Relationship between diversity climate and employer brand amongst current employees

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

7 November 2018
Abstract

This study investigates the relationship between the diversity climate of an organisation and its employer brand. Unlike most employer branding studies, which focus on potential employees, this one focuses on current employees and examines both the internal employer brand and the construed employer brand. The study also seeks to investigate whether ethnicity plays a role in the relationship between the diversity climate and employer brand amongst current employees in South Africa.

The study uses a quantitative approach and makes use of Structural Modelling Equation to test the proposals and hypotheses outlined. The results show that there is a significant positive relationship between the diversity climate and the internal employer brand amongst all employees of all ethnicities. This implies that organisations can use diversity initiatives as an effective employer branding strategy amongst its employees.

In addition, the study finds that the construed employer brand dampens the relationship between the diversity climate and the internal employer brand. This could imply that should organisations convey a more positive image than that which employees actually experience, this can cause them to disengage from the organisation’s diversity initiatives. Organisations therefore need to carefully manage their formal and informal diversity messages, internally and externally, in order for their diversity efforts to be effective amongst employees.

Keywords

Construed employer brand, diversity climate, employer brand, ethnicity, internal employer brand
Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Gitanjali Appadu
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1 Overview of Research Problem

1.1 Introduction

The current business environment is characterised by an increasingly diverse and global workforce (Boehm et al., 2014). The reasons for this shift are many, such as globalisation, migration and increased women’s rights (Boehm et al., 2014). As a result, organisations, whether local or multinational, are faced with competition from global companies. As such, it is no longer true that only large corporations from the most developed countries are faced with the challenges of international business (Tarique and Schuler, 2010). By virtue of the global environment that most companies operate in, it is critical that they understand and react to the global marketplace in order to remain profitable (Tarique and Schuler, 2010). Companies, therefore, need high value employees who can navigate through the complex, volatile and demanding global environment to achieve the firm’s strategic objectives and priorities.

In a study conducted by Manpower Group (2018), it was reported that 45% of employers experienced talent shortages (out of a sample of 39,195 employers in 43 countries). This was the highest shortage recorded since 2006 (Manpower Group, 2018). Against the backdrop of the scarcity of talented employees, the challenge that organisations face is compounded by the fact that the workforce is increasingly diverse (Boehm et al., 2014) and they face increasing pressures from government, civil society and the external stakeholders (Cole and Salimath, 2013). This creates a few challenges for organisations, which need to implement effective diversity management strategies, not only to draw and retain diverse employees, but also to create a positive diversity climate for all their employees.

In the midst of the skills shortage, the challenge that many organisations face is the ability to set themselves apart from their competitors, so that they are more appealing to prospective employees (thus attracting a higher quality pool of talent) and also to their current employees (thereby retaining their talented employees). This is especially challenging, when employees – from both local and global firms – expect a world-class working experience traditionally expected from the most reputable firms in the most advanced economies. As a result, the need to attract and retain potential and current talent is a key priority for many organisations. A topic of emerging interest in the past two decades has been Employer Branding (EB) – which is an organisation’s “efforts to
promote, both within and outside the firm, a clear view of what makes it different and desirable as an employer” (Backhaus and Tikoo, 2004, p. 501).

While studies on employer branding which aim to attract potential employees have exploded in the past two decades (Theurer et al., 2018), a lesser focus has been on employer branding strategies for current employees, aiming at retention. A study conducted by Towers Watson (2014) found that more than half of all organisations surveyed globally reported difficulty in retaining their most valuable high-potential employees, with organisations in emerging markets demonstrating accentuated retention challenges. Organisations need to demonstrate effective employer branding strategies to retain their current employees. They need to compete with their competitors’ employer brands, which aim to attract potential employees, and to which their organisations could lose their talented employees.

The retention challenge that organisations face is compounded by the fact that the workforce is increasingly diverse (Boehm et al., 2014) and different groups respond differently to employer branding strategies. Understanding how these groups of employees perceive the diversity climate of their organisation could be of great benefit to organisations, and could inform their employer branding strategies which are targeted to different demographics.

This research aims to understand how the diversity climate of an organisation relates to its employer brand as experienced by its employees. This can help employers to strategically enhance their employer brand in order to differentiate themselves in highly competitive markets and retain the best employees from a wide pool of diverse talent.

1.2 Business need for this study

The benefits of a distinctive employer brand (EB) have been exalted by both academics and practitioners, with the notion that businesses “will live and die based on their ability to attract the right talent for the job” (Biswas and Suar, 2016). Research has shown that EB positively influences business performance in numerous ways. An organisation with a superior employer brand attracts a workforce that has superior skills, and shows greater job satisfaction, engagement and commitment, resulting in better business outcomes for shareholders, customers and external stakeholders (Biswas and Suar,
It is thus no surprise that there has been increased attention on employer brand amongst business leaders and HR practitioners, to recruit and retain the highest quality of employees. This is particularly pertinent in knowledge-intensive environments such as the service or banking industry (Ewing et al., 2002). In these industries, employees’ skills and knowledge are a competitive advantage to clients, contrasted to other industries such as manufacturing, where the differentiation in skills is less relevant, as they are more easily learnt and transferrable to other employees (Ewing et al., 2002). In addition, a number of the firms in the service and banking industries are competing for talented employees within the same employer pool (Knox and Freeman, 2006). And yet, these industries face a greater challenge retaining their talent than they do attracting their talent, as evidenced by one large professional services firm, EY, which hired only 2% of all the applicants and yet had a retention rate of only 80% globally amongst its employees (Clarke, 2016). With the retention challenges that these organisations face (Towers Watson, 2014), organisations thus have an increasing need to deploy effective employer branding strategies, with a focus on their current employees.

In addition, given their increasingly diverse workforces (Boehm et al., 2014), organisations need to manage their stance on diversity carefully, both internally amongst their employees and externally with stakeholders, preferably in such way that it impacts their employer brand favourably. Understanding how the diversity climate of an organisation can impact on its employer brand is therefore beneficial for companies. It is even more beneficial to understand how employees of different ethnicities perceive their organisations’ employer brand as a result of its diversity climate. This could inform organisations’ employer branding strategies, targeted to different demographics.

To that end, this study focuses on current employees, and seeks to understand how the diversity climate of an organisation influences the strength of the employer brand amongst them. It also seeks to understand the differences in employees’ perceptions of different ethnicities in South Africa.

1.3 Theoretical need for this study

While there has been an explosion of research on EB in the past twenty years, there are numerous gaps in the existing literature – some of which this research sets out to explore.
The first is the fact there is limited research on current employees. From the early onset of employer branding research (Ambler and Barrow, 1996), EB was conceptually defined as it pertains to potential employees as well as current employees. And yet, the empirical research which emerged subsequently has tended to focus on external employer brand and potential employees. As a result, many researchers have highlighted the need for more research on current employees. These researchers include Lievens et al. (2007), Biswas and Suar (2014), and more recently, Theurer et al. (2018), Tanwar and Prasad (2016) and Davies et al. (2018). In fact, in a review of journal articles on Employer Brand, Theurer et al. (2018) found that even though researchers are now increasingly focusing on current employees, out of the 68 journal articles issued from 2011-2015 on EB, only nine of them were solely dedicated to employer branding as it applies to current employees. It is on this premise that this current research focuses on empirical research on employer branding as it pertains to current employees. In particular, this study takes into account: (i) the internal employer brand (how current employees experience the employer brand) (Theurer et al., 2018) and (ii) the construed employer brand (what current employees believe external stakeholders perceive their employer brand to be) (Maxwell and Knox, 2009).

Another gap in literature is the relationship between diversity and employer brand amongst current employees. As much as diversity management has been explored as one of the employer branding strategies for employees, the focus has been around recruitment and potential employees (Gutiérrez and Saint Clair, 2018; Gillaume et al., 2017; Iseke and Pull, 2017; Olsen et al., 2016; Baum et al., 2016; Olsen and Martins, 2016; Capser et al., 2013; Avery et al. 2013). Rather intriguing, is that of the 55 journal articles reviewed on diversity and employer brand for the purposes of this research, some literature was found that explored the relationship of the diversity of an organisation and the internal employer brand amongst current employees. However, there were no studies on the construed employer brand as it pertains to current employees. In this study, the diversity climate, which is “employees’ perceptions about the extent to which their organisation values diversity” (Dwertmann et al., 2016), is studied in relation to the organisation’s employer brand.

Lastly, a central component to numerous studies on diversity climate is the role that employees’ race and ethnicity have to play in their attitude towards their organisation (Buttner et al., 2012; Olsen and Martins, 2016). This particular study takes place in South Africa, where previously marginalised groups, categorised as black, coloured and Indian, actually form part of the majority of the population (90.5%, Statistics South Africa, QLFS
The majority of the population being marginalised and repressed brings about particularities in the work environment, which this study sets out to explore. To this end, this study also seeks to understand the difference in how ethnic groups in South Africa perceive the relationship of an organisation’s diversity climate and its employer brand.

1.4 Research objectives

This study is being conducted to understand the relationship between an organisation’s employer brand and the diversity climate of the organisation as viewed by its current employees. It also seeks to investigate whether perceptions of this relationship differ amongst people of different ethnicities in South Africa.

1.5 Research scope

This study seeks to understand the relationship of diversity climate and the employer brand. The study is limited to the perspective of current employees, which is an underserved area of employer branding (Theurer et al., 2018).

The study also seeks to investigate whether perception of this relationship differs amongst people of different ethnicities. This study is conducted in South Africa, where the business landscape is still plagued with racial inequality as a result of apartheid (Bischoff and Wood, 2013).

Given the pertinent role that EB plays in the knowledge-intensive environments industry (Ewing et al., 2002), the study also focuses on the service industry.

1.6 Outline of the study

To address the research problem and objectives, the next chapters in this study are as follows:
- Chapter 2 is a literature review around the concepts of employer brand from current employees' perspectives, describing the theoretical concepts that constitute an employer brand. It then explores the relationship between diversity and an employer's brand.

- Chapter 3 details the research questions, propositions, and hypotheses, as supported by the literature review.

- Chapter 4 details the methodology, including the philosophy, approach, methodological choices, and the purpose of research design, strategy, time horizon, techniques and procedures.

- Chapter 5 is a summary of the results of the hypotheses, and includes the outputs from the statistical software used to run the tests.

- Chapter 6 is a discussion of the results, combining the insights gained from the literature and the analysis results.

- Chapter 7 summarises the main findings of the study and details implications for organisations as result of the findings. The limitations of the research are detailed and suggestions for future research are also offered.
2 Review of Literature

2.1 Introduction

The literature review that follows in the next pages is structured as follows: First it discusses the current literature and conceptual models of the employer brand amongst employees. The psychological relationships between the employee and the organisation are explored, focusing on the ones which indicate the strength of an organisation’s employer brand amongst its employees. With that understanding, the study then discusses the relevance of diversity climate to the employer brand – more specifically, the extent to which organisations can embrace diversity management in their policies and practices, and the benefits that this can have on their employer brand. Leading on from this, the study then discusses the theory on how employees’ perceptions of the employer brand can be affected by an organisation’s diversity climate. Finally, given the role that ethnicity plays in South Africa due to its history, the study explores how the relationship between the diversity climate and the employer brand may differ amongst employees belonging to different ethnicities.

2.2 The Employer Brand from the Perspective of Current Employees

Given the limited research on employer brand from the perspective of current employees, this section seeks to understand how current employees perceive their employer brand, more specifically in terms of the internal employer brand and the construed employer brand. The concepts underpinning the employer brand are far from straightforward. Back in 2001, Cable et al. posited that EB research “has been labelling similar concepts by different names, and has been labelling different concepts by the same name.” As recently as 2018, Theurer et al. confirmed that this was still the case. EB frameworks are still evolving (Biswar and Suar, 2016). It is therefore the intent of this section to clarify the concepts and terminology used in literature, specifically clarifying the EB terms used for current employees as opposed to potential employees or external stakeholders. In so doing, this section also clarifies the EB concepts related to current employees that are in scope for this study. To summarise this section, a simplified EB framework is proposed to depict the various EB concepts from literature and to clearly indicate the concepts that this research will address pertaining to current employees.
2.2.1 Employer Brand Definitions

In the midst of the confounding EB concepts and terminologies from literature, this section clarifies these concepts, thereby providing a basis for the terminology that will be used throughout this study.

At the intersection of Marketing and Human Resources, lie the conceptual frameworks around the Employer Brand. Unlike corporate branding, which is aimed at external stakeholders to project a positive image of an organisation as a whole (Theurer et al., 2018), organisations actively aim to create strong employer brands aimed at potential and current employers to "characterise their identity as an employer" (Backhaus and Tikoo, 2004, p. 503). Ambler and Barrow (1996, p. 187) were the first to term the phrase Employer Brand, defining it as “the package of functional, economic and psychological benefits provided by employment, and identified with the employing company”.

*Employer branding* (or employer branding strategies) is the process whereby organisations “internally and externally promote a clear view of what makes a firm different and desirable as an employer” (Lievens, 2007, p. 51). To create an employer brand, employers develop unique aspects of their identity, which constitute the “employer value proposition” (Edwards, 2009), and are embodied in the employer brand. A number of employer branding strategies have been explored through literature, such as the benefit of innovative technology (Renaud et al., 2016), corporate social responsibility (Lis, 2018) and ethics (Renaud et al., 2016), amongst others. Increasingly, organisations are actively including diversity as a component of their identity, creating a “diversity identity” (Cole and Salimath, 2013), and inevitably impacting on their corporate and employer brand. This is specifically what this paper focuses on.

External marketing of the employer brand will help to portray organisations as "employers of choice" to potential employees with a view to attracting the best available talent. The term used for how potential employees view an organisation is the “external employer brand” (Theurer et al., 2018) or “employer image” (Lievens et al., 2007).

