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INCLUSIVE LEADERSHIP AND EMPLOYEE ENGAGEMENT: THE MODERATING EFFECT OF PSYCHOLOGICAL DIVERSITY CLIMATE

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INCLUSIVE LEADERSHIP AND EMPLOYEE ENGAGEMENT:

THE MODERATING EFFECT OF PSYCHOLOGICAL DIVERSITY CLIMATE

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A Thesis

Presented to the

Faculty of

California State University,

San Bernardino

————————————————

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

in

Industrial Organizational Psychology

————————————————

by

Jose Luis Rodriguez

June 2018

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ABSTRACT

Leadership is a well-known complex phenomenon that focuses on important organizational, social and personal processes, where leadership is dependent on a process of social influence, which occurs between the leader and follower (Bolden, 2004). Therefore, leaders need to operate with a certain understanding of leadership and the environment in order to address the increasing pressures and demands that come with being a leader. However, leadership concepts too often focus on leader behaviors apart from their effects on followers; in contrast, Inclusive Leadership (IL) highlights the importance of leadership as a social construction process between the leader and follower. The present study first examines the association of IL and employee engagement (EE), and second, the moderating effect of Psychological Diversity Climate (PDC) on the association between IL and EE. Specifically, context that related to leader characteristics and employee behavior was furthered explored to help shape an understanding on how contextual factors affect the relationship. First, a bivariate correlation revealed that IL was shown to be significantly and positively related to EE. Second, a regression analysis using Andrew Hayes' PROCESS tool on SPSS was used to examine the moderation, which found that PDC did not significantly moderate the relationship between IL and EE. Additional analyses were further explored to address the insignificant findings for the purpose of explaining if one of IL's sub-dimensions significantly affected the moderation analysis. Similar, to hypothesis testing, no significant results were

found. The results suggest that immediate supervisors play a critical role in

enhancing EE; however, no additive effect occurs when a PDC is incorporated.

Implications and recommendations for future research are discussed. Data

consisted of 221 adult men and women working a minimum of 12 months and 20

or more hours a week to support our model.

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CHAPTER ONE

INTRODUCTION

Leadership is about relationships. Although the leader is usually viewed as the central figure, leadership is a process, and not a person (Hollander, 2012). According to Hollander (2012) leadership involves much more than only studying leaders and their ability to influence and exert power. For quite some time, leaders have been known to take roles in problem solving, planning, adjudicating conflict, advocating, and acting as external liaisons; however, leaders cannot act alone (Hollander & Offermann, 1990), and need to involve followers in their tasks, achievements, and goals (Hollander, 2012). For the most part, leaders may have a greater initiative than that of their followers, but followers are vital to success, thus leaders benefit from active followers, including upward influence (Hollander, 2012). Thus, leaders are constantly developing, which is important to note that the practice of leadership is a continual learning process (Booysen, 2014). Simply, Uhl-Bein (2006) refers to it as an ongoing cycle of collective learning (between leader and follower): where one must 'know', 'be', and 'do' (learn) together with others (relational practice), in such a way that it is directed, aligned, and committed towards a common goal within specific constraints (context). Interestingly enough, Hollander (2012) reminds us followers are not only tangibly but intangibly satisfied with rewards, such as: support, fairness, and being heard. Ultimately, leadership is a system of relationships with constraints

as well as opportunities (Hollander & Offermann, 1990). Constraints not only include organizational expectations but also the challenges of managing employee expectations and cultivating positive relationships with followers of myriad backgrounds. This diversity of backgrounds however, is also an opportunity to be managed. Gathering individuals of diverse backgrounds to come together to work and collaborate can create positive outcomes for both the organization and individual themselves.

Employee work engagement has been recognized as one impetus for business success (Strom, Sears & Kelly, 2014) and positive employee outcomes (Choi, Tran, & Park, 2015). Unfortunately, only about 32% of employees in the U.S. are considered fully engaged (Gallup, 2017). According to Bakker, Albrecht, and Leiter, (2011) leaders are critical drivers and a major source of motivation and satisfaction for employees, and ultimately of work engagement. Thus, in order to effectively increase employee engagement at work, one must exercise an open and adaptable style of leadership (Choi et al., 2015). Exercising an open and adaptable style of leadership may require some changes for individual leaders and workplace practices.

The rapid growth of workforce diversity among our leaders and global working societies brings both obstacles and opportunities to our leadership praxis. According to Hollander (2012), the leader-centric approach to leadership continues to emphasize the traditional qualities of a leader, such as character and charisma – where the leader is seen atop above all. Although these qualities

are well recognized and have their own positive contributions, they omit the essential relationship with their followers. The first thing we can do is to forget about the iconic image of a leader seen as a hero, and focus on behaviors of an inclusive leader – a person who seeks a diverse perspective and who can actively create a workplace in which diverse talent is foster and diverse teams operate to their full potential; second, use this new behavioral focus as an opportunity to pursue the signals an inclusive leader can provide such as ensuring insights are profound and decisions robust (Bourke, Dillon, Quappe & Human, 2012). Ultimately, the goal is to focus on the new 21st century type of leadership – Inclusive Leadership (IL) – one that directs leaders to be self-aware, advocate for diversity, and possess the skills to leverage the differences within diverse teams (Tapia & Lange, 2015). Thus, inclusion is about intention, such as putting forth effort in support of the workplace culture, ordinary day-to-day work practices, and the diverse population; it is also about understanding what affects inclusion (and exclusion), and how to create new habits of behaviors and workplace practices that can positively influence both the individual and organization (Bourke, et al., 2012).

Recent research has shown that diversity by itself is not enough for organizational growth (i.e., simply involving demographic and trait differences in the workplace). Leaders today must capture the potential derived from inclusion (Tapia & Lange, 2015). Expanding on traditional definitions that referred primarily to gender and race, today diversity is defined more elaborately as visible and

invisible differences, leadership styles, religious backgrounds, age, experience, and culture, etc. (Janakiraman, 2011). Further, inclusion is the quality of the organizational environment that maximizes and leverages the knowledge, insights, and perspectives in an open, trusting, and diverse workplace (Tapia & Lange, 2015). For example, Tapia and Lange (2015) states, "if diversity is viewed as 'the mix' then inclusion is making 'the mix' work" (p. 1). Therefore, an inclusive leader is the perfect agent in making the 'mix work'. Bruce Stewart (Office of Personnel Management) states that an inclusive leader is a "synergist that sparks the team to head in the direction that it needs to go in" (Bourke et al., 2012, p.5). An inclusive leader understands the link between diversity, inclusion, higher business performance, and each person's unique perspectives and capabilities (Bourke et al., 2012).

When an organization attempts to create the right framework to function effectively, it must also align the systems, processes, and practices that can work best with leadership. To some degree, every aspect of the workplace, from day-to-day practices, to the organizational structure, has the capacity to reinforce or undermine work outcomes (Bourke et al., 2012). Hence, leader inclusiveness is expected to be important for employee behavior such as employee engagement, but so is the organizational context. Vroom and Jago's (2007) research demonstrates that situation factors (context) account for about three times as much variance as individual differences, drawing attention to the role situational forces play in guiding action. In contrast, most prominent in the leadership

research has been a focus on the individual and their teams, rather than the large organization (Bazigos, 2016). Of course individual leadership competencies are important, but focusing exclusively on individuals can limit what we learn. Therefore including psychological diversity climate, or individual level perceptions of "the extent that a firm promotes equal employment opportunity and inclusion" (Mckay, Avery & Morris, 2009, p. 771) is crucial to examining the relationship among leader inclusiveness and employee engagement.

The purpose of this study is to examine the relationship between Inclusive Leadership (IL) and employee engagement (EE). Particularly, I examine the relationship between these two constructs and how they are influenced by psychological diversity climate (PDC).

Inclusive Leadership

Though few would deny its potential benefits, research on Inclusive Leadership (IL) remains in the early stages of exploration and understanding. According to Choi et al., (2015) inclusive leaders are always supportive of followers and maintain open communication to invite input, at the same time exhibiting availability, willingness, and concern about their interest, expectations, and feelings. It is an important relational leadership style (Shore, L. M., Randel, Chung, Dean, Holcombe Ehrhart & Singh, 2011) and is related to participative leadership, which involves follower-meetings and shared decision-making mechanisms, as well as relating in some aspects of transformational leadership (Mitchell, Boyle, Parker, Giles, Chiang & Joyce 2015). Leader inclusiveness

differs from these two constructs by focusing on situations that are characterized by status or power differences and its keen interest on behaviors that acknowledge the value of diversity in other's views (Nembhard & Edmonson, 2006). Particularly, leader inclusiveness differentiates from participative leadership in that inclusive leaders value the different, often conflicting, viewpoints and ideas of all members within team interaction when their views may otherwise be disregarded (Mitchell et al., 2015). Leader inclusiveness also differs from transformational leadership. An inclusive leader points out words and deeds that indicate invitation and appreciation for others' work, while at the same time valuing their uniqueness (Nembhard & Edmondson, 2006). A transformational leadership style provides encouragement and personal support, at the same time challenges existing assumptions and generates new ideas; conversely, inclusive leaders focus their attention to a method of openness and accessibility to engage in a dynamic that promotes diverse opinions (Mitchell et al., 2015).

