), employees of a social group may cast doubt on their manager’s support toward their diversity, reduce their reliance on him or her, and turn to seek some support from such a diversity program.

Furthermore, employees regard their managers as role models (Kranabetter & Niessen, 2017). Leaders play a critical role in providing social-informational cues that shape employee perceptions (Ferris & Rowland, 1981). Following a diversity-oriented leader who fairly treats employees of diverse backgrounds and encourages employees to be open to the differences among their colleagues, employees might be motivated to interact with and support each other to engage in the work roles regardless of their diversity. Employees in such situations may strongly perceive diversity-oriented role modelling and warmth from the leader without much concern about diversity-oriented HR practices from the organization. When employee feel this diversity-oriented warmth toward diverse groups of employees from diversity-oriented leadership (i.e., more proximal social factor), diversity practices or programs (i.e., more distal social factor) may be perceived redundant since proximal factors tend to have more influence on employees than distal factors (Christian, Bradley, Wallace, & Burke, 2009). In line with these views, employees benefit most from diversity-oriented HR practices when they lack the diversity-oriented role modelling and care from the leader as a proximal supportive factor.

The additional resources provided by experiencing both high levels of diversity-oriented HRM and diversity-oriented leadership do not necessarily lead to even higher work engagement, as a high level of resources enhances the odds that some resources are not useful or mismatched, resulting in some resources offsetting others (Hobfoll, Halbesleben, Neveu, & Westman, 2018). With such a superfluity of resources to pull from, employees do not necessarily rely on both and may select one resource over the other. For instance, if a manager demonstrates his/her appreciation toward employee diversity and provides as well as encourages senior staffs to provide mentoring in terms of equal opportunities for all members of diverse backgrounds, then employees may find diversity training redundant and have low motivation to participate in such a training program. This line of reasoning leads us to propose the hypothesis that follows:

Hypothesis 3. Diversity-oriented leadership moderates the positive relationship between diversity-oriented HR practices and work engagement such that the relationship is less strong when diversity-oriented leadership is higher.

2.4. Group diversity as a moderator

Diversity is a term describing the degree to which group members are heterogeneous (dissimilar) in regard to individual-level attributes (Jackson, 1992). Individuals may differ in terms of surface-level/primary diversity and deep-level/secondary diversity (Manoharan & Singal, 2017). Surface-level/primary diversity refers to dimensions that contribute to core identity including visible attributes such as age, gender, race, ethnicity, sexual orientation, and mental and physical abilities (Hicks-Clarke & Iles, 2000). Deep-level/secondary diversity reflects dimensions of our identity that contribute to our core but do not basically alter who we are. These dimensions include religion, education, personality, values, attitudes, learning style and status (Harrison, Price, Gavin, & Florey, 2002; Lambert & Bell, 2013; Podsiałowski, Gröschke, Kogler, Springer, & Van Der Zee, 2013).

van Knippenberg and Schippers (2007) categorizes diversity into individual nature-based diversity such as demographic diversity (observable, cognitively accessible, and immutable) and task-related diversity or structure-based/functional diversity (less noticeable, associated with skill-based and informational differences). Based on van Knippenberg and Schippers (2007) and Lu et al. (2015), our inquiry takes into consideration both demographic diversity and functional diversity of a work group as crucial boundary conditions for the effects of diversity-oriented HRM practices. In particular, we consider group diversity in terms of age and gender (demographic) and professional tenure and expertise (functional). Albeit in diversity research, ethnicity is relied on in forming initial perceptions of others (Mohammed & Angell, 2004), ethnicity, which used to be a grave issue due to latent conflicts between the northerners and the southerners after Vietnam war (VOA, 2016), is now not a weighty concern in the Vietnamese context and thus not included into our study.