Marketing of the employer brand to its current employees reinforces the employer brand for an organisation’s employees, creating a unique culture which is difficult to replicate in other organisations, thereby creating commitment in its workforce and retaining employees. How current employees view the organisation is called the *internal employer brand* (Theurer et al., 2018), which is the scope of this study. Internal employer branding
activities aim to communicate to employees that an organisation is a superior place to work to foster employee retention (Foster et al., 2010). This is different from a closely related field of study, *internal branding*, where activities are aimed at educating employees about the organisation’s brand and its products and services in the external marketplace (Foster et al., 2010). The ultimate purpose of internal brand is to turn employees into advocates of the corporate products or services (Theurer et al., 2018), while that of the internal employer brand is to help employees to identify with the organisation in order to retain them.

At the intersection of the external and internal employer brand images is the “*construed employer brand.*” The construed employer brand is what current employees believe external stakeholders perceive their employer brand to be (Maxwell and Knox, 2009). The construed employer brand is closely related to the *perceived external reputation*, which is how employees assess their organisation in relation to its corporate reputation, and not external employer brand (Herrbach et al., 2004; Schaarschmidt et al., 2015).

To summarise, below is a simplified framework of how the Corporate Brand and Employer Brand relate to external stakeholders, potential employees and current employees. Employer branding being under-explored from the point of view of current employees, this study focuses on the employer brand as perceived by current employees. As such, only the internal employer brand and construed employer brand are explored further.
2.2.2 The Internal Employer Brand

Conceptually, employer brands set out to achieve two outcomes amongst current employees: to “help employees internalise company values” and to “assist in employee retention” (Backhaus et Tikoo, 2004, p. 501). Empirically, studies posit that employees’ attitudes toward positive employer brands can be manifested in a number of ways, such as organisational identity (Lievens et al., 2007), employee engagement (Biswar and Suar, 2014), employee retention (Cascio, 2014), employee loyalty (Biswar and Suar, 2014), and employee productivity (Edwards and Edwards, 2013), amongst others.

Based on the conceptual framework of Employer Brand by Backhaus and Tikoo (2004), this study explores two psychological relationships between the employee and the organisation that indicate the strength of an organisation’s internal employer brand.
These are Organisational Identity (OI) and Organisational Commitment (OC). The framework from Backhaus and Tikoo (2004) stipulates that the internal employer brand influences employees’ organisation identity (OI), which is defined as the “cognitive connection between a person and an organisation” (Cole et al., 2016, p.315). This in turn contributes to organisational commitment (OC), defined as “the degree that a person is emotionally attached to his/her organisation” (McKay et al., 2007, p.39). Based on this framework, this study posits that the strength of an internal employer brand can be indicated by its employees’ organisational identity and organisational commitment.

In Section 2.4, the underlying theory behind the reasons that these two outcomes are indicators of the strength of the internal employer brand is explored further, specifically as it relates to the diversity climate of the organisation.

2.2.3 The Construed Employer Brand

In addition to the internal employer brand, the way in which employees experience their company’s employer brand is also influenced by what employees believe external stakeholders’ view is of their employer. The ‘cocktail party test’ (Lievens et al., 2007) is a good starting point in understanding employees’ mind-sets towards their organisation’s employer brand. At social gatherings, people are often asked what organisations they work for. How an employee feels about revealing who their employer is, speaks largely to how they experience their own company’s employer brand. The conversation that follows next can lead the employee to gauge what outsiders believe their organisation stands for. Should the employee get a sense that their organisation is well regarded, this may instil an enhanced sense of self-esteem as they, in effect, “bask in the reflected glory of the organisation’s positive reputation” (Edwards, 2009, p. 12).

As much as organisations can employ unique employer branding strategies to craft compelling internal employer brands to positively impact the organisational identity and commitment of their employees, the external employer brand that the organisation projects to potential employees can also find its way back to employees. To clarify, the construed employer brand is not the impact of the actual external employer brand (what potential employees actually think) on the internal employer brand (Schaarschmidt et al., 2015). Rather, it is what current employees perceive their external employer brand to be – in other words, what current employees think that potential employees think. This distinction is in fact important, as research has shown that employees evaluate the attractiveness of their employer brand in different ways than potential employees.
(Maxwell and Knox, 2009). Employees may compare and contrast the job attributes of their organisations to others, and attach different importance and value (either favourable or unfavourable) in those attributes. In doing so, they frame their perception in order to differentiate their organisations from others (Maxwell and Knox, 2009), potentially reinforcing their perceptions of their organisation.

This perception, the construed employer brand, can be explained by the psychological relationship between employees and their organisations called the Organisational Attractiveness (OA). OA is defined as the “subjective evaluations of the attractiveness of a brand” by employees (Theurer et al., 2018, p. 2). In fact, OA is the most commonly used outcome in employee recruitment literature to comprehend the attractiveness of an employer brand amongst potential employees (Highhouse et al. 2003, Lievens et al., 2005; Capser et al., 2013; Renaud et al., 2016; Lis, 2018). However, in one of the few studies on the construed employer brand amongst employees, OA was used as the psychological outcome between the employees and the organisation to assess the strength of the construed employer brand (Lievens, 2007). To this end, this study posits that, in the absence of a construed employer brand scale, when studied from the perspective of the current employees, organisational attractiveness is the outcome of the construed employer brand. As such, this research makes a key contribution to literature by investigating organisational attractiveness from the perspective of current employees, as opposed to potential employees.

2.2.4 Scope of the research

The scope of this study is the relationship of diversity climate and the internal and construed employer brand from the point of view of current employees. Figure 2 is a proposed framework to represent EB concepts as they relate to the internal and construed employer brands, as well as the psychological outcomes of these as manifested by current employees.
In the next section, the relationship between employer brand and diversity is explored – more specifically, how diversity can contribute to a strong employer brand.

### 2.3 Relevance of Diversity Climate to Employer Brand

Having laid the foundation of how current employees perceive the employer brand, the study next explores how employees’ perceptions of the employer brand can be impacted when organisations incorporate diversity into their practices and policies. In this section, the study explores why organisations embrace diversity practices, as well as the different levels to which organisations can embrace such practices, ultimately impacting on how employees view their organisation’s employer brand.

With trends such as globalisation, migration and increased women’s rights, the workforce embraces a far greater level of diversity today than it did thirty years ago – with different representation of gender, race/ethnicity, sexual orientation and disability status (Boehm et al., 2014). Accordingly, there has been a shift in the conversation around diversity where organisations find themselves facing increasing pressure to commit to diversity, from an ethical, social, political point of view (Cole and Salimath, 2013). Organisations...
are increasingly incentivised to achieve diversity targets, and they face legal repercussions (penalties) if they do not comply. In South Africa, under the Broad-Based Black Economic Empowerment Amendment Act 2013, companies are rewarded for the recruitment and promotion of people from previously disadvantaged backgrounds, namely, women, people of black, coloured and Indian ethnicities, and people with disabilities. Informally, organisations face societal pressures to abide by ethical guidelines, affecting their relationships with key stakeholders, from government, investors, partnerships, alliances, customers to employees.

To that end, in a world with an increasingly diverse workforce (Boehm et al., 2014) and the pressures that come with it, it is in many ways to the benefit of the organisation to manage its stance on diversity carefully, both externally with stakeholders and internally with its policies and procedures. The extent to which organisations respond to the diversity pressures and embrace diversity differs (Cole and Salimath, 2013). At a minimum, organisations tend to demonstrate compliance with regulations around fairness and discrimination. This is a largely expected practice, designed to avoid lawsuits or penalties which can have a directly negative impact on organisations’ corporate reputations and employer brands.

The next level is to move from diversity towards “inclusion” (Nishii, 2013). The practice of ‘diversity and inclusion’ is one where individuals are not only treated fairly, but are acknowledged for the diverse perspectives that they bring, and included in decision making. Beyond extolling the benefits of diversity with the aim to create more diversity representation of underrepresented identity groups (Nishii, 2013), the conversation has moved to one of inclusion where organisations are focused on embracing the benefits of diversity such as innovation and preventing its drawbacks such as conflicts and discrimination (Boehm et al., 2014). Achieving inclusion implies that people from outside the historically powerful identity groups are viewed as equal contributors of skill and insight (Nishii, 2013). This often includes diversity training programmes embedded into organisations’ learning curriculums. In addition, when organisations implement diversity policies beyond what is required from legal compliance (usually race and sex), and embrace other forms of diversity, such as sexual orientation diversity, this reflects a higher level of inclusion (Casper et al., 2013).

At the highest level of commitment to diversity, companies integrate diversity into their image, also known as diversity image (Cole and Salimath, 2013). This is when an organisation incorporates diversity into its mission formation and strategy as its core
value to society. This stance towards diversity can be largely aimed at external stakeholders, portraying the organisation as a socially responsible organisation, producing impactful products and services (Martin et al., 2011). Consequently, and invariably, this will also send a message to employees (both potential and current) about the organisation’s employer brand.

For one, embracing diversity can influence the symbolic attribute of the organisation. Symbolic attributes are intangible and subjective, and are “traits” that refer to the symbolic meaning that employees associate with the organisations (e.g. innovative, prestigious, and caring) as opposed to instrumental attributes, which are concrete and functional, such as remuneration or flexible hours (Lievens, 2007). Organisations that embrace diversity, externally through their affiliations and public statements, or internally through policies and procedures, can be viewed as more supportive and fair (Cole et al., 2016). In fact, studies have shown that symbolic attributes can sometimes be more valuable to current employees than instrumental ones (Lievens, 2007), resulting in a positive impact on an organisation’s employer brand. As a result of the symbolic traits that employees associate to organisations embracing diversity, they may also perceive added benefits from the resulting employer brand. Employees might perceive an added social value (Berthon et al., 2005) in their work environment such as teaming and collaboration as a result of greater diversity amongst their colleagues. Or, they may perceive an added application value (Berthon et al., 2005) from the impact that the organisation aims to have on the environment by its stance on being a good corporate citizen (Cole et al., 2016).

As the diversity image of the organisation establishes what is important to it, this leads employees to create a diversity climate, referred to as “employees’ perceptions about the extent to which their organisation values diversity as evident in the organisation’s formal structure, informal values, and social integration of underrepresented employees” (Dwertmann et al., 2016). The diversity climate can affect the internal employer brand. By the same token, the relationship between the organisation’s external position on diversity in the marketplace and the image on its internal environment directly affects the construed employer brand of employees.

It is within this context that this study seeks to explore the relationship of diversity climate and the employer brand amongst employees.
2.4 Relationship between the Diversity Climate and Employer Brand amongst current employees

In the previous section, the study explored the reasons why and the ways in which organisations embrace diversity. In this section, the study explores how current employees’ attitudes to an organisation may be influenced, based on how they perceive the diversity climate of the organisation. The study specifically explores how a positive diversity climate can influence the internal employer brand amongst current employees. Also, it explores the influence that the construed employer brand can have on that relationship.

2.4.1 Relationship between the Diversity Climate and the Internal Employer Brand

As mentioned previously, two psychological relationships between the employee and the organisation are explored in this study as indicators of the strength of an organisation’s employer brand, namely Organisational Identity (OI) and Organisational Commitment (OC). In the next section, the psychological theory behind each construct is discussed, as well as the influence that a positive diversity climate can have on them.

2.4.1.1 Relationship between Diversity Climate and Organisational Identity

“Central, enduring and distinctive” – these are characteristics of an organisation that can create a bond between an organisation and its employees (Edwards and Edwards, 2013, p. 31). The bond in question is termed Organisational Identity (OI), most commonly defined as “the perception of oneness with or belongingness to the organisation” (Ashforth and Mael, 1989, p. 22). The psychology behind OI between an organisation and an employee stems from the theory of social identity theory (SIT).

SIT posits that individuals have a general tendency to link themselves to social groups, and in the process, generate a sense of who they are - “self-concept” - based on the characteristics of the social groups that they attach themselves to (Loi et al., 2014). In other words, by belonging to a social group, individuals are able to answer the question “Who am I?” As one identifies more strongly with a group, the more one’s self-concept is defined by characteristics and values of the group.

Organisational identity is driven by two human needs – uncertainty reduction and self-enhancement (Loi et al., 2014). Uncertainty reduction occurs when one is able to define
one’s own identity. The more members align themselves to an organisation, the more they are able to define themselves, and the more they reduce the uncertainty of their own identity (Loi et al., 2014). Self enhancement occurs when they identify with a positive social group in such a way that their self-esteem is enhanced.

While organisational identity has been studied outside the field of employer brand, a few authors have proposed that the organisational identity of a firm is a key element to shaping their employer brand (Backhaus and Tikoo, 2004; Martin et al., 2011; Edwards and Edwards, 2013). In fact, Martin et al. (2011) define an employer brand as “a distinctive organisational identity which employees value, engage with and feel confident and happy to promote to others” (p. 3619).

When organisations actively define their employer brand, they clarify their organisational identity and communicate their differentiating characteristics, thus facilitating the “person-organisation” merger for employees (Edwards, 2009). This is why the more “central, distinctive and enduring” an organisation’s employer brand is, the stronger the bond of the employees to the organisation, in terms of how they identify and link themselves to the organisation (Edwards and Edwards, 2013). By the same token, the more desirable and positive the employer brand of an organisation, the more employees are able to reflect a positive regard in terms of their own identity, and thus experience self-enhancement as they align themselves to the organisation.

One important factor of the identification process is that of value congruence (Edwards, 2009). Organisations which embrace diversity demonstrate a set of values to external stakeholders and individuals and are deemed to be fair and just (Cole et al., 2016). In that way, the values that an employer brand encapsulates by embracing diversity, can help guide employees to reinforce their bond with the organisation and even help define themselves by the same attributes of the organisation (Edwards, 2009). Employees will therefore align themselves more closely with an organisation should the diversity climate appear to be positive (Cole et al., 2016). The converse is also true – those who perceive the diversity climate to be negative, will distance themselves from the organisation (lower OI). This study therefore confirms findings from previous studies that there is a positive relationship between the diversity climate as perceived by current employees and their organisational identity:

P1: There is positive relationship between DC and OI
2.4.1.2 Relationship between Diversity Climate and Organisational Commitment

Regarding the employee’s psychological relationship to their organisation, just as organisational identity reflects the “oneness” of employees with the organisation, organisational commitment (OC) on the other hand reflects the “relationship” between the organisation and the employee (van Knippenberg and Sleebos, 2006).