Carmeli, Reiter-Palmon, & Ziv (2010) focus on the leader-follower relationship and references the leader-follower association to elaborate and develop the IL concept and its involvement with the workplace. Therefore, Carmeli et al., (2010) focuses on an understudied area of leadership research (Relational Leadership Theory (RLT)), which describes two perspectives. First, entity perspective focuses on identifying individual perceptions, cognitions, attributes, and behaviors – where leadership is viewed as an influence

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relationship where individuals identify with one another to accomplish mutual

goals. Second, relational perspective focuses on leadership as a social reality by

which is constructed and changed; relational discourse does not identify with

behaviors or attributes of individual leaders, but instead focuses on the

communication process through which relational realities are made (Uhl-Bein,

2006). Inclusive leadership is expanded from this line of research. A RLT

approach opens up the possibility to consider processes about the social

dynamics by which leadership relationships form and evolve in the workplace –

one that is not hierarchical, can address various forms of relationships, and

potentially consider a new way to redefine leadership within the organization's

structure (Uhl-Bein, 2006). Specifically, IL is referred to as "the leader exhibition

of openness, accessibility, and availability in their interactions with followers"

(Carmeli et al, 2010, p.250).

Inclusive leadership is ultimately a relational construct that is the

consequence of both the leader-follower relationship process and its behavioral

adaptation to the environment (context; Gallegos, 2014). To illustrate, I'll present

a framework of IL practice, linking existing leadership thinking. Jackson and

Parry (2008) point out two views of existing approaches to leadership. The

dominant standpoint is leader focused, which explains the individual, group, and

organizational performance outcomes to specific leader behaviors directly

attributing to themselves. The less dominant standpoint, a relationship-based

leader approach is thus more process- and context-focused, and encourages

participation, collaboration, follower expectations, inclusion, and implicit

leadership models (Booysen, 2014). Clearly, IL aligns with the relationship-based

process, follower-focused, and less-dominant way of leadership thinking. In

essence, recent leadership views on leadership development have shifted from

simply a human capital focus to including social capital and relational practices,

in the collective and on increasing inclusion of all interconnected systems

(Booysen, 2014).

Leaders may be seen as inseparable from their followers; therefore, some

conclude that without followers there is no leader (Hollander, 2008). Hollander

(2008) states that the inclusive leader amplifies the role of consideration by

augmenting that the main idea is "doing things with people, and not to people" (p.

4); hence, inclusive leaders highlight the creation of engaged followers and two-

way influence. Within the context of the workplace, a manager may be given

subordinates but a quality leader-follower relationship must be earned. The ability

to attend to one's self and others simultaneously is difficult enough, but becomes

more challenging when bridging across a heterogeneous population. For this

reason, Goleman, Boyatzis, and Mckee (2001) argue that emotional intelligence

is the most important asset for leaders to master. The underlying assumption is

that having the ability to be self-aware and sensitive to others' emotional needs

yields a person to choose from a wide range of behaviors to influence outcomes

(Gallegos, 2014). Therefore, IL definition entails a need for interpersonal

evaluation, legitimacy as perceived by its followers, upward influence, and

fairness in social exchange (Hollander, 2008). Thus, leads a leader's interest to be geared towards others' contributions, which taps into individuals' desire to both belong and to be valued for their uniqueness (Nembhard & Edmondson, 2006).

IL revolves around leader behaviors that respond to members' needs for belongingness and uniqueness, facilitating inclusion by modeling and reinforcing such behaviors (Randel, Galvin, Shore, Ehrhart, Chung, Dean, & Kedharnath, 2017). Modeling a set of behaviors (such as openness), creating accessibility with followers (Carmeli et al., 2010; Mitchell et al., 2015), and maintaining a positive philosophy (values and beliefs) about diversity and equal opportunity (Shore et al. 2011) are underlying components of IL – which is a leadership style, and leadership can be taught, learned and developed. Hence, the topic here isn't intended to debate about whether leadership is innate versus learned – as discussed by Popper (2005), the assumption here is that leadership can be learned as explained by McCauley, Van Velsor, & Ruderman (2010).

Leader inclusiveness captures the diversity-friendly notion of inviting and valuing the contribution of all employees (Randel, Dean, Holcombe Ehrhart, Chung, & Shore, 2016), ultimately this diversity-friendly notion permeates the workplace. Inclusive leadership has been closely examined along with constructs and variables such as: social exchange theory, interpersonal dynamics, task-engagement, and even influencing member social identification. For example, previous research has demonstrated potential benefits from IL in areas such as

in the development of diverse mindsets for leader success and effectiveness

(Chin, Desormeaux & Sawyer, 2016), the creations of psychological safety

climate, which promotes learning, quality improvement efforts (Nembhard, &

Edmondson, 2006), and creativity (Carmeli et. al., 2010). Furthermore, placing

inclusive leaders within work units (groups/teams) has been shown to enhance

performance (Hirak, Peng, Carmeli & Schaubroeck, 2012) and been extremely

useful for diversity management (Mitchell et. al., 2015). Thus, the intent is to

provide insight on the association between IL and employee behavior, and point

out that IL can prove to be an important asset to the workplace. Further research

on IL used to predict, explain, and/or influence is needed to continue a

meaningful contribution.

<u>Employee Engagement</u>

Work engagement involves high levels of personal involvement from an

employee (Kopperud, Martinsen, & Humborstad, 2014). Therefore, cultivating a

social context in which people feel safe to speak up – those manifested through

an IL style (Carmeli et al., 2010), may in fact be required. Focusing on positive

behavior like employee engagement (EE), exemplifies a new positive approach

on organizational psychology today that focuses on human behavior in the labor

force (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001). Previous research on

EE mostly focuses on explaining negative phenomenon such as burnout

(Maslach, Schaufeli, & Leiter, 2001; Maslach & Leiter, 2008) – engagement

being referred to as its polar opposite (Arrowsmith, & Parker, 2013). However, it

wasn't until Demerouti's research prompted a greater attention to positive emotions (Blomme, Kodden, & Beasley-Suffolk, 2015). For the past 10 years, Demerouti and her colleagues have shown that being happy and optimistic can be learned, and that work engagement can be developed (Blomme et al., 2015). Khan defined engagement as "the simultaneous employment and expression of a person's preferred self in task behaviors that promote connections to work and to others, personal presence (physical, cognitive, and emotional) and active, full role performance" (Khan, 1990. p. 700). Work engagement was then later noted as a crucial motivational concept which refers to contextual perceptions and behavioral tendencies influencing behavior performance – that offers beneficial perspectives to both individuals and organizations (Rich, Lepine, & Crawford, 2010). Work related effects of work engagement are those including: personal health, job-related attitudes, extra-role behaviors, job satisfaction, organizational commitment, personal initiative, proactive behavior, learning motivation and performance (Kopperud et al., 2014). Engaged employees turn out to be enthusiastic and positive, not only about their work but also about their individual leisure time, and in communicating their engagement to others (Blomme et al., 2015).

Work engagement is referred to as "a positive fulfilling work-related state of mind that is characterized by vigor, dedication, and absorption" (Schaufeli, Bakker, & Salanova, 2006. p. 702). Engagement tends to focus on a persistent and pervasive affective-cognitive state not focusing on any specific object, event,

or behavior (Schaufeli et al., 2006). Particularly, vigor is known as high levels of energy and mental endurance while working, the willingness to invest in effort in one's work, and persevering in difficult moments. Dedication is characterized by being strongly involve in one's work and having a sense of significance, enthusiasm, inspiration, pride, and challenge. Lastly, absorption refers to being fully concentrated and at the same time happily engrossed in one's work, whereby one's time passes fairly quickly and has difficulties detaching oneself from work (Schaufeli et al., 2006). In line with Khan's three personal presence of EE, Rich et al., (2010) states that an engaged employee harness his/herself in their work role by converting their energy into physical, cognitive, and affective labors. Investments of cognitive energy into work roles contribute to organizational goals by focusing on more vigilant and attentive behaviors (Rich et al., 2010), which refer to an employee's interpretation about whether their work is meaningful, safe, and even poses the adequate means to accomplish the job (Shuck, & Herd, 2012). Emotional energy contributes in a way where performance is enhanced by the connectedness among employees (Rich et al., 2010), where it is characterized as the investment and willingness of an employee to involve personal means (Shuck, & Herd, 2012). Finally, physical energy is best understood as what we actually see employees do – a physical observable manifestation of either cognitive or emotional engagement (Shuck, & Herd, 2012). It is precisely this process that encourages behaviors that ultimately

result in a persistent, positive affective-motivational state of fulfillment (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002).