Demographic composition in a work group may influence members’ communication, interaction, and collaboration (Chatman & Flynn, 2001; Lu et al., 2015). Moreover, the more visible a particular diversity type, the stronger its link with relationship conflict (Mohammed & Angell, 2004; Pelled, 1996). Within a work group, an individual’s demographic distinctiveness may induce feelings of hostility toward other group members (Mohammed & Angell, 2004). Through sending fair and supportive signals to all demographic groups especially age or gender groups, diversity-oriented HR practices may attenuate relationship conflict among members of a group with high demographic diversity, as well as catalyze their communication and connectedness, leading to higher motivation to engage in their work (Costa, Passos, & Bakker, 2015; Jiang & Men, 2017). Diversity-oriented HR practices hence appear more influential to members in a work group with high demographic diversity than to those working in a group low in demographic diversity.

Research reported that female employees have more positive perceptions toward both diversity and diversity programs (Abramovic & Traavik, 2017; Sawyerr, Strauss, & Yan, 2005). Moreover, individuals’ attitudes toward diversity may vary through life stages (Ng & Sears, 2012; Sawyerr et al., 2005). Through their lifetime, older people accumulate “social expertise”, largely have higher cultural intelligence levels, and desire to leave a positive legacy after departing from the organization (Ng & Sears, 2012). Since older individuals tend to have high levels of self-transcendence, they have the propensity to accept both similarities and differences, recognize value of diversity, as well as develop interaction with a wider diversity of individuals (Sawyerr et al.,
Expressed differently, members working in a group with diversity in terms of age and gender are more likely to discern value of diversity-oriented HR practices since, on one hand older or female individuals tend to have positive perceptions of diversity while on the other hand, younger or male individuals, through interactions with older or female colleagues, perceive their empathy and openness to diversity and become more open to diversity and more responsive to diversity-oriented HR practices. Kunze et al. (2013) empirically found that diversity-friendly HR policies interact with age diversity to alleviate the negative age-discrimination climate, which may in turn foster employee work engagement. In an inquiry into workgroup diversity, Kossek, Markel, and McHugh (2003) also reported that employees more strongly perceived diversity practices when their group encompassed gender heterogeneity than when gender homogeneity is present in their group. We consequently propose:

Hypothesis 4a. Age diversity moderates the positive relationship between diversity-oriented HR practices and work engagement such that the relationship is stronger under high age diversity.

Hypothesis 4b. Gender diversity moderates the positive relationship between diversity-oriented HR practices and work engagement such that the relationship is stronger under high gender diversity.

Functional diversity attributes such as professional tenure and expertise are linked to workplace knowledge and skills (Lu et al., 2015). By fairly distributing task-relevant resources (knowledge and skills) to members as well as valuing and recognizing their contributions to the work group regardless of their functional diversity, diversity-oriented HR practices cultivate the member perception that they have equal opportunities to collect work-related resources for their performance as well as their contributions to the work group are acknowledged as uniquely significant (Ellemers, Sleebos, Stam, & Gilder, 2013; Mitchell et al., 2015).

Diversity-oriented HR practices signal to group members that notwithstanding their professional tenure or expertise differences, all members are discrete sources of expertise (Hirak, Peng, Carmeli, & Schaubroeck, 2012). Such diversity practices also signal that professional tenure or expertise is not a crucial determinant of which contributions are respected over others, as well as diminish the perception that some professional contributions will be attended to over others (Mitchell et al., 2015). Therefore, the more diversely-composed a group is in terms of functional attributes, the more strongly its members perceive these signals from diversity-oriented HR practices and the more actively they dedicate to their work.

Members with longer professional tenure and higher expertise tend to operate in their silos (Mitchell et al., 2015), leading to the creation of silos in other members in the work group. Diversity-oriented HR practices contribute to disassemble the silos, connect group members, and mitigate their relationship conflict (Lu et al., 2015; Mohammed & Angell, 2004). These will bring them more workplace meanings, which may drive them to engage themselves in their work (Geldenhuys, Laba, & Venter, 2014).

Furthermore, heterogeneous groups in terms of functional attributes may have low cooperative norm (Mitchell et al., 2015). Since diversity-oriented HR practices contribute to promote cooperative norm in a diversely-composed group (Downey et al., 2015) and thereby increase members’ motivation to engage in their work (Gerards, de Grijp, & Baudewijns, 2018), members in a group of functional diversity may respond more strongly to diversity practices than those in a homogeneous group.