The research on OC started well before that of employer branding (as did OI for that matter), when in 1979, Mowday et al. defined organisational commitment as “the degree that a person is emotionally attached to his/her organisation”. The outcome of the organisational commitment, later explored by Allen and Meyer (1990) posited that it represented the employee’s choice to remain in the firm. This phenomenon of employee retention is precisely the desired outcome of an employer brand, other than attraction, as stated in most (if not all) employer brand literature (Ambler and Barrow, 1996; Backhaus and Tikoo, 2004; Lievens et al., 2007; Jain and Bhatt, 2015; Tanwar and Prasad, 2016; Biswas and Suar, 2016).

Unlike OI, which is underpinned by the self-definition of an individual belonging to an organisation, OC is based rather on the social exchange theory (van Knippenberg and Sleebos, 2006). The employee and the organisation are two separate entities, but their relationship is rooted in reciprocity. Employers provide functional, economic and psychological benefits – note the original definition of employer branding by Ambler and Barrow (1996) – in the form of remuneration, rewards, job satisfaction, amongst other. Employees in turn feel the need to reciprocate in ways which they deem as beneficial to the employer and supportive of the employer’s goals (Kundu and Mor, 2016). This is often in the form of positive attitudes or behaviours, including organisational commitment from the employee.

Supporting this theory, there is some literature on various aspects of employer branding relating to organisational commitment (Ito et al., 2013). As organisations craft their employer brand, they communicate aspects of the employee experience that they offer to their employees – their value proposition – and differentiate themselves from their competitors. In clarifying their value proposition, organisations explicitly formulate the “package” that they offer to their employees to make their employee experience a positive one. As a result, successful employer brands are able to amplify the need for employees to reciprocate beyond what they normally would in organisations with poorly
crafted employer brands. In so doing, organisations achieve what successful employer brands set out to do in the first place: to retain the employee.

According to Kundu and Mor, 2016, employees can view diversity as a commitment from the organisation to engage in fair practices and inclusive policies and procedures regarding its workforce. Extrapolating from the social exchange theory explored earlier, employees feel the need to respond with reciprocity, increasing their organisational commitment. In addition, Avery et al. (2013) posit that should employees enter the organisation with the expectation of a positive diversity climate, they may feel that their employer is honouring their side of the psychological contract if the climate is indeed pro-diversity. In return, they fulfil their end of the contract through organisational commitment. As such, as the diversity climate of the organisation is perceived to be stronger, organisational commitment of employees will also increase.

P2: There is a positive relationship between DC and OC

2.4.2 Influence of the construed employer brand on the relationship between diversity climate and the internal employer brand

In this section we explore the psychological theory behind the construed employer brand and its effect on the relationship between the diversity climate of an organisation and its internal employer brand.

Theoretically, the concept of the construed employer brand is rooted in social identity theory (Lievens, 2007). SIT posits that outsiders tend to evaluate members of a group based on the stereotype of the group as opposed to the individual characteristics of the members themselves (Schaarschmidt et al., 2015). Therefore, outsiders may form an impression of an employee based on their company’s employer brand, as opposed to the individual skills of the employee. In response, employees develop a sense of oneness with the stereotype of the organisation, based on what they think outsiders think the stereotype of their organisation is. Consequently, individuals tend to associate with groups based not only on how they perceive the group, but also based on the impression of stereotypes that they think that outsiders have on members of the group or employees of an organisation (Schaarschmidt et al., 2015).

As stated earlier, when organisations embrace diversity, they are viewed as fair and just (Cole et al., 2016). For employees who think that outsiders view their organisation in a
positive light because of the diversity climate, this study proposes that the construed employer brand as viewed by those employees will be stronger, increasing their Organisational Attractiveness (Lievens, 2007). In turn, they will identify even more strongly with the organisation and embrace its diversity values for the purpose of self-enhancement. Their organisation’s employer brand becomes a reflection of their own identity, just as the organisation’s goals and values become an extension of their own (Lievens, 2007). In other words, their identification with the organisation and the brand it stands for will increase. Therefore, for employees with higher Organisational Attractiveness, the relationship between the diversity climate and the Organisational Identification will be stronger.

P3: As Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) also increases.

The diagram below represents how the above constructs relate to each other as per the hypotheses discussed.

![Diagram](image-url)

*Figure 3: Representation of Hypotheses 1, 2 and 3*
2.5 Role of ethnicity in the relationship between diversity climate and employer brand

In previous research – whether revolving around potential or current employees – it was found that employees from different identity groups react differently to the organisations which incorporate diversity into their employer brand. A few studies have explored the influence of ethnicity in employees’ responses to employer brands (Avery et al., 2006; McKay et al., 2007; Cole et al., 2016; Dover et al., 2016; Olsen and Martins, 2016; Gutiérrez and Saint Clair, 2018). For example, Cole et al. (2016) found that race was a factor in the relationship between diversity climate and OI, and McKay et al. (2007) found that Black Americans were more likely to have lower turnover intentions in pro-diversity climates. At the same time, some studies even show that some majority ethnic groups are repelled by the presence of diversity initiatives (Olsen and Martins, 2016), as they view this as a threat to the possible exclusion of their own identity (Dover et al., 2016). Accordingly, this study aims to understand if demographics plays a role in the relationship between diversity climate and employer brand in the South African context.

In South Africa, the racial identity classifications still refer to apartheid categories (Mayer and Louw, 2013), with previously marginalised groups demarcated as black, coloured, Indian (Broad-Based Black Economic Empowerment Amendment Act 2013). These previously disadvantaged groups actually form part of the majority of the population (90.5%, Statistics South Africa, QLFS 3rd Quarter, 2016). In spite of the changes that have occurred post-apartheid on numerous levels, including society, politics, and at individual levels, the current post-apartheid business landscape is still plagued with racial inequality in the workforce (Bischoff and Wood, 2013). Given the business environment, where the majority of the population are in fact under-represented, the study of identity constructs within South African management context remains relevant. To that end, this study explores whether a pro diversity climate is likely to positively impact on previously marginalised groups to a higher extent than others.

Social identity theory posits that employees tend to find alignment between themselves and groups who value the same characteristics as themselves as this enhances self-expression (Cole et al., 2016). A study in the United States has shown that minorities (African Americans) are also more aware of policies on recruitment, development or promotion regarding minorities and may identify more strongly with companies that have those policies which are more closely aligned with their own identity (McKay et al., 2008). Therefore, people belonging to under-represented identity groups will identify more
strongly with organisations that value diversity (Cole et al., 2016). Consequently, the study will confirm that the relationship between the diversity climate and the organisational identity will be stronger for people of black, coloured or Indian ethnicities.

P4: The relationship between Diversity Climate (DC) and Organisational Identification (OI) will be stronger for people of black, coloured or Indian ethnicities

One of the antecedents of OC is organisational dependability – which is the belief that an organisation will serve an employee’s best interest (Mckay et al., 2007). Employees from historically under represented backgrounds are more likely to believe that diversity initiatives serve their best interest (Mckay et al., 2007). As a result, as per social exchange theory, they are more likely to value an organisation’s commitment to diversity and may respond more strongly through organisational commitment.

P5: The relationship between Diversity Climate (DC) and Organisational Commitment (OC) will be stronger for people of black, coloured or Indian ethnicities

Following the same principle that individuals will frame their perceptions in order to differentiate their organisations from others (Maxwell and Knox, 2009), the moderating effect of OA will be stronger in the relationship between DC and OI for people of black, coloured or Indian ethnicities.

P6: For people of black, coloured or Indian ethnicities, as Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) will increase more significantly

The diagram below represents how the constructs relate to each other amongst employees of different ethnicities as per the propositions and hypotheses discussed above.
2.6 Conclusion

Based on the literature, this study posits that there is a relationship between the diversity climate of an organisation and its internal employer brand. As such, it aims to confirm the empirical findings from previous studies around the diversity climate of an organisation and the internal employer brand outcomes, organisational identification (Cole et al., 2016) and commitment (Kundu and Mor, 2016).

In addition, this study posits that the construed employer brand influences the relationship between the diversity climate and the internal employer brand. To that end, the study contributes to literature by investigating the moderating effect of organisational attractiveness in the relationship between diversity climate and organisational identification.

Lastly the study proposes that racial identity has an influence on the relationship between the diversity climate and employer brand amongst current employees in South Africa. The study contributes to the literature by exploring how the above relationships differ.
amongst employees from previously disadvantaged groups within South Africa, namely amongst employees who identify as black, coloured and Indian.
3 Research Questions, Propositions and Hypotheses

3.1 Introduction

The objective of this study is three-fold. Firstly, this study aims to confirm the empirical findings from previous studies around diversity climate and the internal employer brand, by understanding the relationship between the diversity climate of an organisation and the internal employer brand outcomes, organisational identification and commitment.

Secondly, this study makes a contribution to existing literature by examining the role of the construed employer brand in the relationship between the diversity climate and the internal employer brand. This is done by examining the moderating effect of organisational attractiveness in the relationship between diversity climate and organisational identification.

Lastly this research explores whether the above relationships differ amongst employees from previously disadvantaged groups within South Africa, namely amongst employees who identify as black, coloured and Indian.

3.2 Research questions

- Is there a relationship between the diversity climate of an organisation and the internal employer brand?
- Does the construed employer brand have an influence over the relationship between the diversity climate and the internal employer brand?
- What role does ethnicity have on the relationship between the diversity climate and the employer brand amongst current employees in South Africa?

Below is the summary of how the above constructs are inter-related, as discussed in Chapter 2.
3.3 Proposition and Hypotheses

3.3.1 Research question 1: Is there a relationship between the diversity climate of an organisation and the internal employer brand?

Proposition 1: There is positive relationship between Diversity Climate (DC) and Organisational Identification (OI)

HO: There is a statistically significant positive correlation between DC and OI

H1: There is not a statistically significant positive correlation between DC and OI

Proposition 2: There is positive relationship between Diversity Climate (DC) and Organisational Commitment (OC)

HO: There is a statistically significant positive correlation between DC and OC

H1: There is not a statistically significant positive correlation between DC and OC

3.3.2 Research Question 2: Does the construed employer brand have an influence over the relationship between the diversity climate and the internal employer brand?
Proposition 1: As Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) also increases

   HO: OA will positively moderate the correlation between DC and OI

   H1: OA will negatively moderate the correlation between DC and OI

3.3.3 Research Question 3: What role does ethnicity have on the relationship between the diversity climate and the employer brand amongst current employees in South Africa?

Proposition 4: The relationship between Diversity Climate (DC) and Organisational Identification (OI) will be stronger for people of black, coloured or Indian ethnicities

   HO: Ethnicity will moderate the correlation between DC and OI

   H1: Ethnicity will not moderate the correlation between DC and OI

Proposition 5: The relationship between Diversity Climate (DC) and Organisational Commitment (OC) will be stronger for people of black, coloured or Indian ethnicities

   HO: Ethnicity will moderate the correlation between DC and OC

   H1: Ethnicity will not moderate the correlation between DC and OC

Proposition 6: For people of black, coloured or Indian ethnicities, as Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) will increase more significantly

   HO: OA will have a stronger positive moderating effect on the correlation between DC and OI for people of black, coloured or Indian ethnicities

   H1: OA will not have a stronger moderating effect on the correlation between DC and OI for people of black, coloured or Indian ethnicities
4 Methodology

4.1 Introduction

To address the research questions outlined in the previous chapter, this research aims to understand the relationships between relevant constructs. The technique deemed most appropriate to address the research aim in this study is through multivariate data analysis, due to its strong analytical and predictive qualities (Hair et al., 2010). To that end, a quantitative research strategy was conducted to empirically analyse the relationships between the constructs involved in this study (diversity climate, organisational identity, organisational commitment and organisational attractiveness).

This chapter outlines the methodology underpinning this research – more specifically it outlines:

- Research design
- Population and unit of analysis
- Sampling method and size
- Research instrument
- Data Analysis
- Limitations

4.2 Research design

The research philosophy and approach were key to formulating the research strategies and data analysis techniques and procedures.

As the research question relates to confirmative scientific inquiry, where the constructs were measured numerically and were statistically correlated, the philosophy of this research was rooted in positivism (Saunders and Lewis, 2009). The main purpose of the research was to study observable and quantifiable variables and describe their relationship.

This research was explanatory, as it examined the relationship between defined constructs (Saunders & Lewis, 2009). The research strategy employed was an online
survey used to collect quantitative data in order to verify a model comprised of well understood constructs, as defined during an extensive literature review. The choice of this research strategy was also guided by the fact that this was economical and cost effective, and the least time consuming way of gathering data from a large sample, given the question and objectives of this research.

The choice of methodology was quantitative research in the form of a survey. The advantages of collecting data through a survey were that it allowed for collecting and analysing data in an unbiased way as quantitative data requires less interpretation (Zikmund et al., 2013). The time horizon was cross-sectional as the survey was open for a short period of time during which participants took part in the survey. The survey captured the responses as at snapshot in time. Lastly, multivariate analysis, in the form of Structural Equation Modelling (SEM), was conducted to test the research questions.

4.3 Population

The population for this research included current employees in South Africa from knowledge intensive service businesses – which are industries where employees provide services to clients based on their knowledge and professional skills (Ewing et al., 2002; Knox and Freeman, 2006). These typically include consulting or banking industries (Ewing et al., 2002). Employer brand is particularly important in those kinds of industries, where the differentiation of the product lies with the talent, knowledge and professional skills of its employees as opposed to a large scale manufacturing industry where the differentiation in skills is less relevant, as they are more easily learnt and transferrable to other employees (Ewing et al., 2002). In addition, there is fierce competition amongst these organisations for skills within the same talent pool (Knox and Freeman, 2006).