Inclusive Leadership and Employee Engagement

Research has shown that open and available inclusive leaders supply employees with opportunities to develop their skills, knowledge, and cognitive ability (Carmeli et al., 2010). These, in turn, have been demonstrated to influence both work-related and personal resources facilitating feelings of work engagement (Kopperud et al., 2014). In more recent literature, it has been suggested that leadership is important for nurturing employee work engagement, since leader behavior acts as a driver of motivation and satisfaction for employees and tends to create a healthy environment to support engagement (Choi et al., 2015). Although recent literature has started to examine transformational (Ghadi, Fernando, & Caputi, 2013), authentic (Hassan & Almed, & 2011), ethical (Den Hartog, & Belschak, 2012), and inclusive (Choi et al., 2015) leadership styles and work engagement, empirical evidence is limited. Shuck and Herd (2012) states that an implied attention by the leader on the delivery of employee needs is significant to creating work engagement. In other words, IL may be well suite to fostering EE since it develops relationships at all levels of the organizations so that tasks are completed for mutual benefit (Sugiyama, Cavanagh, Esch, Bilmoria, & Brown, 2016). Therefore, I pose that IL will impact work engagement because what sets IL apart is its focus to meet employees' needs, whereas other types of leadership slightly differ in focus. For example,

Transformational leaderships has a style that is more reliant on the leader's initiative and Transactional leadership emphasizes on the leaders' exchange of rewards with its followers (Hollander, 2008). In order to examine the influence of IL on employee work engagement, and the possible moderating effect of psychological diversity climate (PDC) on this association – IL and work engagement's relation is explained from a social psychology lens (Social Exchange Theory).

Social Exchange Theory (SET) refers to when an individual performs a favor or some behavior that is of some value to another individual, the receiving individual is known to reciprocate with something equally valuable (Blau, 1964). Therefore, the leader-follower relationship is said to evolve into a reciprocity (Strom et al., 2014). Basically, SET is an implicit two-sided, mutually dependent, and mutually rewarding process involving 'transactions' or simply 'exchange' (Blau, 1964). Moreover, the character of the relationship between exchanging partners is related to SET (Copanzano, & Mitchell, 2005). Note, SET is an exchange process such as transactional leadership; however, IL differs from transactional leadership by emphasizing clear pathways to active followership, and their impediments (Hollander, 2008). Relationship characteristics, from an IL style perspective, are seen as a leader-follower two-way operation contingent upon respect, recognition, responsiveness, and responsibility (Hollander, 2012). The leader-follower two-way operation only works when both the leader and follower reciprocate respect, recognition, responsiveness, and responsibility with

one another. Thus, employees who receive compliments and respect from their

supervisors (Amabile, Barsade, Mueller, & Staw, 2005) are more likely to be

optimistic with their work, which in turn are enthusiastic and motivated to become

engaged in their work (Avery, Mckay, & Wilson, 2007). Social Exchange Theory

benefits involve diffuse future obligations that imply enduring social patterns

(Copanzano, & Mitchell, 2005), which may cause followers to be committed.

Hence, SET has been noted among the most influential concepts for

understanding workplace behaviors (Copanzano, & Mitchell, 2005). Therefore,

SET may provide a valuable lens in explaining the IL and engagement

relationship (Choi et al., 2015).

First, IL provides beneficial resources to employees by being open,

available, and accessible (Choi et al., 2015). Saks (2006) states that work

engagement is attributed as one method of repayment after employees receive

socioemotional means from the leader. Second, employees are encouraged by

inclusive leaders to make a greater contribution to their organization. Thus,

followers reciprocate and devote themselves more fully to their work roles (Choi

et al., 2015). Third, there has been a growing interest in positive emotional and

affective issues, which have been extended to the leadership domain (Kopperud

et al., 2014). Moreover, intellectual and emotional support from inclusive leaders

results in greater involvement by the followers in creative behaviors (Carmeli et

al., 2010). In general, the value an inclusive leader possesses is through the

work in relating to others where others feel valued for their unique talents and

backgrounds and can know they belong and matter to the team (Sugiyama et al., 2016). These leader behaviors towards the follower may fall in line with those previously stated by Amabile et al., (2005) and Avery et al., (2007) – that feelings of respect and appraisal are then attributed to a positive mood and enthusiasm at work, which then lead to a sense of work engagement. Therefore, I pose the following hypothesis:

Hypothesis 1: Inclusive leadership will be positively associated with employee work engagement.

Leadership-Climate Dynamic Relationship

The implicit relationship between leadership and climate has been widely recognized by both climate and leadership researchers. Climate researchers assert that leadership has been regarded as an important determinant of climate. Conversely, leadership researchers have regarded climate as a crucial situational constraint on leader processes (Kowlosky, & Doherty, 1989). Clearly these two concepts are directly implicated in workplace function and processes. Therefore, one purpose of this examination is to explore the complexity and inter-dynamic relationship of leadership-climate to better understand the implications these two constructs pose to both individuals and organizations. The following examples demonstrate illustrations of leaders as "climate engineers".

Although many definitions of leadership exist, Vroom and Jago (2007) present leadership as an influential interaction that contains cognitive processes and makes the situational context possible. Organizational climate refers to

shared employee perceptions regarding organizational policy, procedure, and practice, along with specific behavior rewarded and supported in the workplace (Zohar & Tenne-Gazit, 2008). These shared perceptions persist and are redefined (facet-specific climate) through convergent employee appraisals, interpretations of enacted policy, procedures, and practices, based on observable indicators of true priorities. Thus, organizational climate is shown to better predict performance outcomes (Zohar & Tenne-Gazit, 2008). Therefore, arguments about leadership and climate continue, and give light to questions such as, is leadership an antecedent of climate? Or, is climate and antecedent of leadership?

Research attempting to explain the leadership-climate relationship is tacitly inconsistent. Despite the inconsistencies in the literature, researchers have believed for over 50 years that the notion of leadership is an antecedent of climate (Zohar & Tenne-Gazit, 2008). According to Dragoni (2005) three leadership roles have been established in regard to climate perceptions, which are: (1) leaders transfer their beliefs through the very own climates they create (Likert, 1967; McGregor, 1960); (2) demonstrations of leadership impacting climate has been previously shown (Kozlowski, & Doherty, 1989; Scott, & Bruce, 1994); and (3) leaders are shown to provide meaningful interpretation based on behavior and even viewed as "climate engineers". To illustrate, research conducted by Kozlowski and Doherty (1989) examines a manipulation of three

different leadership styles (formality, cooperation, and productivity) and observed

changes in climate over time consistent to that of the leadership style.

In contrast, climate's theoretical framework is seen as a joint property of

both the organization and the individual (Ashforth, 1985). For example, an

interactionist perspective argues that climate perceptions are a function of social

interactions, thus one must regard the "episodes" as a cause of climate, such as:

workgroups, affect, corporate culture, symbolic management, and physical

setting (Ashforth, 1985). The interactionist perspective diminishes the leaders'

explanation to the creation of climate. Similar views, regard climate as an event

(anything that members interpret or attach meaning in their attempt to make

sense of the workplace) including policy, procedures, as well as, trivial aspects of

the work environment (i.e., color of the walls or displayed artwork) (Rentsch,

1990); and consequently, climate may possibly be created without any direct

interaction of the leader.

Leadership and climate's dynamic relationship has been researched to

further understand its association. While no organizational research has yet

come to a consensus on to whether leadership is a determinant of climate or vice

versa, the intention was to provide previous literature to illustrate its mixed and

intriguing relationship. The goal of this study is to test the interaction leadership

and climate have on EE.

Psychological Diversity Climate

Research has demonstrated how an IL style is an effective way to make employees more engaged (Choi et al., 2015), and how characteristics of inclusive leaders, such as openness, availability, and accessibility, instill feelings of motivation in employees to engage in one's work (Carmeli et al., 2010). Moreover, Chrobot-Mason and Aramovich (2013) report that employees who work in an environment with equal access and opportunities, and are treated fairly, are less likely to leave their organization. Therefore, it is proposed, that an organizations context may influence the relationship between leader inclusiveness and employee behaviors, thus enhancing of its association. Consistent with this viewpoint, Vroom and Jago (2007) suggest that leader behaviors cannot be understood without considering the organizational context in which such behaviors occur. Particularly, context that relates to the leader characteristics and employee behavior in question broaden our understanding on how contextual factors shape and influence the relationship. Consequently, including psychological diversity climate (PDC) in an investigation of IL and EE will contribute towards understanding employee behavior.

Diversity climate is the degree to which a firm advocates fair human resource policies, and socially integrates underrepresented employees (Mckay, Avery & Morris, 2008). Cox (1994) elaborates and describes the diversity climate construct as a function of three levels (Individual-level, group-intergroup, and organizational-level). Basically, (1) individual-level factors are known as the extent of prejudice and stereotypes in organizations, (2) group-intergroup factors

are the degree of conflict between various groups within the organization, and (3) organizational-level factors refer to such domains as organizational culture (higher-level positions, social networks, and institutional biases). In essence, diversity climate is characterized as employee's combined perceptions regarding the extent an organization promotes equal employment practices as well as the social integration of employees who are part of an underrepresented (diverse) group (Mckay et al., 2008). It is important to note that, although diversity typically refers to characteristics of identity associated with status (i.e., race, gender, and disability), it is also used to describe how employees differ on other characteristics (i.e., skills, personality, and experience) (Sliter, Boyd, Sinclair, Cheung & McFadden, 2014). Furthermore, Sliter et al. (2014) states that workplace climate is a reflection of social perceptions of particular behaviors and attitudes, and is only meaningful when applied to a particular domain (i.e., diversity, safety, customer service). Therefore, understanding the meaning of diversity allows for a deeper and clearer interpretation of the different possible practices and/or attempts an organization chooses to promote and integrate (climate).