On the contrary, if a work group is more or less homogeneous in terms of professional tenure and expertise, there might occur less frictions between group members (Reilly, Lynn, & Aronson, 2002) especially between early career employees and mid- or late-career employees. Group members may hence have low motivation to participate in diversity training programs or networking programs for minority groups. Moreover, since members of similar professional tenure or expertise tend to have similar performance indicators, they may not perceive much value in diversity-oriented performance appraisal system. Therefore, diversity-oriented HR practices may be less likely to influence group members who share similar functional attributes.

In other words, members in a work group with high functional diversity may value and appreciate practices from diversity-oriented HRM systems more than those in a low functional diversity group. From this reasoning, the following hypotheses are postulated:

Hypothesis 4c. Professional tenure diversity moderates the positive relationship between diversity-oriented HR practices and work engagement such that the relationship is stronger under high professional tenure diversity.

Hypothesis 4d. Expertise diversity moderates the positive relationship between diversity-oriented HR practices and work engagement such that the relationship is stronger under high expertise diversity.

Fig. 1 illustrates the relationships among the constructs in our research model.
3. Research methods

3.1. Sampling

We collected data for the current research from employees and their direct managers from established HR systems. The firm sample comprised various sectors including automotive (2 firms), chemicals (3), textile (5), paper and printing (4), electronics (5), furniture (3), food/beverages (6), and pharmaceuticals (3). All the firms had at least 200 employees. This limit was set so as for the HR system to be in place (Batistić Černe, Kaše, & Zupić, 2016). Data collection was conducted in two waves. When implemented, HR practices take some time to elicit effects (Wright & Haggerty, 2005). Since the HR practices were in place in the firms under study, it was deemed appropriate to adopt shorter time lags between survey waves. In line with prior research (e.g., Chiang, Hsu, & Hung, 2014; Luu, 2017a), we used time lags of two months. Besides, to test mediated paths we followed Cole and Maxwell (2003), who proposed at least two survey waves.

In the first-wave survey (T1), the data on diversity-oriented HR practices were harvested from managers, and the data on diversity-oriented leadership and diversity climate from employees. We engaged managers in rating HR practices on account of their knowledge of these practices and to mitigate issues linked with common method bias (Zhong, Wayne, & Liden, 2016). In the second-wave survey (T2), occurring two months after T1, employees that participated in T1 provided the data on work engagement.

A package comprising a cover letter and a questionnaire was sent to each participant. A reminder phone call was made to the non-respondents after ten days. Prior to delivering the questionnaires, they were code-numbered to match responses from employees with those from their direct managers. Regardless of this code numbering, the participants remained unidentified because all questionnaires were anonymously answered. 1398 employees (response rate 68.93%) and 164 managers (response rate 88.17%) participated in the T1 survey. In the T2 survey, complete responses were collated from 1228 employees (response rate 60.55%) and 147 managers (response rate 79.03%) who partook in the T1 survey. Excluding business units with fewer than five respondents (Addison, Teixeira, Pahnke, & Bellmann, 2017; Luu, 2017b) and non-response from managers resulted in the final sample of 1174 employees (response rate 57.89%) and 136 direct managers (response rate 73.11%) from 136 business units of 31 firms.

Among the employees, 458 employees (39.01%) were female, their average age was 34.72 years (SD = 7.59), and their average organizational tenure was 6.09 years (SD = 3.84). Out of the managers, 41 managers (30.15%) were female, their average age was 39.51 years (SD = 8.37), and their average organizational tenure was 9.46 years (SD = 4.96).

3.2. Measures

Respondents indicated their perceptions on scale items on a five-point scale (1 = ‘strongly disagree’, 5 = ‘strongly agree’) unless otherwise stipulated. The scale items were translated into Vietnamese in light of Schaffer and Riordan’s (2003) back translation procedure. Some scales are presented in the Appendix.