The unit of analysis is defined as “what or who should provide the data and at what level of aggregation” (Zikmund et al., 2013). Thus the unit of analysis for this study was the individual.
4.4 Sampling method and size

Two levels of sampling were used for this research: the primary sampling unit was an organisation in the knowledge-intensive industry (professional services) based in South Africa, and the secondary sampling unit was the employees within that organisation.

For the primary sampling unit, purposive sampling was used to select a large organisation in the service industry based in South Africa. This organisation was chosen because, employer branding is particularly relevant in service industries as organisations in that industry are known to compete aggressively with each other for employees within the same talent pool (Knox and Freeman, 2006).

For the secondary sampling level, a simple random sample was then used to select employees within the primary sampling unit to take part in this study. An employee list consisting of the total population of employees of this organisation was obtained, which consisted of 1744 employees and thereby constituted the sampling frame. The random sample was generated using SPSS. This probability technique was used so that all employees had an equal chance of being selected and there was no bias in the selection of the employees in this sample (Zikmund et al., 2013).

According to Hair et al. (2010), while opinions on the sample size required for Structural Equation Modelling data analysis (which this study uses) may differ, sample size determination should be made on a number of factors, such as model complexity. Generally, due to less ideal conditions such as missing data, a sample size of 200 is recommended for reliable and stable results. Accounting for a 30% response rate and for missing data, the questionnaire was sent to a total of 600 employees, in order to obtain a total sample of 200 responses.

4.5 Research Instrument

4.5.1 Data Gathering

An on-line survey tool was used as the research instrument to collect primary data from the selected employees. The survey was sent via an introductory email, detailing a high-level overview of the purpose of the research, and explicitly stating that participation was voluntary and assuring confidentiality and anonymity. The introductory email also clearly stated the estimated time that the survey would take to complete (estimated eight
minutes), to encourage the participant to complete the survey. The introductory email then contained a web-link to the self-administered on-line survey.

4.5.2 Survey content

The on-line survey contained questions related to each relevant construct in the study, namely Diversity Climate, Organisational Identification, Organisational Commitment and Organisational Attractiveness. Each construct was made up of several variables, and a five-point Likert scale was used to measure each variable. All four constructs and the associated variables used in this study were obtained from existent literature (Mckay et al., 2007, Cole et al., 2016, Kundu and Mor, 2016, Lievens et al., 2007) and had been tested for internal reliability and consistency by assessing the Cronbach Alpha.

*Diversity Climate (DC)* was measured using a four-item scale (Mckay et al., 2007) originally developed by Mor Barak et al. (1978) to assess the perceptions of the diversity climate of the organisation. The Cronbach Alpha for this scale was noted at .91 (Mckay et al., 2007).

*Organisational Identification (OI)*: OI was measured using a six-item scale (Cole et al., 2016) originally developed by Mael and Ashford (1992), to assess the organisational identification of the employees. The Cronbach Alpha for this scale was noted at .87 (Cole et al., 2016).

*Organisational Commitment (OC)*: OC was measured using a six-item scale (Kundu and Mor, 2016), originally developed by Mowday (1979), to assess the organisational commitment of the employees. The Cronbach Alpha for this scale was noted at .85 (Kundu and Mor, 2016).

*Organisational Attractiveness (OA)*: OA was measured using a three-item scale (Lievens et al., 2007), which was originally developed by Highhouse et al. (2003) to assess the organisational attractiveness of the employees. The Cronbach Alpha for this scale was noted at .95 (Highhouse et al., 2003).

The final questionnaire contained all 19 questions, with an additional five biographical questions (gender, race, sexuality, disability and rank). Refer to the appendix 2.
4.5.3 Survey design

The survey was designed so that the participant could not submit the survey unless all questions were answered, minimising item non-response, defined as the failure to provide to answer to a question (Zikmund et al., 2013). In addition, a completion meter was used to allow the participant to gauge the progress that they were making as they completed the task, also ensuring higher completion (Zikmund et al., 2013).

4.5.4 Survey pre-test

In order to ensure that the survey was easy to understand, contained clear instructions, and would therefore not require any discussion or added guidance, the survey was pre-tested prior to wider distribution (Zikmund et al., 2013). In this case, judgmental sampling was used to select five employees from the organisation to pre-test the survey. Recommendations made on the design, flow and other elements of the survey were implemented as necessary. It was deemed that the survey was easy to understand and could be self-administered without face to face interaction required. All data gathered as part of the pre-test were excluded for the analysis of the study. As part of the pre-test, the survey tool automatically calculated the average length of time taken to complete the survey, which was deemed to be eight minutes.

4.5.5 Survey distribution

The survey was then sent to 600 employees electronically. The survey was open for a period of three weeks, during which time participants could take part in the survey. Two reminders were sent during that timeframe to encourage participation.

4.6 Data Preparation and Screening

Out of the total 600 surveys sent, a total of 128 surveys were completed. The surveys were then checked for completion and of the 128 completed surveys, four surveys were disqualified due to incompletion. These surveys were instances where users abandoned the survey after starting it, which the system still recorded. This resulted in a 96.9% completion rate.
The results of all surveys were extracted into Microsoft Excel. Coding was conducted such that all text data was converted into numerical data, resulting in cleansed data in the correct format. The data was then imported into IBM SPSS for statistical analysis.

4.6.1 Testing for Missing Data

The total number of completed surveys was therefore 124, which is less than the expected number of responses of 200. However, it was noted that there was no missing data in the 124 completed questionnaires. This was due to the fact that the on-line questionnaire was set up in such a way that no survey could be submitted without all variables being filled out.

Even though the number of responses was less than expected, given the fact that none of them had missing data, this was deemed acceptable. In fact, as stipulated by Hair et al. (2010) a minimum sample size of 100 is required for models which contain five or fewer constructs, each with more than three variables, which is the case for this analysis.

4.7 Data Analysis

Since this study seeks to investigate interrelated related questions, Structural Equation Modelling (SEM) was deemed the most appropriate multivariate data analysis technique for this study, as it allows for the simultaneous analysis of covariant relationships (Hair et al. 2010).

SEM was used to build measurement and structural models that were used to analyse the data. The measurement model was first built to check the underlying structure of model, as well as to test that the data collected was fit for testing. The structural model was then built to understand the relationships between the latent constructs themselves.

In this study, IBM SPSS Amos 25 was used for SEM analysis.
4.7.1 Measurement model

First, SEM was used to build the measurement model. All latent constructs were drawn, along with their associated observed variables (for each observed question posed). Each variable also had an associated error term.

Then, multivariate outliers were detected by calculating the Mahalanobis distances using AMOS. Variables that were abnormal as compared to the rest of dataset records in the dataset were removed. In total, 16 records were removed, bringing the total sample to 108. This was still within the limit of a minimum sample size of 100, for models which contain five or fewer constructs, each with more than three variables (Hair et al., 2010).

A Confirmatory Factor Analysis (CFA) was then conducted as a preliminary check of the underlying structure of the analysis. First, the reliability was assessed by reviewing the composite reliability (CR) of all the constructs. Then, the validity of the measurement was verified, to assess whether the variables (questions) that made up each construct actually measured the construct it intended to measure. Convergent validity was assessed by reviewing the Average Shared Variance (ASV) of all scales. The divergent validity was assessed by ensuring that the Maximum Shared Variance (MSV) was below the AVE and that the square root of Average Shared Variance (ASV) was greater than inter-construct correlations.

Then the model fit of measurement model was assessed to verify that the data that was collected was fit to be used for the structural model. Since this study tests if there are differences between people of different ethnicities (multi-group testing), the configural, metric and scalar invariance were tested to validate that the structure and factor loadings were sufficiently equivalent across groups. All results are detailed in Chapter 5.

4.7.2 Structural model

The structural model was then built from the measurement model to allow for the simultaneous multi-regression correlations between constructs. First the composite variables Diversity Climate, Organisational Identification and Organisational Attractiveness were imputed in AMOS based on the measurement model. Then the composite variables were standardised in SPSS to allow for interaction testing between the constructs.
To test each research question and proposition, the structural model was built step by step as detailed below, so that the structural model adequately provided analysis to the research questions and propositions being tested.

4.7.2.1 Research question 1: Is there a relationship between the diversity climate of an organisation and the internal employer brand?

Proposition 1: There is positive relationship between Diversity Climate (DC) and Organisational Identification (OI)

Proposition 2: There is positive relationship between Diversity Climate (DC) and Organisational Commitment (OC)

The structural model was created so that the endogenous variable was Diversity Climate (DC) and the endogenous variable was Organisational Identification (OI), with a regression line from DC to OI. This allowed the model to test for the relationship between DC and OI.

4.7.2.2 Research Question 2: Does the construed employer brand have an influence over the relationship between the diversity climate and the internal employer brand?

Proposition 1: As Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) also increases

In order to test the above, the interacting effect of Organisational Attraction between Organisational Identification and Diversity Climate was examined. First, a new variable (OI\text{x}OA) was created as multiplication of the standardised OA and OI variables in SPSS. Then, in the structural model, the OA variable and the newly created (OI\text{x}OA) variable were added as endogenous variables, with regression lines from DC into them.

Finally, the model fit of the structural model was also verified.

4.7.2.3 Research Question 3: What role does ethnicity have on the relationship between the diversity climate and the employer brand amongst current employees in South Africa?
Proposition 4: The relationship between Diversity Climate (DC) and Organisational Identification (OI) will be stronger for people of black, coloured or Indian ethnicities.

Proposition 5: The relationship between Diversity Climate (DC) and Organisational Commitment (OC) will be stronger for people of black, coloured or Indian ethnicities.

Proposition 6: For people of black, coloured or Indian ethnicities, as Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) will increase more significantly.

For the above tests, a multi-group comparison was run on the model. Two groups were created, one called Diverse, which included the people who identified as black, coloured and Indian, and another one called Non-Diverse which included people who identified as White.

For each correlation, a chi-square difference was run between the two models. The difference in Chi-square for each group for each of the regressions was then compared for significance.

4.8 Limitations

Common to all research studies, there are limitations to the research methodology which can influence the results and that cannot be controlled for.

In this study, the sample was limited to one company. While this method eliminated potential organisational and industry effects, it also is particular to one organisation and therefore may not represent all knowledge workers appropriately.

The survey was taken at one point in time, and therefore the cross sectional nature of the research limits the findings to that particular point in time and does not account for changes in perceptions over time.
The sample size for this study was (after data cleansing) 108. It was sufficient for this test (as stipulated by Hair et al. (2010), as a minimum sample size of 100 is required for models which contain five or fewer constructs, each with more than three variables). However, the multi-group analysis was performed with only two groups, one with people who identified as black, coloured and Indian, and another which included people who identified as White. With an increased sample size, the analysis could have be performed amongst four groups, namely amongst people who each identified as black, coloured Indian and White.
5 Results

5.1 Introduction

This chapter outlines the results of the analysis of the data conducted as part of this research. First, the results of the descriptive analytics are outlined to illustrate the different demographics of the respondents who answered the questionnaire. Then, the results are presented of analytical tests carried out as part of each hypothesis outlined in Chapter 3.

5.2 Descriptive Analysis

The respondents were asked five biographical questions which allowed the data to be classified by gender, ethnicity, sexual preferences, disability status and rank. These are as follows.

Table 1: Demographics

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Value</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td>72</td>
<td>66.67</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>36</td>
<td>33.33</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Black</td>
<td>33</td>
<td>30.56</td>
</tr>
<tr>
<td></td>
<td>Coloured / Chinese</td>
<td>13</td>
<td>12.04</td>
</tr>
<tr>
<td></td>
<td>Indian</td>
<td>20</td>
<td>18.52</td>
</tr>
<tr>
<td></td>
<td>White</td>
<td>42</td>
<td>38.89</td>
</tr>
<tr>
<td>Sexuality</td>
<td>Heterosexual/straight</td>
<td>102</td>
<td>94.44</td>
</tr>
<tr>
<td></td>
<td>Homosexual</td>
<td>1</td>
<td>0.93</td>
</tr>
<tr>
<td></td>
<td>Bi-sexual</td>
<td>1</td>
<td>0.93</td>
</tr>
<tr>
<td></td>
<td>Prefer not to answer</td>
<td>4</td>
<td>3.70</td>
</tr>
<tr>
<td>Disability Status</td>
<td>Living with a disability</td>
<td>4</td>
<td>3.70</td>
</tr>
<tr>
<td></td>
<td>Not living with a disability</td>
<td>103</td>
<td>95.37</td>
</tr>
<tr>
<td></td>
<td>Prefer not to say</td>
<td>1</td>
<td>0.93</td>
</tr>
<tr>
<td>Rank</td>
<td>Partner</td>
<td>9</td>
<td>8.33</td>
</tr>
<tr>
<td></td>
<td>Senior Manager</td>
<td>24</td>
<td>22.22</td>
</tr>
<tr>
<td></td>
<td>Manager</td>
<td>23</td>
<td>21.30</td>
</tr>
<tr>
<td></td>
<td>Senior</td>
<td>38</td>
<td>35.19</td>
</tr>
<tr>
<td></td>
<td>Staff</td>
<td>12</td>
<td>11.11</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2</td>
<td>1.85</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>108</td>
<td></td>
</tr>
</tbody>
</table>
5.2.1 Gender

There were three gender options for respondents to choose from, namely Female, Male or Transgender. Of the 108 respondents, 72 (or 66.67%) of the sample were women and the rest identified as men (36 respondents or 33.33% of the sample). There were no respondents who identified as Transgender.

5.2.2 Ethnicity

Of the 108 respondents, 33 identified as Black (or 30.56% of the total sample), 13 identified themselves as Coloured (or 12.04% of the total sample), 20 as Indian (or 18.52% of the total sample), one as Chinese (or 0.93 % of the total sample), and 42 as White (or 38.89%of the total population).

5.2.3 Sexual preferences

Of the 108 respondents, the majority of the respondents identified as heterosexual or straight (102 out of the 108, or 94.44% of the respondents). Only one respondent identified as homosexual (0.93% of the total sample) and one identified as being bisexual (0.93% of the total sample). There were four respondents who preferred not to disclose their sexual preferences (3.70% of the total sample).