The diversity literature is as diverse as the individuals, groups, and organizations one studies (Shore, Chung-Herrera, Dean, Holcombe Ehrhart, Jung, Randel & Singh, 2009). This reality led to myriad approaches for defining diversity. For example, Konrad (2003) points out that previous research has focused on three arguments regarding diversity, particularly from a business

perspective: (1) a diverse workforce means recruiting and retaining individuals from all demographic categories to garner the highest quality talent; (2) a more diverse society and globalized marketplace means a diverse customer base for business to gain market intelligence; and (3) demographically diverse groups can outperform homogeneous groups on problem solving and creativity task. In contrast, Konrad (2003) states that the diversity trait model (different individual characteristics) has dominated the workplace, and in fact, present several issues that come from those intergroup differences – the individual characteristics (knowledge, values, personality, etc.). First, the logic of the trait model inevitably downplays identity group memberships and impacts the power/dominance relationship between the groups because of the focus on individual traits. Second, the individual perspective threatens to diminish the diversity workplace construct by stating that individual characteristics are all that is needed to make an organization diverse. Ultimately, Konrad (2003) contributes and expands from the trait model viewpoint to a breadth domain of intergroup relations.

Konrad (2003) places a stronger emphasis on identity groups in the workplace, which are the collectivities individuals use to categorize themselves and others. For instance, organizations' formalized practices encourage sets of people to view themselves as part of an identity group because those practices affect outcomes that places that individual at either an advantage or disadvantage (Konrad, 2003). Therefore, this idea poses individuals to behave differently and points out how multiple group perspectives present a deeper

understanding of the diversity construct – in ways such as: how homogeneous students react more strongly to surface-level (racioethnic) diversity in their groups; how race and gender affects perceptions based on a less discriminatory environment and leads to decisions to 'come out' among gay and lesbian coworkers; and, addressing conflict associated with identity group boundaries in organizations through diversity training programs (Konrad, 2003). Therefore, Konrad's summary of findings presents an interesting point, one that can add value from a multiple groups perspective, and significantly contributes to the literature on diversity.

The trait model and the multiple groups perspective are two examples of how different theoretical perspectives are used to guide diversity research, however similar perspectives continue to vary and present contradictory effects (Harrison & Klein, 2007). In addition, Harrison and Klein's (2007) perspective states that diversity is not one but actually three things (separation, variety, disparity) (Harrison & Klein, 2007). Where diversity may be an indication of (1) separation, which refers to different opinions among members, (2) variety, which are differences in kind or category (i.e., experience, knowledge) among members, and (3) disparity, which is known as differences in valued assets or resources (i.e., pay, status) among members. The three diversity types differ in their substance, shape, maxima, and implication, and therefore allow for explicit views to be used for contrast to possibly pave new ways to address potential interactive effects (Harrison & Klein, 2007).

Harrison and Klein (2007) demonstrate how separation, variety, and disparity contribute to the meaning of diversity. First, greater similarity (reduced separation) contributes to higher levels of cooperation, trust, and social integration. Second, groups/units who draw from different informational resources (high variety) – their knowledge, background, and experience – make better decisions than those groups/units whose members don't draw from the same resources (low variety). Third, status and pay disparity encourages competition and differentiation among some groups/units. These advantages are important because they allow researchers to inform others by specifying the diversity type they wish to study, and avoid any potential confusion.

The approaches described by Konrad (2003) and Harrison & Klein (2007) demonstrate the multiple conceptualizations of diversity. It is important to note that each approach contains strengths and weaknesses, and represents a different perspective rather than a correct or incorrect view. The intent here is not to favor one definition over the other but to articulate the complexity of the diversity construct. Hence, the purpose of this study is not to capture the different forms of diversity but in the context of IL, all forms of diversity are potentially relevant.

Research has shown that a strong diversity climate has positive ramifications for organizations through increased creativity, cooperation, problem solving, access to diverse consumer markets, and an enhanced organizational image (Mckay et al., 2009). Most of the diversity climate research focus has been

on racioethnic minorities and women, which for example place a greater value on an organizations commitment to diversity than that of its counterparts (Kossek & Zonia, 1993). Moreover, diversity climate reduces turnover intentions for racioethnic minorities (Mckay, Avery, Tonidandel, Morris, Hernandez & Hebl, 2007), and women expressing stronger perceptions of diversity climate are more likely to experience less interpersonal conflict (Sliter et al., 2014). Although much of the literature shows that racioethnic minorities and women are beneficiaries of diversity climate, Chrobot-Mason and Aramovich (2013) suggest that diversity climate should be created to target all employees, regardless of the basis for differences, and by doing so, employees will become encouraged to tap into and utilize their differences in a way that contributes to greater innovation and problem-solving capability. Hence, Chrobot-Mason and Aramovich (2013) found consistent psychological benefits (i.e., organizational commitment, psychological empowerment, and identity freedom) across all employees regardless of gender and race. Furthermore, sending consistent messages through a diversity climate is crucial (Stewart, Valpone, Avery & Mckay, 2011). For example, Mckay et al., (2009) found that when subordinates and managers' diversity climate perspectives (a multilevel model of climate) were related with one another, the unit (the retail store) performed better (sales performance). Therefore, it is likely that PDC will moderate the relationship of IL and employee behavior (employee engagement).

Building on research that has shown social exchange theory to provide a theoretical basis for outcomes associated with inclusion (Shore et al., 2011), an inclusive style (behaviors) of leadership has been found to significantly influence the level of employee work engagement (Choi et al., 2015). Consistent with this research, Mitchell et al., (2015) found similar support where leader inclusiveness affects team identity, which in turn led to greater psychological engagement towards the team. Moreover, IL in the context of PDC was found to relate and augment leader directed and work-directed helping behaviors (Randel et al., 2016). Relatedly, a similar reciprocity between the leader and employee was previously demonstrated when employees received beneficial treatment from the organization, which led employees to help other employees (Wayne, Shore & Liden, 1997). Therefore, when both the leader's inclusiveness and the diversity climate are consistent with one another, the relationship on EE can be expected to be stronger.

Leadership is vital to the well-being and maintenance of groups, organizations, or even of society and is basic to many significant features of life – such as, the successes or failures of groups, organizations, or our society (Hollander, 2012). Therefore, understanding the relationship between inclusive leaders and employee behavior (employee engagement) will be better understood with the context (psychological diversity climate) in which an IL style occurs. As previously examined by Randel et al. (2016), IL provides its inclusiveness (behavior) and demonstrates how instrumental it can be to

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realizing positive outcomes. Hence, Zohar and Luria (2004) found that direct supervisors (leaders) implement an organizations climate. Therefore, the assumption is that a leader's inclusive behavior will in part depend on the extent of employees' perceptions of the organization promoting diversity.

When employees perceive a positive diversity climate, the expectation is that the positive relationship between IL and EE will be particularly strong.   This idea aligns with that of O'Reilly Caldwell, Chatman, Lapiz & Self (2010), stating that organizational policies work best when both the leaders and the employer's policies are uniform with one another. Furthermore, IL and EE relationship may not be as equally strong as that when a positive diversity climate is perceived. Consequently in line with previous research, Randel et al. (2016) demonstrates that regardless of the positive influence an inclusive leader may pose to employees, a decrease in helping behaviors occurred in both men and women when a weak PDC was perceived. In this situation, although the leader inclusiveness should be positively attributed and reciprocated by the employees, the strength of leader behaviors is not likely to be as high due to the unsettling climate about diversity and inclusion sent to employees.

Previous studies have supported the importance of PDC and its potential benefits (Chrobot-Mason and Aramovich, 2013; Mckay et al., 2009). Chrobot-Mason and Aramovich, (2013) demonstrates that when the work environment is characterized by fair and supportive procedures, practices, and policies, employees feel free and empowered to make decisions about their work, feel

encourage to create innovative solutions, and are more likely to identify with the

organization (Chrobot-Mason and Aramovich, 2013). Therefore, one can focus

on managing diversity to maximize the ability for all employees to contribute to

organizational goals and achieve full potential (Cox, 1994). For this reason, I

propose that PDC is likely an important moderator of the relationship of IL and

employee behavior (employee engagement).

Hypothesis 2: Psychological diversity climate will moderate the relationship

between Inclusive Leadership and employee work engagement.