3.2.1. Diversity-oriented HR practices

Managers rated diversity-oriented HR practices through a 12-item scale adapted from Shen, D’Netto, and Tang (2010), which reflects employee diversity orientation in staffing, training and development, performance appraisal and compensation.

3.2.2. Work engagement

This construct was assessed using the Utrecht Work Engagement Scale (Schaufeli, Bakker, & Salanova, 2006) (0 = never, 5 = always). Illustrative items encompass “At my work, I feel bursting with energy” (vigor), “I am enthusiastic about my job” (dedication), and “I am immersed in my work” (absorption).

3.2.3. Diversity-oriented leadership

Employees assessed diversity-oriented leadership through a five-item scale adapted from Fernandez, Cho, and Perry (2010), Nembhard and Edmondson (2006), and Pugh, Dietz, Brief, and Wiley (2008).

3.2.4. Diversity climate

This construct was measured using a four-item scale adapted from McKay, Avery, and Morris (2008) and Pugh et al. (2008).

3.2.5. Group diversity

Age diversity (in years) and professional tenure diversity (in years) were gauged as the standard deviation (SD) of the age or the professional tenure of the employees in each business unit (Harrison & Klein, 2007; Joshi, Liu, & Roh, 2011). Expertise diversity indicates the differences in knowledge, skills or experience among members in a business unit (Harrison & Klein, 2007). Employees filled out a checklist of their professional certifications. Gender diversity and expertise diversity were measured using Blau’s (1977) index, as (1 − P(d)²), where P is the proportion of individuals in a particular category (Harrison et al., 2002). This index varies from 0 (completely homogeneous) to 1 (completely heterogeneous).

3.2.6. Control variables

Since demographic variables may influence both employees’ attitudinal and behavioral responses (Fu & Deshpande, 2014), we chose to control employees’ age (years), gender (0 = male, 1 = female), educational level (high school degree or lower = 1, bachelor’s degree or equivalent = 2, and master’s degree or higher = 3), and tenure with the organization (years).

4. Results

4.1. Analytic strategy

Multilevel structural equation modelling was utilized for data analyses since the data were nested within business units. Moreover, the use of multilevel structural equation models has been shown to surmount the limitations of traditional multilevel analysis in assessing mediation effects through multiple levels (Preacher, Zyphur, & Zhang, 2010).

4.2. Measurement models

Convergent and discriminant validity among all constructs were estimated through confirmatory factor analyses (CFAs). Fit indices including Tucker–Lewis coefficient (TLI), incremental fit index (IFI), comparative-fit index (CFI), standardized root mean square residual (SRMR), and root mean square error of approximation (RMSEA) were utilized to assess the model-data fit. The findings indicated a good fit between the hypothesized eight-factor model and the data ($\chi^2$/df = 293.29/156 = 1.88; TLI = 0.96; IFI = 0.95; CFI = 0.95; SRMR = 0.047 and RMSEA = 0.052) (Table 1).

The discriminant validity of the eight constructs was examined by contrasting the hypothesized eight-factor model against alternative models. The results in Table 1 demonstrated that the hypothesized eight-factor model fitted the data markedly better than any of the alternative models, lending evidence for the construct distinctiveness. In addition, since the square root of the average variance extracted (AVE) of each construct surpassed its correlations with the other constructs, discriminant validity was achieved (Fornell & Larcker, 1981) (Table 2).

Furthermore, multilevel CFA models individual- and group-level constructs concurrently at both levels. The hypothesized model has...
adequate fit for the within-group ($\chi^2/df = 349.47/156 = 2.24$; TLI = 0.93; IFI = 0.94; CFI = 0.94; SRMR = 0.062; RMSEA = 0.065) and between-group ($\chi^2/df = 283.94/156 = 1.82$; TLI = 0.95; IFI = 0.94; CFI = 0.95; SRMR = 0.057; RMSEA = 0.059) models. These findings reveal that the factor structure built in our model is robust at both within-group and between-group levels of analysis.