5.2.4 Disability

Of the 108 respondents, 103 did not live with a disability (or 95.37% of the total sample), and four do live with a disability (or 3.70% of the total sample). One respondent (or 0.93% of the total sample) chose not to disclose whether or not s/he was living with a disability.

5.2.5 Rank

Of the 108 respondents, nine were at a Partner level (or 8.33% of the sample), 24 (or 22.22% of the total sample) were at a Senior Manager level, 23 (or 21.30% of the total sample) were at Manager level, 38 (or 35.19% of the total sample) were at a Senior level, and 12 (or 11.11% of the total sample) were at an Associate level. Two (or 1.85% of the total sample) chose not to answer the question.
5.3 Data Preparation and Screening

Before analysing the data, the data screened for missing data. No missing data was found.

Then, multivariate outliers were detected by calculating the Mahalanobis d-squared using AMOS. All variables that had a p-value less than .05 were deemed as variables that were abnormal as compared to the rest of dataset were removed. Of the 124 response, 16 records were removed bringing the total sample to 108. The results of the Mahalanobis test are documented in the Appendix under Table 3.

5.4 Measurement Model

As outlined in Chapter 4, in order to ensure that the scales were still applicable to this particular study, a measurement model was built in AMOS and a factor analysis was used as a preliminary check of the underlying structure of the model.

5.4.1 Setting up the Measurement Model

The measurement model was set up in Amos 25. All latent constructs, namely Diversity Climate (DC), Organisational Identification (OI), Organisational Commitment (OC) and Organisational Attraction (OA) were drawn, along with their associated observed variables (for each observed question posed). Each variable also had an associated error term. Then all the latent constructs were covaried to each other. Figure 6 shows the path diagram and the initial factor loadings, showing the standardised factor loading estimates for each variable in relation to the latent construct.
It was noted that there were one factor loading (OC1) which was below .60 and therefore this was removed (Hair et al., 2010).

5.4.2 Testing for reliability and validity of the initial model

In order to establish reliability, the composite reliability (CR) was reviewed to ensure that it was above .70 (Hair et al. 2010). In addition in order to establish validity, both
convergent and discriminant validity were examined. Convergent validity was assessed by ensuring that the Average Shared Variance (ASV) was above .50 (Hair et al. 2010). The divergent validity was tested by reviewing the Maximum Shared Variance (MSV) to ensure that it was below the AVE and that the square root of Average Shared Variance (ASV) was greater than inter-construct correlations. The results are shown in Table 2 below.

Table 2: Reliability and Validity

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>MaxR(H)</th>
<th>DC</th>
<th>OC</th>
<th>OI</th>
<th>OA</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>.86</td>
<td>.60</td>
<td>.59</td>
<td>.88</td>
<td>.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OC</td>
<td>.90</td>
<td>.65</td>
<td>.79</td>
<td>.92</td>
<td>.74</td>
<td>.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OI</td>
<td>.87</td>
<td>.58</td>
<td>.79</td>
<td>.90</td>
<td>.59</td>
<td>.89</td>
<td>.73</td>
<td></td>
</tr>
<tr>
<td>OA</td>
<td>.92</td>
<td>.79</td>
<td>.66</td>
<td>.92</td>
<td>.77</td>
<td>.81</td>
<td>.60</td>
<td>.89</td>
</tr>
</tbody>
</table>

Discriminant validity issues were noted as the square root of the AVE for OC and OI was less than the absolute value of the correlations with other factors. In addition, the AVE for OC and OI were less than their MSV. This implied that the OI and OC scales did not show discriminant validity, which means that the two scales are highly related and show overlapping traits.

5.4.3 Addressing discriminant validity issues

It was noted that there were discriminant validity issues amongst the scales, namely with the Organisational Commitment and Organisation Identification scale. As a result, a few different measurement models were explored, which would allow the study to sufficiently answer the research questions posed as well as provide the best measurement model for the data collected. Three models were created, namely:

Model 1: The first model was created by removing the Organisational Commitment construct as a whole. Both Organisational Commitment (OC) and Organisational Identification (OI) were used to measure the strength of the internal employer brand as viewed by employees. Therefore, should OC be removed, using only OI would still be an adequate construct to measure the strength of the internal employer brand and all research questions would be adequately answered by relying solely on the OI scale.

Model 2: The second model was to create a measurement model with a 2nd Order Factor, combining the OI and OC scale. This was also an acceptable solution, since both OI and OC
measure the strength of the internal employer brand and the research question would also be adequately answered by a combined 2nd order factor.

Model 3: The last and third option was to create a measurement model with a common latent factor, connected to all observed variables in the model to it. This would allow the common factor to capture the common variance among all variables, hence reducing discriminant validity.

For each of the above models, the reliability and validity for the model was tested, as well as the model fit of the model. The results of these were then used to select the best model as described in the next sections.

5.4.4 CFA for Model 1

For Model 1, the measurement model was drawn using only DC, OI and OA as shown below. No factor loadings below .60 were noted and therefore all variables were kept in the model (Hair et al., 2010).
5.4.4.1 Testing for reliability and validity for Model 1

The results of the reliability and validity tests are shown in Table 3 below. In order to establish reliability, the composite reliability (CR) was reviewed to ensure that it was above .70 (Hair et al. 2010). In addition in order to establish validity, both convergent and discriminant validity were examined. Convergent validity was assessed by ensuring that the Average Shared Variance (ASV) was above .50 (Hair et al. 2010). The divergent validity was tested by reviewing the Maximum Shared Variance (MSV) to ensure that it was below the AVE and that the square root of Average Shared Variance (ASV) was greater than inter-construct correlations. No issues were noted. The results are shown in Table 3.
Table 3: Reliability and Validity for Model 1

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>MaxR(H)</th>
<th>DC</th>
<th>OA</th>
<th>OI</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>.86</td>
<td>.60</td>
<td>.59</td>
<td>.87</td>
<td>.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OA</td>
<td>.92</td>
<td>.79</td>
<td>.59</td>
<td>.92</td>
<td>.77</td>
<td>.89</td>
<td></td>
</tr>
<tr>
<td>OI</td>
<td>.87</td>
<td>.54</td>
<td>.36</td>
<td>.89</td>
<td>.59</td>
<td>.60</td>
<td>.73</td>
</tr>
</tbody>
</table>

5.4.4.2 Model fit for Model 1

The model fit of the measurement model was then reviewed. The threshold below are per Hair et al. (2010), stipulated for a sample size less than 250 and where the number of variables is between 12 and 30 (in this case 13).

Table 4: Model fit for Model 1

<table>
<thead>
<tr>
<th>Measure</th>
<th>Threshold</th>
<th>Model fit of the study</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square/df (cmin/df)</td>
<td>&lt; 3 good; &lt; 5 permissible</td>
<td>1.83</td>
<td>Acceptable</td>
</tr>
<tr>
<td>p-value for the model</td>
<td>Significant even with good fit</td>
<td>.00</td>
<td>Acceptable</td>
</tr>
<tr>
<td>CFI</td>
<td>.95 or better</td>
<td>.94</td>
<td>Below threshold</td>
</tr>
<tr>
<td>SRMR</td>
<td>&lt;.08 or less (with CFI of .95 or higher)</td>
<td>.06</td>
<td>Acceptable</td>
</tr>
</tbody>
</table>

It was noted that all estimates were within an acceptable threshold, except for the CFI which was slightly outside acceptable threshold. Per Hair et al. (2010), typically three or four measures were adequate to establish good fit and thresholds are only to be used as guidelines and not absolute determination of good fit. As such, the model was deemed to be a good fit.

5.4.4.3 Measurement Model Invariance

Since this study tests if there are differences between people of different ethnicities (multi-group testing), the configural, metric and scalar invariance were tested to validate that the structure and factor loadings were sufficiently equivalent across groups. First, two groups were created within the measurement model in AMOS, namely Diverse (which included people who identified as black, coloured and Indian), and Non-Diverse
(which included people who identified as White). These invariance tests are detailed below.

**Configural Invariance**

To test the configural invariance, the model fit of the measurement model with the two groups (without any cross-group path constraints) was verified. The threshold below is per Hair et al. (2010), for studies with a sample size of less than 250 and the number of variables between 12 and 30 (in this case 13). The results are shown in Table 5 below.

*Table 5: Configural Invariance for Model 1*

<table>
<thead>
<tr>
<th>Measure</th>
<th>Threshold</th>
<th>Model fit of the study</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square/df (cmin/df)</td>
<td>&lt; 3 good; &lt; 5 permissible</td>
<td>1.49</td>
<td>Within threshold</td>
</tr>
<tr>
<td>p-value for the model</td>
<td>Significant even with good fit</td>
<td>.00</td>
<td>Within threshold</td>
</tr>
<tr>
<td>CFI</td>
<td>.95 or better</td>
<td>.93</td>
<td>Outside threshold</td>
</tr>
<tr>
<td>SRMR</td>
<td>&lt;.08 or less (with CFI of .95 or higher)</td>
<td>.08</td>
<td>Within threshold</td>
</tr>
</tbody>
</table>

All measures were within the acceptable threshold for model fit (Hair et al., 2010), except for the CFI which was slightly below. The model was deemed to still demonstrate overall good fit.

**Metric Invariance**

Then the metric invariance was tested. A chi-square difference test was performed by comparing the chi-square and df on the unconstrained and fully constrained models which had both groups defined. The results are shown in Table 6.

*Table 6: Metric Invariance for Model 1*

<table>
<thead>
<tr>
<th></th>
<th>Chi-square</th>
<th>df</th>
<th>p-val</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unconstrained</td>
<td>184.81</td>
<td>124</td>
<td></td>
</tr>
<tr>
<td>Fully constrained</td>
<td>197.91</td>
<td>137</td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>13.10</td>
<td>13</td>
<td>.40</td>
</tr>
</tbody>
</table>
It was noted that the p-value for the chi-square difference test was not significant between the unconstrained and fully constrained model, where the regression weights were constrained. This implies that the differences between the groups are invariant at the factor loadings level in the measurement model. Metric invariance was therefore deemed acceptable.

**Scalar Invariance**

Lastly the scalar invariance was tested. This was done using the Multi-group analysis function in AMOS. The Measurement Intercept models were compared in AMOS between the two groups, and the results of the chi-square difference tests of the two models are shown below.

**Table 7: Scalar Invariance for Model 1**

<table>
<thead>
<tr>
<th>Model</th>
<th>DF</th>
<th>CMIN</th>
<th>P</th>
<th>NFI Delta-1</th>
<th>IFI Delta-2</th>
<th>RFIrho-1</th>
<th>TLIrho2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement intercepts</td>
<td>13</td>
<td>16.47</td>
<td>.23</td>
<td>.02</td>
<td>.02</td>
<td>-.00</td>
<td>-.00</td>
</tr>
</tbody>
</table>

It was noted that the p-value was insignificant, as p-value was above .05. This means that the variance between the two groups was insignificant, which further means that the model demonstrated adequate scalar invariance.

As a summary, the model demonstrated configural, metric and scalar invariance amongst the Diverse and Non-Diverse groups, thus the analysis could proceed and compare the groups.

**5.4.5 CFA for Model 2**

Since there were discriminant validity issues amongst the scales in the initial model, three different measurement models were explored, which would allow the study to sufficiently answer the research questions posed as well as provide the best measurement model for the data collected. This section details the testing of the second model, which entailed combining the OI and OC scale into a 2nd Order Factor scale.
The second measurement model was created, with a new variable acting as a 2nd Order Factor (EB) was created. EB was then connected to OI and OC, which were made into endogenous variables by adding error terms to them (as shown in Figure 8 below). The Diversity Climate (DC), Organisational Attractiveness (OA) and Employer Brand (EB) were then covaried, as shown in Figure 8 below.

In building the second model, a Heywood’s case was noted, where the standardised factor loading from EB to OC was above 1.00. To fix this error, different paths were constrained. In addition, the path constraint was moved to EB and the paths EB to OI and EB to OC were

Figure 8: Measurement model for Model 2
constrained to be equal (Gaskin, 2016). None of these methods were successful. Therefore no further tests were conducted on this model and it was disbanded.

5.4.6 CFA for Model 3

Since there were discriminant validity issues amongst the scales in the initial model, three different measurement models were explored, which would allow the study to sufficiently answer the research questions posed as well as provide the best measurement model for the data collected. This section details the testing of the third model.

The third measurement model was built with a common latent factor, which was connected to all observed variables in the model. This would allow the common factor to capture the common variance among all variables, hence reducing discriminant validity of the model. This is shown in Figure 9.
5.4.6.1 Testing for reliability and validity for Model 1

The reliability and validity of the constructs in this model were then tested. In this model, both convergent and discriminant issues were still noted between the variables. Firstly, the composite reliability (CR) was noted to be below .70 (Hair et al. 2010) for all constructs. The Average Shared Variance (ASV) was above .50 (Hair et al. 2010) for all constructs. In addition, the Maximum Shared Variance (MSV) was above the AVE for OC and OI. The results are shown in Table 8 below.
Table 8: Reliability and Validity for Model 3

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>MaxR(H)</th>
<th>DC</th>
<th>OC</th>
<th>OI</th>
<th>OA</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>.58</td>
<td>.27</td>
<td>.14</td>
<td>.61</td>
<td>.52</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OC</td>
<td>.06</td>
<td>.06</td>
<td>.15</td>
<td>.28</td>
<td>.06</td>
<td>.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OI</td>
<td>.42</td>
<td>.12</td>
<td>.24</td>
<td>.45</td>
<td>-.29</td>
<td>.38</td>
<td>.34</td>
<td></td>
</tr>
<tr>
<td>OA</td>
<td>.53</td>
<td>.29</td>
<td>.24</td>
<td>.58</td>
<td>.38</td>
<td>.04</td>
<td>-.49</td>
<td>.54</td>
</tr>
</tbody>
</table>

As a result of the divergent and convergent validity issues, this model was discarded.