CHAPTER TWO

METHODS

Participants

The participants for this study consisted of 221 working adults who were asked about their tenure, hours, and access to an immediate supervisor or manager. Participants sample included 35 males, 185 females, and 1 participant who declined to answer. Respondents ranged from 18-58 years of age, in which the sample consisted of: 54% of respondents between 18-22 years of age, 26.4% of respondents between 23-28 years of age , 13.4% of respondents between 29-39 years of age, and 6.2% of respondents between 40 years of age or older. The sample majority was Hispanic or Latino/a (63%), 24.7% were Caucasian (White), 3.2% were Black/African American, 0.5% American Indian/Alaskan Native, 3.2% were Asian, 1.8% were Native Hawaiian/Pacific Islander, and 3.7% reported being 'Other'. All participants were: employed with their current organization for at least 12 months, working a minimum of 20 hours per week, and had direct contact with an immediate supervisor or manager. The average tenure of employment with one's current organization was 1-3 years (M = 1.87, SD = 1.18). Further sample characteristics are illustrated in Tables 1-3. Participants were recruited within the Southern California region using the online system Qualtrics, via email, through word of mouth, and by social networking. Original responses were stored on a password protected and encrypted server hosted by Qualtrics.com. Dataset files downloaded

were stored on a password protected computer located in an office that locks. The dataset file was only accessed by the primary investigator. This study was approved by the CSUSB Institutional Review Board.

Procedures

The study was an online survey administered through Qualtrics, the online SONA system, via email, and through the use of popular social media sites. The invitation presented an informed consent form, informing them of the study's purpose, requirements and procedure, and their rights to confidentiality and withdrawal from the study at any time. The preselection composites measures for Employee Engagement (EE) and Psychological Diversity Climate (PDC), along with the Inclusive Leadership (IL) Scale were collected from a convenience sample of participants in the workforce. Community members were asked to participate via snowball and convenience sampling. The use of social media and emails to colleagues, friends, and family were used to recruit potential respondents. E-mails contained a Qualtrics link, which was encouraged to be disseminated to any and all potential respondents. Similarly, the text (Qualtrics link) was posted on social media websites to inform potential respondents about the study. In addition, the study was made available to enrolled psychology students on a well-known online system (SONA) through the California State University, San Bernardino (CSUSB). SONA allows psychology students to participate in other students' research studies, and for those participating

students, extra credit is offered. The survey contained 30 items and took between 15 to 20 minutes to complete.

Measures

Inclusive Leadership. To measure the extent of an inclusive leader, a self-report measure was administered. A 9-item measure aimed at assessing three dimensions of inclusive leaders; openness (3-items), availability (4-items), and accessibility (2-items) (Carmeli et al., 2010), was adopted. Respondents were asked to assess on a five-point Likert-type scale (ranging from 1 = *not at all;* 5 = *to a large extent*) the extent that their leader displays openness and is available and accessible for them at work. High scores indicated that the employee perceived their manager or supervisor to portray a higher degree of IL behavior. The reliability for this scale in the present study was .95. See Appendix A for a list of items.

Employee Engagement. To test employee engagement the Utrecht Work Engagement Scale (UWES) developed by Schaufeli, Bakker & Salanova (2006) was utilized. The measured consisted of three dimensions of engagement – vigor (6-items), dedication (5-items), and absorptions (6-items) – to comprise a 17 item measure. Respondents were presented with all 17 items to measure their overall engagement levels. Additionally, respondents were asked to indicate on a seven-point Likert-type scale (ranging from 0 = *never;* to 6 = *always, every day*) the extent to which they agree. Higher aggregate scores indicate higher levels of engagement. The reliability for this scale in the present study was .94. See Appendix B for a list of items used.

Psychological Diversity Climate. To measure psychological diversity climate, a four-item scale assessed individual level perceptions of the company's diversity climate (Mckay, Avery, & Morris, 2008). Responses were made on a five-point Likert-type scale ranging from 1 (*strongly disagree)* to 5 (*strongly agree*). For the current study, the reliability for this scale was .91. See Appendix C for a list of items used.

Level of Diversity. To measure the level of diversity three questions were created in order to assess the numerical representation and inclusion of worker diversity in the organization. The first question assessed the numerical representation of women employees in their organization as a whole, and the second question assessed the numerical representation of minority status employees in their organization. The third question was meant to be more inclusive oriented to assess the inclusion of workers from different backgrounds. For questions one and two, responses were made on a ten-point Likert-type scale ranging from 1 (*0-10% diversity)* to 10 (*91-100% diversity*). For question three, responses were made on a seven-point Likert-type scale ranging from 1 (*Not at all)* to 7 (to *a large extent*). Specifically, context was provided for item three to depict the meaning and purpose of diversity. The intent for the three questions was to provide descriptives (means and standard deviations) of the diversity within respondents organization. See Appendix D for a list of items used.

CHAPTER THREE

RESULTS

<u>Data Screening</u>

A total of 249 responses were identified in the initial download of the data set. The data were furthered screened for non-participants (individuals who did not complete at least 50% of either the survey or the scale items). Twenty-eight non-participants were removed from the data set. Of those 28 non-participants, 25 signed up and only began the survey, and 3 non-participants only completed the Inclusive Leadership (IL) scale and withdrew. Participants were also asked an 'honesty' question - the question addressed if participants filled out the survey honestly and to the best of their abilities. No participants identified as dishonest. Data were examined for univariate (using z-scores – z = ±3.3, p < .001) and multivariate (using a Mahalanobis Distance score χ^2_3 = 16.266, p < .001) outliers. No outliers were identified, resulting in a total sample of 221. Finally, no violations of homoscedasticity, skewness, or kurtosis were identified within the data set. Data were identified as missing at random (MAR; See Tables 1-3 for Demographics).

Composite mean scores were computed for each of the three measured variables (See Table 4 for Descriptives). High scores represent high levels of each measured factor. Thereafter, using a threshold greater or equal to r = .9 (Tabachnick, & Fidell's, 2013), correlation of .61 between IL and psychological

diversity climate (PDC) indicated no violation of multicollinearity. Means and

standard deviations were also computed for three additional questions regarding

the employees' perceived diversity within their organizations (See Table 5).

Analysis

      To test study hypotheses, moderation was performed using multiple

regression analysis to determine if PDC influences the relationship between IL

and EE. Analysis was performed using custom dialog PROCESS tool created by

Andrew Hayes (2012) in IBM SPSS 25. The PROCESS tool allows for an easy

plug in approach using all variables of interest where the moderating effect of

PDC on the relationship between IL and EE is tested.

      Table 6 displays the unstandardized regression coefficients (b), and

intercept, the standard error for the unstandardized beta, confidence intervals,

and R, R^2, and R^2 change after entry of the interaction term. The 95% confidence

intervals and standard errors are based on a 1000 bootstrap sample. In

hypothesis 1, it was predicted that IL would be positively associated to employee

work engagement. Hypothesis 1 was supported, as the relationship between IL

and EE was medium to large of size, r = .41, $p < .001$. In hypothesis 2, it was

hypothesized that PDC will influence the relationship between IL and employee

work engagement.

      For hypothesis 2, the overall path showed IL, PDC, and the interaction

term between IL and PDC to be significantly related with EE, $R = .48$, $R^2 = .23$,

$F(3, 217) = 19.650$, p < .001. Although PDC's association with EE was not

hypothesized in this study, the regression analysis using PROCESS

automatically assesses this relationship. Thus, the analysis demonstrated that

PDC was significantly and positively related to EE, unstandardized coefficient =

.4046, t(217) = 3.813, $p < .001$, 95% CI = [19.55, .6137]. Further, the analysis

showed that IL was significantly and positively related with EE, unstandardized

coefficient = .2747, t(217) = 2.838, $p < .05$, 95% CI = [.0839, .4655]. Therefore,

results demonstrated two statistically significant main effects. Although two

significant main effects were found, there was no statistically significant

interaction detected between IL, PDC, and EE. Findings show that the

relationship between both IL and EE, was not significantly influenced by PDC. No

increment in R^2 when the interaction term of PDC and IL was added to the model

R^2 change = .000, $F(1, 217) = .0049$, $p = .9443$. Figure 1 illustrates the evaluation

of the simple slopes of IL predicting EE at three different levels: (1) one standard

deviation below the mean, (2) at the mean, and (3) one standard deviation above

the mean. The patterns reveal linear effects but the slopes indicate no interaction

present, thus no additive affect occurs on the positive relationship between IL

and EE (See Figure 1).

Exploratory Analysis

Additional analyses were performed to explore the non-significant findings

of the moderation analysis. Hypothesis 2 was reanalyzed using the individual

sub-dimensions of IL (Openness, Availability, Accessibility). The ideal purpose

was to examine if one sub-dimension of IL significantly influenced the moderation

analysis more than another, or if employees (participants) identified best (more) with one single dimension of IL. Possible nuances may be found between each IL sub-dimension and employee behavior (EE). Thus, it is possible that employees may react or identify better with one (i.e., openness) sub-dimension, which may result in a significant impact (behavior change). Consistent with hypothesis testing, significant main effects were found for each sub-dimension and no significant moderating effects were present. Table 7 summarizes the unstandardized regression coefficients (b), and intercept, the standard error for the unstandardized beta, confidence intervals, and R, R^2, and R^2 change after entry of the interaction term. The 95% confidence intervals and standard errors are based on a 1000 bootstrap sample.