The composite construct reliability coefficients and AVE were utilized to estimate the scale reliabilities (Table 2). Composite reliabilities, which ranged from 0.75 (for diversity climate) to 0.86 (for employee work engagement), surpassed the recommended threshold of 0.70 (Bagozzi & Yi, 1988). AVE ranged from 0.60 (for diversity-oriented HR practices) to 0.75 (for diversity-oriented leadership), also above 0.50 cutoff value (Fornell & Larcker, 1981).

4.3. Common method issue

Lindell and Whitney’s (2001) marker variable technique was employed to estimate common method variance (CMV). A marker variable (i.e., attitude toward social media usage), which was theoretically unrelated to other variables, was incorporated into the survey. After the marker variable was partialled out, all significant zero-order correlations remained significant, indicating the low CMV threat in the dataset. In addition, interaction effects in our research model could merely be deflated by CMV rather than being its artifacts (Siemens, Roth, & Oliveira, 2010).

4.4. Hypothesis testing

4.4.1. Path results

As Table 3 displays, diversity-oriented HR practices were positively and significantly associated with employee work engagement ($\beta = 0.34$, $p < .01$), providing evidence for hypothesis 1. Diversity-oriented HR practices were also positively and significantly associated with diversity climate ($\beta = 0.42$, $p < .001$), which was positively and significantly related to employee work engagement ($\beta = 0.37$, $p < .001$).

4.4.2. Mediation testing

The hypothesized partial mediation model via diversity climate fit into the data well ($\chi^2/df = 153.14/81 = 1.89$, TLI = 0.95, IFI = 0.95, CFI = 0.96, SRMR = 0.047, RMSEA = 0.044), and fit better than the alternative full mediation model ($\chi^2/df = 171.81/83 = 2.07$, TLI = 0.92, IFI = 0.92, CFI = 0.91, SRMR = 0.091, RMSEA = 0.086, $\Delta\chi^2 = 18.67$, $p < .01$). The indirect effect of diversity-oriented HR practices on work engagement via the mediation of diversity climate was 0.19 (SE = 0.11, $p < .01$). The 1000 bootstrap sampling result demonstrated that 95% CIs for the distribution of the product of coefficients ranged between 0.09 and 0.27, not containing zero. These results provided supporting evidence for hypothesis 2 that diversity-oriented HR practices have an indirect impact on work engagement through diversity climate as a mediator.
4.4.3. Moderation testing

As exhibited in Table 3, the interaction term of “diversity-oriented HR practices” × “diversity-oriented leadership” was significantly negative for employee work engagement (β = −0.28, p < .01), lending support for hypothesis 3. As Aiken and West (1991) suggest, the interaction pattern between diversity-oriented HR practices and diversity-oriented leadership was further estimated by testing the nexus between diversity-oriented HR practices and employee work engagement at high and low (one SD above and below the mean respectively) values of diversity-oriented leadership. The plotted interaction in Fig. 2 revealed that diversity-oriented HR practices increased employee work engagement to a higher degree when diversity-oriented leadership was low (simple slope = 1.07, p < .01) than when high (simple slope = 0.31, p < .01).

The interaction term of “diversity-oriented HR practices” × “age diversity” was significant and positive for employee work engagement (β = 0.25, p < .01), which corroborated hypothesis 4a. Besides, the plotted interaction in Fig. 3 demonstrated that diversity-oriented HR practices enhanced employee work engagement when age diversity was high (simple slope = 0.96, p < .01) versus low (simple slope = 0.13, p < .01).

The interaction term of “diversity-oriented HR practices” × “gender diversity” was also significantly positive for employee work engagement (β = 0.22, p < .01), lending support for hypothesis 4b. The plotted interaction in Fig. 4 revealed that diversity-oriented HR practices increased employee work engagement to a higher degree when gender diversity was low (simple slope = 0.31, p < .01) than when high (simple slope = 1.07, p < .01).