5.4.7 Selecting Model 1 for the Structural Model

Given the results of the above tests, the measurement model which showed the best results and most appropriate model fit was Model 1, where the Organisational Commitment (OC) scale was removed. This was deemed acceptable since both Organisational Commitment (OC) and Organisational Identification (OI) were used to measure the strength of the internal employer brand as viewed by employees. OI would still be an adequate construct to measure the strength of the internal employer brand and all research questions would be adequately answered by relying solely on the OI scale. Therefore it was decided that the Model 1, the model which only included the variables DC, OA and OI would be used for the structural model.

5.5 Structural Model

5.5.1 Building the Structural Model

The structural model was built next in order to test the hypotheses detailed in Chapter 3. First, composite variables for each latent construct were generated in AMOS. Each composite variable was then standardised in SPSS. Standardising the variables allow them to be on the same scale and therefore allows for better comparison (Gaskin, 2016). The standardised composite variables were named as follows: Diversity Climate as ZDC, Organisational Identification as ZOI, and Organisational Attractiveness as ZOA. In addition, a new variable (OlxOA) was created by multiplying ZOA and ZOI. This variable
was used as the interacting variable to test the moderating effect of OA on the relationship between ZDC and ZOI.

To build the structural model, ZDC was used as the exogenous variable. ZOI, ZOA and OIxOA were used as endogenous variables. All endogenous variables had error terms associated to them. Figure 10 shows the representation of the structural model in AMOS.

![Figure 10: Structural Model in AMOS](image)

### 5.5.2 Testing for Model Fit

The model fit of the structural model was verified and no issues were noted as shown in the table below. The threshold below is per Hair et al. (2010), for studies with a sample size of less than 250 and the number of variables between 12 and 30.

**Table 9: Model fit for structural model**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Threshold</th>
<th>Model fit of the study</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square/df (cmin/df)</td>
<td>&lt; 3 good; &lt; 5 permissible</td>
<td>3.85</td>
<td>Within threshold</td>
</tr>
<tr>
<td>p-value for the model</td>
<td>Significant even with good fit</td>
<td>.01</td>
<td>Within threshold</td>
</tr>
<tr>
<td>CFI</td>
<td>.95 or better</td>
<td>.96</td>
<td>Within threshold</td>
</tr>
<tr>
<td>SRMR</td>
<td>&lt; .08 or less (with CFI of .95 or higher)</td>
<td>.05</td>
<td>Within threshold</td>
</tr>
</tbody>
</table>
It was noted that all estimates were within the threshold and therefore the structural model demonstrated good fit. Therefore there is empirical support for the overall model.

5.5.3 Initial correlation estimates between variables

The structural model was then run to examine the correlation between the endogenous variable (ZDC Diversity Climate) and all the endogenous variables (ZOI, ZOA and OIxOA). The correlation weights are indicated in the below as Estimate and the significance of the correlation is indicated by the p-value. These results were used to test each of the research questions and propositions as detailed below.

Table 10: Results of Structural Model

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZOI</td>
<td>&lt;---</td>
<td>ZDC</td>
<td>.66</td>
<td>.07</td>
<td>8.99</td>
</tr>
<tr>
<td>ZOA</td>
<td>&lt;---</td>
<td>ZDC</td>
<td>.83</td>
<td>.05</td>
<td>15.28</td>
</tr>
<tr>
<td>OIxOA</td>
<td>&lt;---</td>
<td>ZDC</td>
<td>-.77</td>
<td>.14</td>
<td>-5.62</td>
</tr>
</tbody>
</table>

5.6 Results for Research Question 1

Research question 1: Is there a relationship between the diversity climate of an organisation and the internal employer brand?
Proposition 1: There is positive relationship between Diversity Climate (DC) and Organisational Identification (OI)
   HO: There is a statistically significant positive correlation between DC and OI
   H1: There is not a statistically significant positive correlation between DC and OI
Proposition 2: There is positive relationship between Diversity Climate (DC) and Organisational Commitment (OC)
   HO: There is a statistically significant positive correlation between DC and OC
   H1: There is not a statistically significant positive correlation between DC and OC

Since the Organisational Commitment (OC) showed discriminant validity issues with the Organisational Identification (OI) scale, as detailed earlier, only the OI scale was used to test for Internal employer brand. This was sufficient to test the research question of whether there is a relationship between diversity climate and the internal employer brand.
Table 10 shows the results of the correlation between DC and OI, which was noted at .66. It was also noted that there was a significant positive correlation between DC and OI as the p-value was significant. Since OI and OC showed a high shared variance, it can be deduced that there is a significant positive correlation between DC and OC.

Therefore the null hypotheses HO was accepted in both propositions 1 and 2.

5.7 Results for Research Question 2

Research Question 2: Does the construed employer brand have an influence over the relationship between the diversity climate and the internal employer brand?

Proposition 1: As Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) also increases

HO: OA will positively moderate the correlation between DC and OI

H1: OA will negatively moderate the correlation between DC and OI

In the structural model, the correlation between DC and OA, as well as between DC and the interaction variable (OIxOA), was reviewed. The results are shown in Table 10. It was noted that there was positive correlation between DC and OA (.83). The correlation was also significant as shown by the p-value which was below .05. The results show that there was a negative correlation between DC and the interacting variable OAxOI. This means the OA negatively moderates the relationship between DC and OI.
The null hypothesis was therefore rejected in favour of the alternate hypothesis that OA does negatively moderate the relationship between DC and OI.

5.8 Results for Research Question 3

Research Question 3: What role does ethnicity have on the relationship between the diversity climate and the employer brand amongst current employees in South Africa?

Proposition 4: The relationship between Diversity Climate (DC) and Organisational Identification (OI) will be stronger for people of black, coloured or Indian ethnicities
   HO: Ethnicity will moderate the correlation between DC and OI
   H1: Ethnicity will not moderate the correlation between DC and OI

Proposition 5: The relationship between Diversity Climate (DC) and Organisational Commitment (OC) will be stronger for people of black, coloured or Indian ethnicities
   HO: Ethnicity will moderate the correlation between DC and OC
   H1: Ethnicity will not moderate the correlation between DC and OC

Proposition 6: For people of black, coloured or Indian ethnicities, as Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) will increase more significantly
HO: OA will have a stronger positive moderating effect on the correlation between DC and OI for people of black, coloured or Indian ethnicities
H1: OA will not have a stronger moderating effect on the correlation between DC and OI for people of black, coloured or Indian ethnicities

For the above tests, a multi-group comparison was run on the structural model. Two groups were created, one called Diverse, which included the people who identified as black, coloured and Indian, and another one called NonDiverse which included people who identified as White. To understand which relationships were significantly different, a chi-square difference test was run between the two groups for each interaction. More specifically, a chi-square difference was run in AMOS, where the paths were freely estimated except for the path being examined which was constrained. The results of the tests are in Table 12, which shows the standardised regression weights for each path, and for each group.

Table 11: Multi-group test for structural model (Local test)

<table>
<thead>
<tr>
<th>Path Name</th>
<th>Diverse Beta</th>
<th>NonDiverse Beta</th>
<th>Difference in Betas</th>
<th>p-value for Difference</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC --&gt; OI</td>
<td>.67</td>
<td>.69</td>
<td>-.02</td>
<td>.84</td>
<td>H4 and H5: Difference is not significant</td>
</tr>
<tr>
<td>DC --&gt; OA</td>
<td>.86</td>
<td>.76</td>
<td>.10</td>
<td>.27</td>
<td>H4 and H5: Difference is not significant</td>
</tr>
<tr>
<td>DC OAxOI</td>
<td>-.37</td>
<td>-.46</td>
<td>.09</td>
<td>.00</td>
<td>H6: Significant difference</td>
</tr>
</tbody>
</table>

5.8.1 Results for Hypotheses 4 and 5

This test was performed to understand if the relationship between the diversity climate and the internal brand (OI and OC) was different for people of different ethnicities. Only the relationship between DC and OI was examined, as OC showed a high shared variance with OI and was removed.

To understand if there was a difference in the two groups in the correlation between DC and OI, a chi-square difference was run in AMOS. The two models were ran with all paths were freely estimated except for the path from DC to OI which was constrained. It was noted that the standardised regression weight for the Diverse group was noted at
.67 while the standardised regression weight for the Non-Diverse group was noted at .69 (Table 11). However, the difference was insignificant, as noted as by the p-value (above .05) of the chi-square difference test (Table 11).

Thus it can be concluded that there was no significant difference in the relationship between DC and OI between the two groups. Hypothesis 4 and 5 were rejected in favour of the alternative hypothesis.

5.8.2 Results for Hypotheses 6

The last test was conducted to examine if OA had a different role to play in the relationship between DC and OI for people of different ethnicities.

To do this, the chi-square difference test was run to test the relationship between DC and the interaction variable OIxOA. The two models were run with all paths freely estimated except for the path from DC to OIxOI which was constrained. It was noted that the standardised regression weight for the Diverse group was noted at -.37 while the standardised regression weight for the Non-Diverse group was noted at -.46 (Table 11). The difference noted was significant, as indicated as by the p-value (above .05) of the chi-square difference test (Table 11).

![Figure 12: Moderating effect of OA for Diverse group](image-url)
It can be concluded that for the NonDiverse group (people who identify as White), OA had a stronger negative moderation in the relationship between DC and OI than the Diverse group (people who identify as black, coloured or Indian) (Figure 12 and 13). The null hypothesis was rejected in favour of the alternate hypothesis.

5.9 Conclusion

The results show that there was a significant positive relationship between diversity climate and the internal employer brand, as expected. The construed employer brand had a negative moderation effect on the relationship between diversity climate and the internal employer brand – which means that as the construed employer brand increases, the relationship between the internal brand and diversity climate decreases. In addition, this moderating effect was stronger (more negative) for people who identified as White as opposed to those who identified as black, coloured or Indian. Figure 14 depicts the results pictorially.
A summary of the hypotheses and the results are shown in the table below.

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Proposition</th>
<th>Hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research question 1: Is there a relationship between the diversity climate of an organisation and the internal employer brand?</td>
<td>Proposition 1: There is positive relationship between Diversity Climate (DC) and Organisational Identification (OI)</td>
<td>HO: There is a statistically significant positive correlation between DC and OI</td>
<td>Null Hypothesis Accepted</td>
</tr>
<tr>
<td></td>
<td>Proposition 2: There is positive relationship between Diversity Climate (DC) and Organisational Commitment (OC)</td>
<td>HO: There is a statistically significant positive correlation between DC and OC</td>
<td>Null Hypothesis Accepted</td>
</tr>
<tr>
<td>Research Question 2: Does the construed employer brand have an influence over the relationship between the diversity climate</td>
<td>Proposition 1: As Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) also increases</td>
<td>HO: OA will positively moderate the correlation between DC and OC</td>
<td>Null Hypothesis Rejected</td>
</tr>
<tr>
<td>Research Question 3: What role does ethnicity have on the relationship between the diversity climate and the employer brand amongst current employees in South Africa?</td>
<td>Proposition 4: The relationship between Diversity Climate (DC) and Organisational Identification (OI) will be stronger for people of black, coloured or Indian ethnicities</td>
<td>HO: Ethnicity will moderate the correlation between DC and OI</td>
<td>H1: Ethnicity will not moderate the correlation between DC and OI</td>
</tr>
<tr>
<td>Proposition 5: The relationship between Diversity Climate (DC) and Organisational Commitment (OC) will be stronger for people of black, coloured or Indian ethnicities</td>
<td></td>
<td>HO: Ethnicity will moderate the correlation between DC and OC</td>
<td>H1: Ethnicity will not moderate the correlation between DC and OC</td>
</tr>
<tr>
<td>Proposition 6: For people of black, coloured or Indian ethnicities, as Organisational Attractiveness (OA) increases, the correlation between Diversity Climate (DC) and Organisational Identification (OI) will increase more significantly</td>
<td></td>
<td>HO: OA will have a stronger positive moderating effect on the correlation between DC and OI for people of black, coloured or Indian ethnicities</td>
<td>H1: OA will not have a stronger positive moderating effect on the correlation between DC and OI for people of black, coloured or Indian ethnicities</td>
</tr>
</tbody>
</table>
6 Discussion

6.1 Introduction

The previous chapter detailed the results of the statistical tests which were conducted to answer the research questions put forward in Chapter 3. This chapter distils the findings from Chapter 5, in particular the ones that were unexpected, within the methodological limitations of the study. It also aims to challenge and extend the theory presented in the literature review in Chapter 2, thereby providing insight into the perceptions of employees on the diversity climate and employer brand within the context of South Africa.

6.2 Discussion on Research Question 1

**Research question 1: Is there a relationship between the diversity climate of an organisation and the internal employer brand?**

**Finding:**

This test investigates the correlation between the diversity climate of an organisation, and the internal employer brand, which in this study was measured by Organisational Identification and Organisational Commitment.

The results of the study showed that there was a significant positive relationship between the diversity climate of an organisation and the internal employer brand.

Previous studies have demonstrated that there is a positive relationship between the diversity climate and the organisational identification of employees (Cole et al., 2016). However, the context within which this particular study takes place, differs from the developed world. In South Africa, the previously marginalised groups, categorised as black, coloured and Indian, actually form the majority of the population (90.5%, Statistics South Africa, QLFS 3rd Quarter, 2016) and they were historically discriminated against. Olsen and Martins (2016) found that perceptions of the organisation's diversity climate are influenced by the racial diversity of the community in which the organisation is located. The marginalising and repression of the majority of the population brings about particularities in the dynamics of work environment, which is what this study explores.
This research question was supported by Hypotheses 1 and 2 whose results were in fact expected, which is that there is a positive relationship between an organisation’s diversity climate and its internal brand. As described in the literature review, companies with a positive diversity image project an image of being fair and just (Cole et al., 2016). This is a symbolic attribute that research has shown is more valuable to employees than instrumental attributes (Lievens, 2007), and is, as a result, viewed as an added benefit to the employer value proposition.