Table 1. Demographic Variables

		N (%)
Participant Gender		
	Male	35 (15.9%)
	Female	185 (84.1%)
Race/Ethnicity		
	Hispanic or Latino	138 (63%)
	White	54 (24.7%)
	Black/African American	7 (3.2%)
	American Indian/Alaskan Native	1 (0.5%)
	Asian	7 (3.2%)
	Native Hawaiian/Pacific Islander	4 (1.8%)
	Other	8 (3.7%)

Table 2. Demographic (Continued)

		N (%)
Supervisor's Race/Ethnicity		
	Hispanic or Latino	84 (38.2%)
	White	93 (42.3%)
	Black/African American	15 (6.8%)
	Asian	13 (5.9%)
	Native Hawaiian/Pacific Islander	3 (1.4%)
	Other	12 (5.5%)
Marital Status		
	Single, never married	168 (76.7%)
	Married/Domestic Partnership	43 (19.6.2%)
	Divorced	4 (1.8%)
	Separated	4 (1.8%)
Education		
	Some High School, No Diploma	1 (0.5%)
	High school, diploma/equivalent	38 (17.4%)
	Some college credit, no degree	65 (29.7%)
	Associate's degree	77 (35.2%)
	Bachelor's degree	16 (7.3%)
	Some Postgraduate studies, No Diploma	2 (.9%)
	Master's degree	18 (8.2%)
	Ph.D., professional degree (MD, JD, etc.)	2 (.9%)

Table 3. Demographic Variables (Continued)

		N (%)
Employed		
	Full-time	83 (37.9%)
	Part-time	136 (62.1%)
Job Level		
	Entry Level	81 (36.8%)
	Intermediate	100 (45.5%)
	Middle Management	31 (14.1%)
	Upper Management	8 (3.6%)
Tenure		
	1 – 2 years	120 (54.5%)
	2 – 3 years	48 (21.8%)
	3 – 5 years	22 (10.0%)
	5 – 10 years	21 (9.5%)
	More than 10 years	9 (4.1%)
Type of Organization		
	For Profit	85 (38.6%)
	Non-Profit (religious, arts, social assistance, etc.)	11 (5.0%)
	Government	15 (6.8%)
	Health Care	15 (6.8%)
	Education	48 (21.8%)
	Other	46 (20.9%)
Total Number of Employees		
	2 – 9	35 (15.9%)
	10 – 24	56 (25.5%)
	25 – 99	55 (25.0%)
	100 – 499	30 (13.6%)
	500 – 999	12 (5.5%)
	1,000 – 4,999	13 (5.9%)
	5,000 +	19 (8.6%)

Table 4. Means, Standard Deviations, Reliabilities, and Intercorrelations among Variables

Variables	M	SD	1	2	3
1. Inclusive Leadership	3.83	1.01	**.95**		
2. Psychological Diversity Climate	3.83	.96	.45	**.91**	
3. Employee Engagement	4.51	1.24	.41	.45	**.94**

Note. n = 221. Cronbach's alpha listed is bold and on the diagonal. All correlations are statistically significant ($p = .001$).

Table 5. Means and Standard Deviations Among Additional Diversity Questions

Items	M	SD
1. In your organization, what percentage of employees are women?	63.27	23.20
2. In your organization, what percentage of employees are minorities?	61.39	28.33
3. To what extent does your organization include workers who are different from one another, and come from pretty different backgrounds	5.43	1.62

Note. n = 218. Means for items 1 & 2 are percentages. Item 3 responses were based on a Likert-type scale.

Table 6. Linear model of predictors of the change in employee engagement. Confidence intervals and standard errors based on 1000 bootstrap samples.

	b	SE B	t	p
Constant	4.50 (4.34, 4.67)	.09	52.45	$p < .001$
Psychological Diversity Climate	.405 (.196, .614)	.11	3.81	$p < .001$
Inclusive Leadership	.275 (.084, .466)	.10	2.84	$p < .05$
PCD x IL	.005 (-.132, .142)	.07	.07	$p = .94$

R = .481
R^2 = .231
R^2 Change = .000

Note: 95% bias corrected and accelerated confidence intervals reported in parentheses.
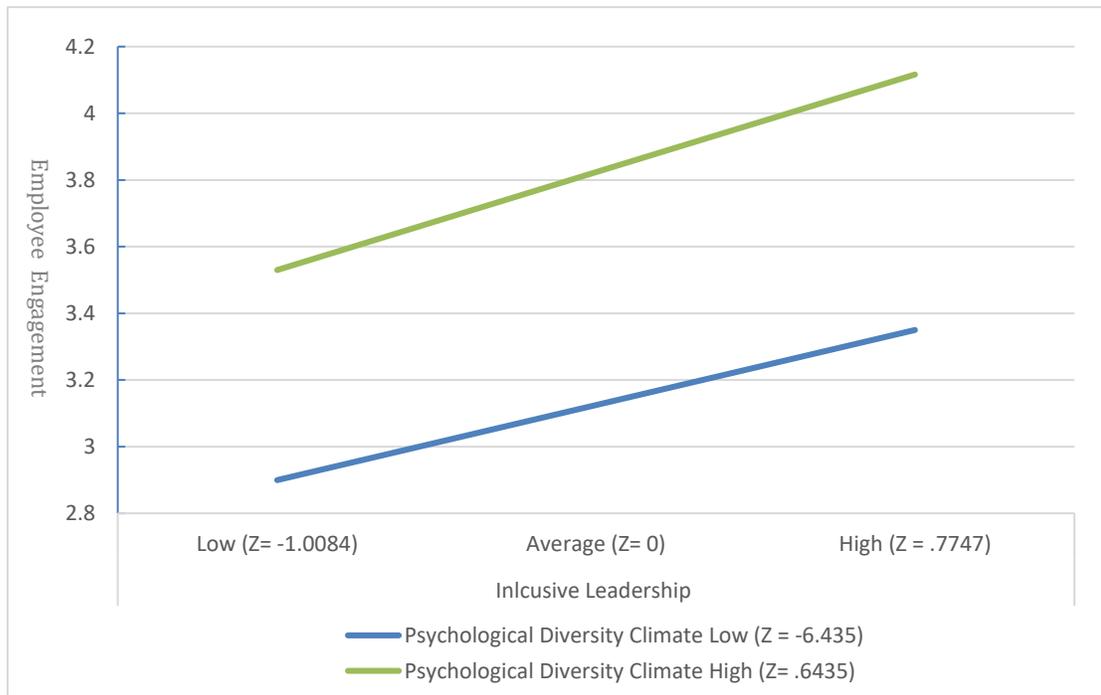

Figure 1. Psychological Diversity Climate and the relationship between Inclusive Leadership and Employee Engagement.

Table 7. Linear model of predictors of the change in employee engagement using sub-dimensions of Inclusive Leadership. Confidence intervals and standard errors based on 1000 bootstrap samples.

	b	*SE B*	*t*	*p*
Psychological Diversity Climate	.431 (.226, .637)	.10	4.14	$p < .001$
IL **(Openness)**	.268 (.091, .445)	.09	2.98	$p < .05$
PCD x **Openness**	.027 (-.099, .152)	.06	.42	$p = .68$

R = .486
R² = .236

	b	*SE B*	*t*	*p*
Psychological Diversity Climate	.435 (.227, .643)	.11	4.12	$p < .001$
IL **(Availability)**	.194 (.016, .373)	.09	2.15	$p < .05$
PCD x **Availability**	-.031 (-.169, .108)	.07	-.44	$p = .66$

R = .470
R² = .221

	b	*SE B*	*t*	*p*
Psychological Diversity Climate	.464 (.272, .657)	.10	4.76	$p < .001$
IL **(Accessibility)**	.199 (.037, .360)	.08	2.42	$p < .05$
PCD x **Accessibility**	.037 (-.104, .179)	.07	.52	$p = .61$

R = .471
R² = .222

Note: 95% bias corrected and accelerated confidence intervals reported in parentheses.

CHAPTER FOUR

DISCUSSION

The purpose of the present study was to examine the relationship of Inclusive Leadership (IL) and employee engagement (EE), and analyze the moderating effect of psychological diversity climate (PDC) between IL and EE. Inclusive Leadership is a relatively new and understudied construct (Carmeli et al., 2010). Inclusive Leadership essentially is a good leadership practice and an extension of diversity management, where IL focuses on equality, social justice, fairness, and the leveraging effects that occur in our surroundings (Booysen, 2014). As the IL literature evolves, a greater focus on facilitation and support of members and their perception of belongingness and uniqueness has emerged and contributed to group efforts and success (Randel et al., 2017).