Model fit: χ² = 293.29, df = 156; TLI = 0.96; IFI = 0.95; CFI = 0.95; SRMR = 0.047; RMSEA = 0.052; *p < .05; **p < .01; ***p < .001.

![Fig. 2. Moderating effect of diversity-oriented leadership for the relationship between diversity-oriented HR practices and employee work engagement.](image1)

![Fig. 3. Moderating effect of age diversity for the relationship between diversity-oriented HR practices and employee work engagement.](image2)

![Fig. 4. Moderating effect of gender diversity for the relationship between diversity-oriented HR practices and employee work engagement.](image3)
FIGURE 5. Moderating effect of expertise diversity for the relationship between diversity-oriented HR practices and employee work engagement.

The interaction term of “diversity-oriented HR practices” × “professional tenure diversity” was non-significant for employee work engagement ($\beta = 0.09, p > .10$), providing no support for hypothesis 4c. The interaction term of “diversity-oriented HR practices” × “expertsise diversity” was significantly positive for employee work engagement ($\beta = 0.31, p < .01$), providing empirical proof for hypothesis 4d. Moreover, the plotted interaction in Fig. 5 demonstrated that diversity-oriented HR practices enhanced employee work engagement when expertise diversity was high (simple slope = 1.19, $p < .01$) versus low (simple slope = 0.34, $p < .01$).
interact with diversity practices has been in its infancy. Moreover, although leadership that includes employee diversity has been shown to exert an influence on employee engagement within the workplace (Choi, Tran, & Park, 2015), the interactive effects of diversity-oriented leadership and diversity-oriented HR practices on employee engagement have received inadequate scholarly attention. Indeed, our study can be viewed the first to assess how diversity-oriented leadership moderates the nexus between diversity HR practices and employee work engagement.

In line with empirical findings on the interaction between HRM and leadership (Chuang et al., 2016), our study further supported the role of leadership as a resource substitute for HRM practices and thus as an attenuator for their effects. By applying substitutes for leadership theory (Kerr & Jermier, 1978) to cast light on this attenuating effect of diversity-oriented leadership, we take this theory to a new domain, namely, diversity management. Our research suggests that diversity-specific leadership can serve as a strong resource when HRM systems do not send strong diversity-oriented signals to employees.

Last, while prior research has tended to examine the direct impact of group diversity on employee outcomes (e.g., Kunze et al., 2013; Mohammed & Angell, 2004), our research turns to unpack the interaction effects of diversity-oriented HR practices and group diversity in terms of both demographic (i.e., age and gender) and functional characteristics (i.e., expertise). In comparison with the interaction between group diversity and high-performance work systems (Lu et al., 2015), the interaction effects of diversity-oriented HR practices and group diversity were by and large more significant. One potential explanation for this finding is that, through their observation of diversity in the workplace, employees are more likely to perceive the utility of diversity-oriented HR practices for this diversity reality than perceiving this utility in high-performance work systems in general. Another explanation seems to be linked with the collectivistic nature of the Vietnamese culture (Truong et al., 2017). Culture has been found to influence employee identity, cognition, and behavior (Earley, 1994). The sample for the current study came from Vietnam, where people have the propensity to attend to their collective selves rather than to their personal selves (Truong et al., 2017) in guiding their engagement. In the Vietnamese collectivistic culture, employees tend to empathize and connect with people regardless of their diverse backgrounds (Truong et al., 2017). They are hence inclined to display strong responsiveness to diversity-oriented HR practices through their observation of diverse composition in their work group, which reflects empathetic concerns and collectivistic values in the managerial actions.

These interaction results indicate that group diversity is a latent resource, and the interaction between group diversity and diversity-oriented HR practices may activate and convert this resource into further work engagement. This also suggests to managers that they should value employee diversity and manage this diversity via diversity-oriented HR practices to harmonize and integrate the diversity in the workplace. Nonetheless, further studies are required to explore an explanation for a non-significant interaction between professional tenure diversity and diversity-oriented HR practices.