Based on these findings, this study argues that diversity initiatives will be viewed as positive and appealing to employees particularly in emerging market contexts, such as South Africa. The study posits that with the business landscape still characterised by racial inequality (Bischoff and Wood, 2013), attempts to increase diversity to redress the injustices of apartheid would ethically appeal to employees. As a result, the outcome of a positive diversity image in employees facilitates the self-merging to a company whose values are congruent to their own (Edwards, 2009). This will strengthen their bond to the organisation, in terms of how they identify and link themselves to the organisation (Edwards and Edwards, 2013). By the same token, diversity initiatives signal an organisation’s commitment to fair practices, whereby employees reciprocate through commitment (Kundu and Mor, 2016).

While this test yielded the expected results, an interesting finding during the testing of this hypothesis, was that Organisational Identification was closely related to Organisational Commitment. In fact, the two scales showed discriminant validity issues.

In a study examining the difference between OC and OA, van Knippenberg and Sleebos (2006) posit that Organisational Identification is rooted in social identity theory and is the merging of an employee’s identity with that of an organisation, while Organisation Commitment is rooted in social exchange theory and is the relationship of two entities, the organisation and the employee, engaging in reciprocity. However, this study posits that Organisational Identification is a better indication of employer brand for a few reasons.

First, van Knippenberg and Sleebos (2006) acknowledge that numerous studies have shown that the outcomes of OI and OC are similar in terms of job satisfaction, turnover intention, absenteeism and performance. In addition, in the conceptual model put together by Backhaus and Tikoo (2004), they posit that employer loyalty (synonymous with Organisational Commitment) is a result of employer brand. Also, a few authors have
proposed that the organisational identification of a firm is a key element to shaping their employer brand (Backhaus and Tikoo, 2004; Martin et al., 2011; Edwards and Edwards, 2013). For these reasons, this study posits that the strength of the internal employer brand is sufficiently represented both conceptually and empirically solely by Organisational Identification. Based on the current results, therefore, there is clear support for OI being potentially of greater importance in a diverse environment.

6.3 Discussion on Research Question 2

Research Question 2: Does the construed employer brand have an influence over the relationship between the diversity climate and the internal employer brand?

Finding:
In this test, the internal employer brand was measured by the construct Organisational Identification and the construed employer brand was measured by the construct Organisational Attractiveness.

This test examined the moderating effect that Organisational Attractiveness had on the relationship between Diversity Climate and Organisational Identification.

The results showed that although there was a positive relationship between DC and OI, as well as a positive relationship between DC and OA, OA negatively moderates the relationship between DC and OI.

This means that Diversity Climate was positively correlated to the internal and construed employer brand, but that the construed employment brand negatively moderates the impact between the diversity climate and the internal employer brand.

In other words, the construed employer brand (what employees think that outsiders think of their employer brand) makes the internal employer brand (what employees think of their employer brand) less effective in the relationship between diversity climate and the internal employer brand.

The results of this test are rather intriguing: for employees who believe that the organisation is very attractive in the eyes of stakeholders (high OA), their organisational identification is not influenced by the organisation’s diversity climate as much as employees who demonstrate low OA (i.e. employees who do not think that the organisation is as attractive externally).
As uncovered in Chapter 1, of the 55 journal articles reviewed on diversity and employer brand for the purposes of this research, no studies were found on the relationship between the construed employer brand and the diversity climate as it pertains to current employees. Therefore, the proposals made for this test were entirely based on the literature relating to the construed employer brand.

The construed employer brand is rooted in social identity theory (Lievens, 2007). SIT posits that individuals associate with groups based not only on how they perceive the group, but also based on what they think that outsiders think of the group (Schaarschmidt et al., 2015). Based on these studies, this study proposed that employees who view their organisation in a positive light because of a positive diversity climate, will also identify even more strongly with the organisation and its diversity values for the purpose of self-enhancement. However these findings were not supported. Instead, the construed employer brand dampened the relationship between the diversity climate and the internal employer brand.

A possible explanation for this is perhaps due to the incongruent message of this particular company around diversity. Cole and Salimath (2013) propose a Diversity Identity Management framework. In it, they posit that as organisations incorporate diversity into their mission and strategy, the need to support their stance by authentic diversity management programmes becomes relevant. It is important for a company’s formal policies and statements to align to the company’s practices and informal values and culture (Cole and Salimath, 2013). Should an organisation project a more positive diversity image than what employees experience internally, then employees may question the firm’s legitimacy around diversity (Cole and Salimath, 2013). To that end, this study empirically supports the conceptual Diversity Identity Management framework proposed by Cole and Salimath (2013).

There are a few examples as to why employees may feel that the internal and external diversity messages of an organisation are not aligned. One example is that some employees might view the organisation as a safe environment in which growth is fostered, while others might find the same diversity image to imply that the organisation may favour inclusion of employees over performance (Olsen, 2016). An organisation needs, therefore, to manage its position on diversity carefully so that employees identify with its practices. The reverse could result in employees who resist the firm’s diversity management programmes and become cynical about the firm’s diversity initiatives (Cole and Salimath, 2013).
In as much as this finding is an intriguing one stemming from an under-studied area of diversity and construed employer brand, a few methodological aspects may also have adversely affected the results of this study. One is the smaller sample size (total of 108 respondents) as opposed to the desired sample of 200. Also given that one on-line survey was used to collect the responses, this test is also prone to the common bias method bias.

6.4 Discussion on Research Question 3

Research Question 3: What role does ethnicity have on the relationship between the diversity climate and the employer brand amongst current employees in South Africa?

Finding:
This question tested the role of ethnicity in the relationship between diversity climate and the employer brand.

Hypotheses 4 and 5 tested the role of ethnicity in the relationship between the diversity climate and the internal employer brand. There was no difference in the different ethnicities on how they experienced the internal employer brand (Organisational Identification).

Hypothesis 6 tested the role of ethnicity in the moderating effect of the construed employer brand regarding the relationship between diversity climate and the internal employer brand. However, there was a significant difference in the moderating effect of construed employer brand (Organisational Attractiveness) in the relationship between diversity climate and the internal employer brand (Organisational Identification).

6.4.1 Discussion of Hypothesis 4 and 5

The results of this test were that there was no difference between the ethnicities – all ethnicities had a significant positive relationship between diversity climate and the internal employer brand. The results of this test are a departure from proposal and hypotheses put forward and reveal a different picture within the context of South Africa.

Previous literature has empirically found that racial minorities have shown more awareness and affinity to diversity policies and practices (Avery et al., 2006, McKay et
al., 2007, Cole et al., 2016, Olsen and Martins, 2016). At the same time, some studies even show that some majority ethnic groups are repelled by the presence of diversity initiatives (Olsen and Martins, 2016), as they view this as a threat to the possible exclusion of their own identity (Dover et al., 2016). However these studies were mainly conducted in the United States of America, where diversity initiatives relate to the ethnic minority.

The proposal and hypothesis originally put forward in Chapter 3 posited that the relationship between the diversity climate and internal employer brand (Organisational Identification and Organisational Commitment) would be stronger for people of black, coloured or Indian ethnicities. This proposal was based on the fact that people belonging to under-represented identity groups would identify more strongly with organisations that value diversity (Cole et al., 2016). The argument made was that given the history of apartheid in South Africa, a pro-diversity climate was likely to be sought out more strongly by previously disadvantaged groups. This was based on the social identity theory which posits that employees would align themselves to groups who embody the same characteristics as themselves to enrich self-expression (Martin et al., 2011).

However, the findings of this test reveal that there is no difference in how people of different ethnicities relate to the diversity climate in South Africa. This contradicts all other researches which were carried in the US (Avery et al., 2006, McKay et al., 2007, Cole et al., 2016, Olsen and Martins, 2016, Gutiérrez and Saint Clair, 2018). The possible reasons for this could be manifold.

According to Olsen and Martins (2016), majority groups who come from communities with relatively larger groups of under-represented individuals are more open to diversity than people from predominantly homogenous communities. In South Africa, the previously marginalised groups, categorised as black, coloured and Indian, actually form part of the majority of the population, with 90.5% of the population (Statistics South Africa, QLFS 3rd Quarter, 2016). While the people who identify as white may have historically experienced ethnic privileges under the apartheid government, in they actually form part of the minority in terms of their size. In this light, the people who identify as white, although historically privileged, may currently be more accepting and responsive to diversity climate in South Africa than in other countries. This is why they may value diversity as much as other marginalised ethnicities.
Another possible reason is that there is an increasing pressure in society (and hence amongst employees) for companies to be socially responsible (Lis, 2018), with commitment to diversity being one way in which companies demonstrate their social engagement. In a study conducted as recently as 2018, the researcher found that corporate social responsibility played a more important role than remuneration, intellectual challenge and location amongst potential employees, contrasted by a study in 2007 which showed that remuneration was the most important factor for graduates (Lis, 2018). The study concludes that the “soft issues” are increasingly important and increase organisational attraction. Based on these findings, it is possibly that current employees also view diversity as a socially responsible activity and identify more strongly with an organisation that engages in diversity initiatives. In addition, it could mean that this “soft issue” is just as important for the people who identify as white as for the other ethnic groups, simply because they identify just as strongly with an organisation that is socially engaged. This could be one reason why there was no difference in the relationship between diversity climate and the internal employer brand for both these groups.

Another reason for people who identify as white to feel as strongly about diversity, is that the laws in South Africa promote the recruitment and promotion of people from previously disadvantaged backgrounds, namely, women, people of black, coloured and Indian ethnicities, and people with disabilities (Broad-Based Black Economic Empowerment Amendment Act 2013). These laws in fact reward companies that have good representation of employees from the previously disadvantaged groups and who also invest in the skills development of their previously disadvantaged employees (Broad-Based Black Economic Empowerment Amendment Act 2013). In this light, the people who identify as white may currently experience reverse discrimination by the current labour laws. As such, people who identify as white may show stronger identification to organisations which show a commitment to diversity to all their employees, as they may feel that they would be respected and supported in such an environment.

It may be possible that the diversity climate scale used in this study does not correctly represent the diversity climate in South Africa. This is because the diversity scale, although widely used (McKay et al., 2007, Cole et al., 2006), was developed in the United States, where the under-represented group was also the majority. The diversity scale included four measures, two of which are that the organisation “treats all employees fairly” and “respects the views of all employees” (McKay et al., 2007). These measures indicate the level of inclusion which each employee feels. In this regard, it is possible that employees who identified as white may feel included and respected, simply because
they enjoy ethnic privileges usually enjoyed by those of higher status (Ariss et al., 2014). The other two measures are that the “organisation promotes a diversity friendly environment” and that “top management is committed to diversity”. Given the labour laws around protecting the rights of previously disadvantaged groups (BBBEE Amendment Act 2013), all organisations in South Africa are required to abide by these regulations. As such, all employees may respond positively to these questions. Based on this reasoning, the diversity scale used in this study may not be a correct assessment of the diversity climate of organisations in South Africa.

6.4.2 Discussion on Hypothesis 6

This particular test revealed that the moderating effect of construed employer brand was significantly more negative for the people who identified as white than for people who identified as black, coloured or Indian.

As discussed earlier, in the absence of empirical studies on the relationship between diversity climate and construed employer brand, the proposal and hypothesis put forward was rooted in the social identity theory in which the construed employer brand is based (Lievens, 2007). Based on SIT, this study posited that the moderating effect of the construed employer brand between the diversity climate and internal employer brand will be stronger for people of black, coloured or Indian ethnicities. However, the results of the tests showed that the moderating effect of construed employer brand was significantly more negative for people who identified as white.

As explored in Hypothesis 3, the negative moderating effect in this study could be possibly due to the incongruent messages of this particular company around diversity. As posited by Cole and Salimath (2013), incongruent messages about diversity could cause employees to disengage with the diversity initiatives of an organisation. In this case, this would imply that people who identified as white found the company’s stance on diversity more incongruent with their own experience of diversity in the company. There are a few possible reasons for this.

Olsen and Martins (2016) found that diversity initiatives can be assimilative (which requires all groups to assimilate to an overriding company culture) as opposed to integrative (which allows all groups express their own unique identity). They speculated that depending on the country, different types of diversity initiatives were deemed more attractive. For example in Canada, which is more multicultural than the US, an integrative
approach was more appealing than an assimilative diversity initiative. This study was not empirically tested. More research needs to be conducted to understand how different ethnicities react to different types of diversity initiatives, especially in the context of South Africa.

In another study, Gutiérrez and Saint Clair (2018) found that group members of majority groups relate differently to diversity initiatives focused exclusively on minorities versus those that focus on the general diversity of employees, depending on their desire to maintain social hierarchy. To that end, it may be possible that although people who identify as white find diversity initiatives as a whole positive, it may not resonate with them regarding the type of diversity initiative, and this could dampen the relationship between the diversity climate and organisational identification. Olsen and Martins (2016) suggest that organisations can communicate their stance on diversity in two different ways: one is to position diversity as a business imperative to achieving objectives (instrumental) and another is a moral imperative to society (terminal). The results of their study found that there was no difference in how different ethnicities reacted to either strategy (Olsen and Martins, 2016). However, that study was conducted in the United States. How under-represented and priviledged groups in South Africa react to these two different communication strategies around diversity initiatives remains to be investigated.

6.5 Conclusion

The study gives insight into the dynamics of the work environment in South Africa, characterised by an ethnic majority which has undergone racial discrimination as a result of apartheid. The majority of the findings of this study challenge the existing literature. The next chapter looks into how these findings can inform current management’s practices. In addition, the limitations of the study and additional areas for future research are discussed.
7 Conclusion

7.1 Introduction

This chapter concludes the study by summarising the principal findings which were brought to light as a result of the analysis. It includes recommendations to business practitioners proposed as a result of this study, particularly around the diversity management initiatives and employer branding strategies that organisations can use to produce positive employee outcomes. Lastly, the limitations of the study are discussed, and suggestions for additional areas of future research are also offered.