Research has shown employee engagement as an area of interest for decades (Khan, 1990); however, the examination of the relationship between IL and EE is relatively new (Choi et al., 2015). Previous research has found that IL predicts employee work engagement (Choi et al., 2015), and employee behavior is likely to occur when a positive PDC accompanies IL (Randel et al., 2016). The present study sought out to illustrate the association between IL and EE and the results of this examination provide support for this relationship. However, Hypothesis 2 was not supported, which sought to examine the influence PDC has between IL and EE. The expectation was to find an additive influence

between IL and EE when PDC is present. Beyond the predicted effects, additional exploration of the IL sub-dimensions yielded similar non-significant findings.

The findings indicate that inclusive leader behavior is an important driver of EE. This result was expected, since leaders who display high levels of openness, availability, and accessibility both physically and psychologically have followers who are more comfortable in speaking up, and engage in work related initiatives (Hirak et al., 2011). Similarly, in this study respondents (employees) were asked if their immediate supervisor/manager displayed behaviors of openness, availability, and accessibility as well as the level of engagement they (employees) displayed. Thus, study demonstrated a strong positive relationship between the level of IL behaviors and EE indicated by the respondents. Further, employees appreciate and perceive inclusive leader behavior (i.e., listening and responding to employees' input, valuing their contributions, and seeking participation during decision-making opportunities) as a resource that motivates them to devote more cognitive, emotional, and physical resources to their work roles (Choi et al., 2015). Although Social Exchange Theory (SET) was not directly tested in this study, SET serves as a theoretical justification for the argument that two individuals enter a mutually dependent, and equally rewarding exchange with one another (Blau, 1964). This exchange is believed to help explain the reciprocating relationship that may be present between both leaders (supervisors) and followers (employees). This study's effects are consistent with

those in Carmeli et al.'s, (2010) where inclusive leaders support and reward their employees, and in turn, employees display greater involvement in creative tasks and attachment to their place of work. The current study provides support for the existing and relatively new IL literature by demonstrating the positive association that IL has on EE in a working environment. Hence, findings supporting the IL literature can provide knowledge about specific leader behavior (i.e., openness, availability, and accessibility) and positively impact professionals' confidence to fairly and adequately manage employee behavior in the field.

The findings also indicated that IL and PDC independently impact employee engagement. Although PDC and its association with EE was not hypothesized, it is believed that its effect shown while testing for an interaction is deemed important, and thus addressing its results provides a deeper understanding to the study's purpose. Results (Hypothesis 2) indicated a non-significant interaction and therefore not supported. However, beyond that non-significant interaction, significant main effects were found. The significant main effects found, align with that of previous research. For example, IL research has indicated that an IL style positively contributes to working individuals by enhancing collaboration (Nembhard & Edmondson, 2006), work unit performance (Hirak et al., 2012), helping behaviors (Randel et al., 2016), and both inclusion and diversity management practices (Mitchell et al., 2015). Similarly, supporting research on PDC has been identified and been known to positively influence employee behavior among employees of color, such as turnover intentions

(Mckay et al., 2007), and organizational commitment (Holly Buttner, & Billings-Harris, 2010). The study's findings are potential aids for several types of organizations; especially organizations with fewer means (i.e., financial and/or human capital) that may improve their EE by adopting either an IL style or a PDC.

Results further indicated that PDC is not a critical influencing factor in the relationship between IL and EE. Results were unexpected because of the supporting literature presenting both IL and PDC positively contributing to EE (Mitchell et al., 2015; Carmeli et al., 2010; Mckay et al., 2007). It is believed that the contradicting results found in this study may be due in part to the sample collected, particularly the level of diversity presented in the data. Many other studies address the lack of diversity that is found within their study, however, in this study, that is not the case. The sample for this study was diverse on multiple factors. Although there are other organizations and societies to be highly diverse (Lowman, 2013; Chin et al., 2016), these results were not anticipated but may serve to be significantly important for similar organizations with a highly diverse workforce. Furthermore, the gender and race of this study's pool of participants highly consists of mostly women and Hispanics/Latinos. Therefore, one theoretical explanation is that the potential role of IL and PDC as an interaction may have been affected by variables such as, gender and race. Randel et al. (2016) found women and racioethnic minorities tend to engage in helping behavior towards their leader only when they perceive consistent messages from

both the organizations diversity climate and the leaders' inclusive behavior. It may be concluded that individuals (women and Hispanics/Latinos) in this study may be receiving inconsistent signals at their place of work diminishing any effect PDC may have on IL and EE.

Furthermore, the majority of employees in this study consisted of employees between 18-22 years of age. Another explanation is that the variable age may have impacted the findings. From a generational standpoint, the majority of the sample consisted of millennials. As recently noted by Smith and Turner (2015), generational differences about diversity and inclusion have been found. Particularly, millennials see workplace diversity as the norm (Smtih, & Turner, 2015), and inclusion as part of the company culture (Bourke, Garr, Berkel, & Wong, 2017). Interestingly, our study consisted of a diverse sample (young professionals) and therefore when employees experienced a PDC within their place of work, it may be possible that many perceived PDC as a given or a mandatory part of the company compared to older professionals who have not experienced a PDC as the norm. In contrast to non-millennials, who are more likely to focus on religion and demographic representation while at work, millennials are much more concerned with cognitive diversity, ideas, and philosophies, and in solving business problems through a culture of collaboration by connecting and capitalizing on a variety of perspectives to make a stronger business impact (Smith & Turner, 2015). Given this theoretical perspective, employees may have understood the meaning of diversity and inclusion

differently and may hold different expectations of diversity and inclusion practices. As previously mentioned, Mckay et al., (2008) refers to diversity climate as the perceived advocacy for fair human resource policies and the socially integration of all underserved employees, and thus participants were likely to see no additive value (interaction effect) contributing to the existing relationship between IL and EE. These current findings provide a closer look at the effects of PDC on IL and EE when consisting of a highly diverse population. Varying perspectives demonstrate the possibility that employees, specifically minorities and millennials, may hold different expectations about their place of work. Therefore, the study's findings can inform and allow organizations to better align their approach to their employees' expectations.

Lastly, although PDC was shown to be a non-significant moderator, it is critical to discern that IL and PDC, when occurring at the same time, can positively contribute to employee's engagement levels. For example, employees (respondents in this study) who perceived high levels of IL and high levels of PDC exhibited higher levels of EE compared to employees who perceived high levels of IL while simultaneously experiencing low levels of PDC. Interestingly, findings demonstrate a supplemental effect where PDC positively contributed to the association of IL and EE; however, the effect PDC had on IL and EE was not strong enough to significantly illustrate an additive effect.

Implications

This study sheds light on IL, EE, and PDC. The study indicates that IL behavior, those of immediate supervisors, help foster and facilitate a reciprocating engagement behavior within their employees through the creation of relationships that ultimately develop employees to perceive a sense of belongingness, support, and a sense of being valued for their unique contributions. Although past research has examined IL and employee behavior (i.e., creativity and helping behavior; Carmeil et al., 2010; Randel et al., 2016), findings from the present study demonstrate additional support and help articulate the beneficial impact that characteristics of IL – such as modeling openness, availability, and accessibility – have on employees' drive, motivation and engagement at work. This means that organizations can begin to view IL as a promising leadership practice that may enhance employee behavior as well as interpersonal processes that fundamentally benefit the work environment.

The study of IL and EE is critical, but IL and diversity climate on engagement may be as equally important as well. As for the main effects of both IL and PDC, significant effects were found on EE. As for IL, this means that employees who have an inclusive leader are more likely to display high levels of involvement at their place of work. Similarly, for PDC, this means that employees who perceive a safe and fair working environment (psychological diversity climate) tend to feel happier and satisfied with their work.

For the moderating effects of diversity climate on IL and EE, no significant effects were found. Based on this study's findings, there is no additional benefit

to implement both IL and PDC. However, it is argued elsewhere (Randel et al., 2016) that IL and PDC can positively benefit employee behavior when carefully considering congruent IL and PDC signals to their employees. Despite finding no evidence in our study, IL and PDC should be encouraged and utilized to improve EE; however, it is critical to devote time, effort, and attention to disseminating consistent IL and PDC messages to their employees.

Consistency between an IL style and PDC in the workplace can be made easier by focusing on improving communication. According to Whitworth, (2011), communication channels (i.e., face-to-face communication, phone calls, emails, print publications, etc.) constitute a major component of internal communication systems and are utilized to influence followers. Therefore, communication should be improved between all members of the organization, leaders are to be transparent and responsive to other leaders as well as all other employees in order to help reinforce and maintain the climate in alignment with that of the leaders' inclusiveness. Furthermore, communication will open opportunities for collaboration, which then lead to stronger relationships, and ultimately, a better understanding of what the organization (employees) may need.