6. Limitations and future research paths

Some limitations in our research reduced the generalizability of its results. Further research should assess how the effects of diversity-oriented HR practices accumulate (or fade) over time (Kulik, 2014) since the variation in such effects has not been explored in the longitudinal design of the current study. Moreover, the data collected via perceptual yardsticks might not reflect the reality in the workplace. While diversity-oriented leadership and diversity climate should be gauged through perceptual scales, diversity-oriented HR practices can be assessed through HR departments’ reports in comparison with employee perceptions of such practices since a gap may exist between the intended HR practices implemented and those experienced by employees (Downey et al., 2015). Furthermore, the self-report data exposed the results of the current research to CMV threat (Podsakoff, MacKenzie, & Podsakoff, 2012). Yet, this threat was proved not to be a grave concern in our research through the data collection from multiple respondents (Podsakoff et al., 2012), the marker variable test (Lindell & Whitney, 2001), as well as the interaction effect tests (Siemsen et al., 2010).

The dataset for the current study, which stemmed from the mixed manufacturing industries, can contribute to its generalizability across manufacturing firms. This, nonetheless, may limit the applicability of the current research model in a particular manufacturing industry such as textile industry in the Vietnamese business setting, where employee diversity still has not received adequate care from employers. Furthermore, the use of the data source from manufacturing industries may limit its generalization to service industries. Consequently, this research model should undergo retesting in service firms in general as well as in a specific service or manufacturing industry.

While the current research focuses on the effectiveness of diversity-oriented HR practices in the interaction with moderators to leverage work engagement among employees, further studies should investigate other individual outcomes such as knowledge sharing as Shen, Tang, and D’Netto (2014) indicated. Moreover, on account of the magnitude of teams’ contribution to the organizational strategy and goals (Unger-Aviram & Erez, 2016), team engagement, team performance and team creativity should also be taken into account as the team-level outcomes of diversity-oriented HR practices on the future research paths.

Additionally, organizations often implement diversity HRM programs due to their desire to produce organization-level influences on diversity representation, employee turnover rates and organizational performance and sustainability (Pitts & Wise, 2010). Therefore, further research should incorporate such organization-level outcomes as well as contextual moderators such as industry, size and budget (Kulik, 2014). In addition to surface-level diversity variables explored as moderators in the current study, future research should devote to the interaction effects of diversity-oriented HR practices and deep-level diversities within the group in terms of employee values, personalities, and attitudes (Harrison et al., 2002).

Appendix A. Scale items

Diversity-oriented HR practices

Diverse job candidates are actively recruited when an opening exists at our organization.

Similar criteria are used for recruiting employees regardless of personal characteristics and backgrounds.

All training programs are open to all employees regardless of personal characteristics and backgrounds.

Cultural sensitivity courses are offered for all employees.

Mentoring and networking programs are implemented to connect employees who share a similar background.

Regardless of personal characteristics and backgrounds, employees have the same opportunities to become managers.

I am aware of the organization’s procedures to follow if I believe that I have been discriminated against due to my different background.

Objective criteria and fair practices in performance appraisal are used for everyone.

Employees of minority groups do not have to be higher performers than other employees to get promoted.

Employees of minority groups form part of appraisal panels.

Compensation practices (in terms of salary, wages, income, incentives, bonuses, and commission) are fair and equitable for all employees regardless of personal characteristics and backgrounds.

Benefits (including vacations, holidays, health insurance, dental insurance, and pensions) are fair and equitable for all employees regardless of personal characteristics and backgrounds.
Diversity climate

My team makes it easy for people from diverse backgrounds to fit in and be accepted.
My team maintains a diversity-friendly work environment.
My team respects the views of people from different backgrounds.
In my team, members are advanced without regard to their age, gender or ethnic, religious, or cultural background.

Diversity-oriented leadership

My manager is committed to a workforce representative of all segments of society.
My manager works well with employees of different backgrounds.
I feel that my manager does a good job of managing people with diverse backgrounds.
My manager asks for the input of employees that belong to different demographic and expertise groups.
My manager does not value the opinion of employees of different backgrounds equally.

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