7.2 Recap of Research Questions

To address the retention challenges (Towers Watson, 2014) that organisations face in an increasingly global environment (Boehm et al., 2014), this study investigates the relationship between the diversity climate and the employer brand amongst current employees. In particular, this study is conducted in South Africa, whose population is characterised by a previously marginalised ethnic majority and a privileged ethnic minority. To fulfil the purpose of this research, the research questions that this study set out to answer are:

- Is there a relationship between the diversity climate of an organisation and the internal employer brand?
- Does the construed employer brand have an influence over the relationship between the diversity climate and the internal employer brand?
- What role does ethnicity play in the relationship between the diversity climate and the employer brand amongst current employees in South Africa?

7.3 Main findings

Unlike most employer branding studies, which focus on potential employees, this one focuses on current employees, and examines both the internal employer brand and the construed employer brand. The study also gives insight into the business environment
in South Africa, which is marked by an ethnic majority that has undergone racial
discrimination as a result of apartheid. The main findings of the study are outlined in this
section.

7.3.1 Research Question 1

Is there a relationship between the diversity climate of an organisation and the internal employer brand?

The results show that there is a positive relationship between the diversity climate and the internal employer brand. This finding supports the claim that employees find companies with a positive diversity image to be “fair and just” (Cole et al., 2016) and therefore appealing. As a result, a positive diversity image facilitates the identification of employees with a company whose values are congruent to their own (Edwards, 2009), and will strengthen their bond to the organisation (Edwards and Edwards, 2013). This finding implies that a positive diversity climate is a key employer branding strategy that can be used to engage and retain employees.

It is, however, also possible that that the Diversity Climate scale used in this study does not adequately represent the diversity climate of the organisation in South Africa. This is because the diversity scale was developed in the United States, where the under-represented ethnic group was also the minority (McKay et al., 2007). In addition, in the light of post-apartheid labour laws that protect the previously disadvantaged majority, it is a business requirement for organisations to incorporate diversity into their practices. Since this particular diversity scale measures commitment of firms to diversity (which is in fact required by law), the scale may not be a correct assessment of the diversity climate of organisations in South Africa.

Lastly, in the light of the limited studies conducted on employer brand for current employees, this study proposes that the strength of the internal employer brand is sufficiently represented by Organisational Identification. Conceptually, OI is supported by literature as key element to the employer brand (Backhaus and Tikoo, 2004; Martin et al., 2011; Edwards and Edwards, 2013). Empirically, the study found OI to be a well-defined widely used scale that adequately represents the strength of the employer brand amongst employees.
7.3.2 Research Question 2

*Does the construed employer brand have an influence over the relationship between the diversity climate and the internal employer brand?*

The study explored the role of the construed employer brand in the relationship between diversity climate and the internal employer brand – which is an under-studied field of literature. The results of this test were unexpected, as the findings showed that the construed employer brand dampens the relationship between the diversity climate and the internal employer brand.

The study speculates that this finding may empirically support the conceptual Diversity Identity Management framework of Cole and Salimath (2013). That framework claims that should organisations have a misalignment between their formal diversity message and their informal diversity practices it could cause employees to find the diversity messages of the firm to be incongruent. As a result, they might resent the organisation’s diversity activities, or even disengage, which would, in turn, reduce the effectiveness of the diversity efforts of the organisation.

To that end, organisations should carefully manage their formal diversity strategies in conjunction with their internal diversity initiatives, and ensure that they are aligned and congruent. It could result in employees identifying more strongly with the diversity initiatives of the firm, thus accelerating the firm’s efforts to diversity.

7.3.3 Research Question 3

*What role does ethnicity have on the relationship between the diversity climate and the employer brand amongst current employees in South Africa?*

Previous literature has empirically confirmed that racial minorities have shown more affinity to diversity policies and practices (Avery et al., 2006, McKay et al., 2007, Cole et al., 2016, Olsen and Martins, 2016, Gutiérrez and Saint Clair, 2018). However, this particular study shows that all ethnic groups in South Africa – the repressed majority and the privileged minority – value diversity equally, challenging existing theory that the under-represented ethnic groups identify more strongly with diversity initiatives.
A possible reason for this may be that a white privileged group may place as much value on diversity if they are in fact a minority of the population (Statistics South Africa, QLFS 3rd Quarter, 2016). In fact, studies have found that perceptions of the organisation’s diversity climate are influenced by the racial diversity of the community in which the organisation is located in (Olsen and Martins, 2016). The more racially diverse a community is, the more open its members to diversity efforts (Olsen and Martins, 2016).

The study also found that the moderating effect of the construed employer brand was more pronounced in people who identified as white. More research can be conducted to understand what types of diversity initiatives resonate with people who identify as white.

### 7.4 Management implications

The results of this study reveal some pertinent findings, which give context to issues of management of South African companies regarding the perceptions of different ethnicities towards diversity. The positive relationship between the diversity climate and the internal employer brand of all ethnicities in South Africa suggests that diversity efforts are important to enhance companies’ employer brand amongst employees. Studies have shown that enhanced employer brands result in greater engagement and commitment of employees (Biswas and Suar, 2016). This then leads to improved business outcomes for shareholders, customers and external stakeholders (Biswas and Suar, 2016). With this in mind, organisations in South Africa can look to leveraging diversity initiatives as a key employer branding strategy for the retention of their current employees, regardless of their ethnicity.

As organisations look to improving their diversity image externally, the messages about diversity that organisations convey to all stakeholders, even external stakeholders, do find its way back to its employees. The congruence between what employees experience within the firm’s diversity climate and what they believe external stakeholders think of the firm, can influence how they react to the diversity initiatives that a firm engages in. Should organisations convey a more positive image than that which employees actually experience, this can cause them to disengage in the diversity initiatives. In turn, this would then reduce the effectiveness of the firm’s diversity efforts. This implies that organisations need to carefully manage their formal and informal diversity messages, both to internal and external stakeholders.
Lastly, it also appears that people who identify as white are more susceptible to the incongruence in the stance a firm takes internally and externally. The underlying reasons for this need to be researched and better understood. It is possible that the communication strategies that a firm employs around diversity need to be tailored to different ethnicities. These different approaches to the diversity strategy of an organisation may help create more congruent and authentic diversity messages for people of all ethnicities.

7.5 Research limitations

Perhaps the largest limitation of this study is the lack of a diversity climate scale developed for environments where the under-represented ethnic groups form the largest part of the population. As explained earlier, in a context where the labour laws are highly regulated to promote the fair representation and promotion of the ethnic majority, most, if not all organisations, are committed to diversity. Therefore, almost by default, most organisations which abide to the regulations could be seen to exhibit positive diversity climates.

Another limitation of this study is the absence of a scale to measure the construed employer brand. Given the limited literature in this field, this study argued in the literature review that the Organisation Attractiveness (OA) scale was the most appropriate measure of the construed employer brand. OA is in fact a commonly used outcome used to comprehend the attractiveness of an employer brand amongst potential employees (Highhouse et al. 2003, Lievens et al., 2005; Capser et al., 2013; Renaud et al., 2016; Lis, 2018), and was used to understand the construed employer brand in one study (Lievens, 2007). However, there remains to date no specifically developed scale to understand the construed employer brand.

A few methodological challenges were encountered during this research. In a population of over 1700 of employees, a survey was sent to 600 employees, of which 128 responded, and of which only 108 responses were useable. This study used Structured Equations Modelling (SEM) as the analysis method. As a general rule, a sample size of about 200 is adequate for SEM analysis. Even though Hair et al. (2010) stipulate that a minimum sample size of 100 is required for models which contain five or fewer constructs, each with more than three variables (as is this study), additional samples
would have likely influenced the results. In addition, the responses to this survey were collected using an on-line questionnaire. This was not coupled by any other instrument, opening the study up to the risk of the common method bias.

7.6 Additional research

This study strongly suggests the development of a diversity climate scale which would take a different approach to measuring diversity beyond whether “the organisation promotes a diversity friendly environment” or “top management is committed to diversity”. The scale should aim to investigate if the organisation promotes diversity beyond what the law requires. In fact, in a study conducted by Dwertmann et al. (2014), they posit that most scales are biased towards fairness and discrimination and urge scholars to develop a diversity scale that holistically measures inclusive behaviours.

As outlined in Chapter 1, the literature on the internal employer brand is an under studied field. This has been highlighted by many researchers, dating back to Lievens et al. (2007) and more recently, Theurer et al. (2018) and Davies et al. (2018). This study supports this finding, and recommends that more research be conducted in this field.

But more importantly, this study recommends additional research to be carried out around the construed employer brand. To explain why the construed employer brand dampens the relationship between diversity climate and the internal employer brand, this study speculates that this may be due to the incongruence of how employees experience the diversity climate of a firm as opposed to the message the firm sends externally. That said, exploratory research should rather be conducted to investigate this proposition further.

In addition this study was conducted within one organisation in the service industry. Replicating this study amongst organisations from multiple industries could provide additional context and insight into a cross-sectional view of industries in South Africa.
7.7 Conclusion

In spite of the limitations of the study, this study successfully sheds some light on the research questions that it set out to understand. The business landscape in South Africa is unique and the interplay of how a repressed majority and privileged minority perceive the employer brand has culminated in interesting findings.

From a theoretical standpoint, this study contributes to the limited research on diversity and employer brand as it relates to current employees. In the absence of a well-established scale used to measure the internal employer brand, this study proposes that Organisational Identification is conceptually and empirically a sound measure of the internal brand. The construed employer brand, in particular, is an under-studied field, and the findings of this study are rather intriguing. Essentially, the finding was that the construed employer brand dampens the relationship between the diversity climate and the internal employer brand. This study offers some speculation around the reasons for this phenomenon, but also offers a departure point for future research on this topic.

From a business perspective, the study posits that diversity strategies can be used an effective employer strategy among current employees, thus helping retention challenges that organisations face. The study also cautions organisations to carefully manage their diversity messages both internally and externally, to ensure full support from employees on their diversity efforts.
References


Appendix

Appendix 1: Measurement Scales

Diversity Climate (DC)
DC was measured using a four point scale (Mckay et al., 2011) originally developed by Mor Barak et al. (1978) to assess the perceptions of the diversity climate of the organisation. Questions were measured on a 1 – 5 continuum. The questions were:

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<td>I trust [the Company] to treat me fairly</td>
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<td>DC2</td>
<td>[The Company] maintains a diversity friendly work environment</td>
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<td>DC3</td>
<td>[The Company] respects the views of people like me</td>
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<td>DC4</td>
<td>Top leaders demonstrate a visible commitment to diversity</td>
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Organisational Identification (OI)
OI was measured using a six point scale (Cole et al., 2016) originally developed by Mael and Ashford (1992), to assess the organisational identification of the employees. Questions were measured on a 1 – 5 continuum. The questions were:

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<tr>
<td>OI1</td>
<td>When someone criticizes (the Company), it feels like a personal insult</td>
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<td>OI2</td>
<td>I am very interested in what others think about (the Company)</td>
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<tr>
<td>OI3</td>
<td>When I talk about this company, I usually say “we” rather than “they”</td>
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<tr>
<td>OI4</td>
<td>(This Company’s) successes are my successes</td>
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<tr>
<td>OI5</td>
<td>When someone praises (the Company), it feels like a personal compliment</td>
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<td>OI6</td>
<td>If a story in the media criticized (the Company), I would feel embarrassed</td>
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</table>

Organisational Commitment (OC)
OC was measured using a six point scale (Kundu, 2016), originally developed by Mowday (1979), to assess the organisational commitment of the employees. Questions were measured on a 1 – 5 continuum. The questions were:
I am willing to put in a great deal of effort beyond that normally expected
I talk up (this organisation) to my friends as a great organisation to work for
I would accept almost any type of job assignment in order to keep working for (this organisation)
I am proud to tell others that I am part of (this organisation)
I am extremely glad that I chose (this organisation) to work for over others
For me, this is the best of all organisations for which to work

Organisational Attractiveness (OA)
OA was measured using a three point scale a scale (Lievens et al., 2007), originally developed by Highhouse et al. (2003) to assess the organisational attractiveness of the employees. Questions were measured on a 1 – 5 continuum. The questions were:

The Company would be a good place to work
The Company is attractive as place of employment
A job in the company is very appealing

The final questionnaire contained all 19 questions, with an addition five biographical questions (gender, race, sexuality, disability and rank).
Appendix 2: Survey Questionnaire

I am conducting research on the relationship between diversity and employer brand. To that end, I would like to request you to participate in a survey that should take no more than 8 minutes of your time. Your participation is voluntary, and you can withdraw at any time without penalty. Your participation is anonymous and only aggregated data will be reported. By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Joya Appadu – 17399522@mygibs.co.za – 083 600 9614

Kerry Chipp – kchipp@mygibs.co.za - +46 72 236 37 60

Demographics

- Country / Office
- Rank (Staff, Senior, Manager, Senior Manager, Partner)
- Gender (Male, Female)
- Nationality
- Ethnicity (Black, White, Indian, Chinese, Coloured, Other)
- Previously disadvantaged (Yes, No, Prefer not to answer)
- Identify as LGBT (Yes, No, Prefer not to answer)
- Identify as Disabled (Yes, No, Prefer not to answer)

Questions

- 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
- [The Company] is a good place to work
- [The Company] is attractive as place of employment
- A job in [the Company] is very appealing
- When someone criticises [the Company], it feels like a personal insult
• I am very interested in what others think about [the Company]
• When I talk about [the Company], I usually say “we” rather than “they”
• [The Company]’s successes are my successes
• When someone praises [the Company], it feels like a personal compliment
• If a story in the media criticised [the Company], I would feel embarrassed
• I am willing to put in a great deal of effort beyond that normally expected
• I talk up [the Company] to my friends as a great organisation to work for
• I would accept almost any type of job assignment in order to keep working for [the Company]
• I am proud to tell others that I am part of [the Company]
• I am extremely glad that I chose [the Company] to work for over other companies
• For me, [the Company] is the best of all organisations for which to work
Appendix 3: Results of Mahalanobis d-squared test

All samples with a p-value of less than 0.05 were removed.

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