Based on our hypothesis testing, the moderating effect of PDC on IL and EE was not found. Despite having found a non-significant effect, findings are ought to be carefully considered. It is widely known that a diverse workforce is a business necessity and that organizations today deal with different diversity and inclusion challenges/issues (DeNisi, 2014), which means that some of these

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challenge/issues may or may not be at the forefront of an organization. In this case, it is possible that this study's sample (employees) experienced working at an organization or a location (i.e., organization located in California) where diversity and inclusion challenges/issues lie at the forefront of the organization – specifically, challenges/issues have been explicitly addressed or experienced. Therefore, the level of diversity and inclusion employees experience may affect how an employee identifies with diversity and inclusion practices at their place of work. In this study, PDC and IL simultaneously influenced EE, however not enough to detect an additive effect. Thus, a greater focus is recommended when exploring and interpreting the nature of diversity and inclusion effects. Organizations today, especially those who have yet to experience or be significantly influenced by diversity and inclusion practices, should consider examining the potential moderating effect of PDC on the association of IL and EE to carefully explore either similar or contradicting results found in this study.

Limitations and Future Research

Limitations of this study consist of a few methodological concerns that should be considered. The first limitation is the sample, which consisted of 63% Hispanics/Latinos, 84.1% females, and 54% of participants between 18-22 years of age. Other studies attribute generalizability issues to the lack of diversity found within their study, particularly, to the low number of women and minorities present within their organization; however, this study is challenged with a greater

amount of diversity then most cases. Organizations are becoming increasingly diverse (Lowman, 2013; Chin et al., 2016), but not all companies consist of a similar demographic sample thus companies today still consist of few employees with immigrant backgrounds (Smith, & Turner, 2015). A second limitation is the self-reported measure used to test the hypotheses. Although self-reported measures present many advantages (Wright, 2005), it is also important to acknowledge that data was self-reported; thus, there is no guarantee that information provided is accurate. For example, the self-reported measure in this study focused on participants' perceptions, and according to Krumpal (2013) self-reported measures are exposed to biases (i.e., social desirability). Furthermore, Krumpal (2013) suggests the occurrence and degree of social desirability is determined on the need for social approval, preference for not getting involved with embarrassing social interactions, aspects of the survey design, and the survey situation. Further research is needed to identify what and how demographic factors influence not only the IL and EE relationship but also the moderating effects of PDC on this relationship.

Another limitation was the IL definition that was employed in this study. Given the fact that the IL literature is relatively new and continues to be developed, subtle nuances may exist when attempting to show meaningful effects in employee behavior when utilizing an un-extended and newly defined form of IL. Recently, Randel et al., (2017) advanced the understanding of IL and its positive effects on diverse work group effectiveness (a type of employee

behavior). IL as defined by Randel et al., (2017) differs in that of their leader's

efforts focus on fostering group members' perceptions of both belonging and

uniqueness within a group (needs) – emphasizing that inclusion is not perceived

if both needs are not addressed. Hence, the limitation does not lie in that both

definitions are completely unrelated to one another but that IL, as defined by

Randel et al. (2017), extends this study's IL definition by emphasizing the

simultaneous need of employees' perceptions that uniqueness must be valued to

effectively reap positive outcomes from an IL style. The IL definition as defined

by Randel et al., (2017) is relatively new, thus difficult to conclude which IL

definition is more widely accepted or established; however, Randel et al.'s (2017)

IL definition does not discredit this study's definition but contributes to it.

Therefore, the IL definition as defined and measured in this study may have

limited the change in employee behavior. It would be interesting to examine IL

and including a greater focus on measuring employees' needs (i.e.,

belongingness and valuing uniqueness). Future research on IL and EE

(employee behavior) is warranted to identify if the simultaneous needs of the

employees, is necessary, or serves to benefit a limited type of employee

behaviors.

Another opportunity for future research to build on the present study is to

further explore the IL style in its absolute. One step is to take the IL approach

described in this study and compare its similarities as well as its differences with

that of others. For example, Nembhard and Edmondson (2006) allude to an

inclusive leader as someone who invites and appreciates others' contributions through the use of words and deeds. Moreover, Hollander (2008) performed a factor analysis on IL and provided a viable framework – consisting of three factors (Support-Recognition, Communication-Action-Fairness, and Self-interest-Disrespect) – for IL to be used in future research and practice. And more recently, Bourke and Dillon (2016) demonstrated that IL consist of six traits: (1) commitment, (2) courage, (3) cognizance of bias, (4) curiosity, (5) cultural intelligence, and (6) collaboration. Future research should gather the different forms (approaches) of IL others have examined and described – including the one in this study – and further explore the similarities and differences among them to verify which can best help improve employee behavior (EE).

In regards to PDC, Dwertmann, Nishii, and Knippenberg (2016) explain that numerous researchers tend to conceptualize this term by focusing on fairness and discrimination, and recently, a few have alluded to a synergy perspective. A limitation to this study was one in measurement. The measurement approach taken to capture diversity climate only focused on fairness and discrimination (which focuses on not preventing negative outcomes) as opposed to also incorporating and addressing a synergy standpoint (which focuses on creating positive outcomes). Results would be different and expected to support all study's hypotheses if a more holistic approach to diversity climate was incorporated. Capturing both forms of diversity climate would have helped identify the nuances that may ultimate improve IL and positively impact EE.

However, the literature has defined them as two distinct constructs (Dwertmann et al., 2016). Therefore, future research should explore the different constructs and seek out to see how the synergy perspective climate impacts the relationship between IL and EE.

<u>Conclusion</u>

Numerous organizations today are well informed about the benefits of diversity and inclusion, as well as those of strong leaders. Thus, this information has been utilized to help employers gain a great competitive lead in the economic world today but only when implemented accordingly. Henceforth, inclusive leaders can be vital in mitigating company and employee concerns by collaborating and including a diverse way of thinking in organizations that may or may not have a congruent climate. Therefore, information from this present study can help inform on the value of leaders modeling openness, availability, and accessibility to organizations, managers, and working teams to unfold the promising practices that IL may have, which may ultimately impact EE, performance, and especially those individuals who are highly diverse (physically and cognitively). This study provides new insight on how IL and PDC can be researched for organizations to find the nuances that positively influence employee behavior.

APPENDIX A

DIMENSIONS OF INLCUSIVE LEADERSHIP QUESTIONNAIRE ITEMS

Dimensions of Inclusive Leadership Questionnaire Items

Openness

- The manager is open to hearing new ideas

- The manager is attentive to new opportunities to improve work processes

- The manager is open to discuss the organization's desired goals and new ways to achieve them

Availability

- The manager is available for consultation on problems

- The manager is an ongoing 'presence' in this team – someone who is readily available

- The manager is available for professional questions I would like to consult with him/her

- The manager is ready to listen to my request

Accessibility

- The manager encourages me to access him/her on emerging issues

- The manager is accessible for discussing emerging problems

Source: Carmeli, Reiter-Palmon, & Ziv (2010)

APPENDIX B

DIMENSIONS OF EMPLOYEE ENGAGMENT QUESTIONNAIRE ITEMS

Dimensions of Employee Engagement Questionnaire Items

- At my work, I feel bursting with energy.[a] (VI1)

- I find the work that I do full of meaning and purpose. (DE1)

- Time flies when I am working. (AB1)

- At my job, I feel strong and vigorous.[a] (VI2)

- I am enthusiastic about my job.[a] (DE2)

- When I am working, I forget everything else around me. (AB2)

- My job inspires me.[a] (DE3)

- When I get up in the morning, I feel like going to work.[a] (VI3)

- I feel happy when I am working intensely.[a] (AB3)

- I am proud of the work that I do.[a] (DE4)

- I am immersed in my work.[a] (AB4)

- I can continue working for very long periods at a time. (VI4)

- To me, my job is challenging. (DE5)

- I get carried away when I am working.[a] (AB5)

- At my job, I am very resilient, mentally. (VI5)

- It is difficult to detach myself from my job. (AB6)

- At my work, I always persevere, even when things do not go well. (V16)

Source: Schaufeli and Bakker (2003)
Note: VI = Vigor scale; DE = Dedication scale; AB = Absorption scale.
a. Shortened version (Utrecht Work Engagement Scale-9 [UWES-9])

APPENDIX C

PSYCHOLOGICAL DIVERSITY CLIMATE QUESTIONNAIRE ITEMS

Psychological Diversity Climate Questionnaire Items

- I trust [the Company] to treat me fairly

- [The Company] maintains a diversity friendly work environment

- [The Company] respects the views of people like me

- Top leaders demonstrate a visible commitment to diversity

Source: Mckay, Avery, & Morris (2008)
Note [ ]: Inside brackets substitute for your company name.

APPENDIX D

LEVEL OF DIVERSITY QUESTIONAIRE ITEMS

Level of Diversity Questionnaire Items

- In your organization, what percentage of employees are women (N)

- In your organization, what percentage of employees are minorities (N)

- To what extent does your organization include workers who are different

  from one another, and come from pretty different backgrounds (S)

Source: Self-constructed
Note: (N) - numerical percentage representation; (S) - Inclusion of workers scale
Context for item 3: The workforce in some organizations includes people from
many different backgrounds, with different life experiences and beliefs. In other
organizations, most people in the workforce are very similar to one another and
come from similar backgrounds. Think about the organization you work for.

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