

The perception of gender and racial diversity in top management and its influence on employee engagement: A cross-sectional study of black women in South Africa's financial services industry

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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 Philosophy (Master of Philosophy in Corporate Strategy).

25 November 2024

Abstract

The research study examined the role of the perception of race and gender diversity in top management and its influence on the employee engagement of black South African women working in the financial services industry. The research question hypothesised a positive relationship between perceptions of diversity in senior leadership and positive employee engagement.

Grounded in Upper-echelons theory, Social Identity and Social exchange theory, and gender-bias theories such as Tokenism and the Glass Ceiling, the study drew on diversity management theory to explore how perceptions of diversity in top management leadership influence engagement levels

The research gathered data from respondents employed in listed and unlisted financial services companies using a quantitative cross-sectional survey method.

The findings indicated that the perception of gender and racial diversity in organisational senior leadership does not significantly influence the employee engagement of black women. Perceptions of racial diversity in senior leadership were found to have a greater influence than gender diversity on the engagement levels of black women in South Africa's financial services industry.

The research findings highlight the inconclusive nature of Top Management diversity effects on organisational outcomes. The research aims to contribute to the theoretical understanding of diversity management in non-Western contexts and provide insights into employee engagement theory.

Key definitions:

“Black women” and “black females” are collectively defined as African, Indian and Coloured women in South Africa.

“Shared cultural background” is defined as sharing a common identity with a specific subgroup within the category of “black women” or “black females”: i.e., African, Indian or Coloured

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 Philosophy [insert programme name here] 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.

25 November 2024

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Chapter 1: Introduction

1.1. Relevance of the Research from a Business Perspective

The advancement of women economically and in the workplace has been highlighted as an essential goal for society's advancement. Several public policies, such as the United Nations (UN) Sustainability and Development Goal Number 5 (SDG5), Black Economic Empowerment (BEE), and the Employment Equity Act (EE) in South Africa, have been enacted to help achieve this. All these public policies are aimed at empowering women economically and ensuring that women are included in leadership across politics, business, and public life. Promoting diversity in the workplace has been highlighted in numerous sections of society and literature as a critical role organisations can play in helping achieve this broader societal goal. Diversity also makes sense from a business performance perspective (McKinsey & Company, 2023).

Several studies have shown that organisations with greater diversity are more innovative, have improved decision-making, and thus are more profitable (Dixon-Fyle et al., 2020). Therefore, effective diversity management is crucial for organisations that want the economic benefits derived from a diverse workforce (Kollen, 2021).

Increased organisational diversity also positively impacts employee engagement, can reduce staff turnover (Gomathi & Gupta, 2022), and increases business performance. When employees are unengaged, it negatively affects business outcomes resulting in lower productivity levels, negatively impacts customer service, and can lead to higher staff turnover and absenteeism (Rheem, 2022). The cost of low staff morale will eventually be felt in the bottom line. By ensuring that women are engaged, organisations can benefit from the positive business performance outcomes that diversity offers. Representation matters. Visibility can serve as a powerful motivator and inspire women to pursue leadership opportunities (Sánchez & Lehnert, 2019). By understanding whether the perception of diversity is linked to increased employee engagement, organisations can close the gendered engagement gap (Banihani & Syed, 2020).

The International Monetary Fund (IMF) considers emerging markets to offer significant future growth opportunities and thus essential for the global economy. Organisations operating or expanding into emerging markets, such as South Africa, must understand how to manage diversity within their context effectively and how its connection to employee engagement can improve performance outcomes.

Because gender diversity in organisations has been found to lead to better performance, attracting and retaining female employees, especially at a senior level, is a big focus for most company's diversity initiatives. In the South African context, women are particularly underrepresented in most senior levels of organisations and only hold an average of 35% of board positions and 25% of executive roles of the Top 40 companies in South Africa, according to the Johannesburg Stock Exchange (JSE) Women in Leadership report (2023). In unlisted and small and medium enterprises, Black females are also impacted by the underrepresentation of women in senior leadership in South Africa. The 23rd annual Commission for Employment Equity report (2022-2023) reported that women are 45.4% of the economically active population but only account for 26.5% of top management and 25.3% in the private sector. Women in the financial and insurance sector account for 28.7% of the workforce, and black women (African, Indian, Asian, and Coloured) only hold 22.7% of the senior management roles. When comparing the levels of promotion to senior management level, black women still lag behind men across all races, especially white males (Commission for Employment Equity report (2022-2023)).

South African organisations striving for diversity and equitable racial and gender representation in leadership must cultivate a leadership pipeline of skilled black women internally. This is not just to meet employment equity legislation but also to retain skilled, experienced, and tenured women with institutional knowledge in leadership and for succession planning to leverage the business performance benefits of gender-diverse leadership.

South African businesses can drive equitable and visible representation in leadership from both a race and gender perspective by implementing effective diversity management practices that address gender and racialised biases that act as barriers to black women's career progression. These interventions can foster positive employee engagement among women (Banihani & Syed, 2020), lower turnover, and achieve greater organisational commitment from skilled black female employees (T.T Luu et al., 2019).

Academic literature also points to the importance of understanding the relationship between diversity in senior leadership and organisational outcomes (Samimi et al., 2022), and authors have indicated a need for further research into Top Management Team diversity effects in non-Western contexts (Ponomareva et al., 2022; Samimi et al., 2022) as outcomes in literature are inconclusive. Diversity management practices have been widely implemented in South African organisations in response to Employment Equity legislation and the changing landscape of society, which demands equality and

equity for women, racial groups and other disadvantaged groups in the workplace. In academic literature, researchers such as Kollen (2021) have also observed that most research into diversity management has taken place via the lens of developed nations such as the United States and more research is required into this phenomenon within a different construct of diversity that is relevant to other organisational contexts. T.T. Luu et al. (2019) also indicate the need for more empirical research into diversity practices and diversity climate as precedents to worker-employee engagement.

On this premise, the research aims to fill an existing gap in research into the impact of the perception of diversity in senior leadership and its correlation to employee engagement of women in emerging market contexts such as South Africa. With results that can be put into practice, the research will help businesses comprehend how employee engagement is gendered.

1.2. Grounding of the research from a Theoretical Perspective

The research is grounded in the literature based on Upper-echelons theory (Hambrick & Mason, 1984), which seeks to expound on the impact of Top Management Team (TMT) diversity on organisational outcomes (Aguir et al., 2022; Samimi et al., 2022; Ponomareva et al., 2022). The research also grounds itself in gender-bias theory research on the impact of Tokenism (Kanter, 1977), the Glass-cliff theory (Eagly & Carli, 2003), and the Glass ceiling theory (Morrison et al., 1987) as a basis for understanding whether the challenges that women in leadership face and impact organisational outcomes such as employee engagement, particularly for black women who exist on the intersection of race and gender.

The research also grounded itself in Social Identity Theory (SIT) (Tajfel & Turner, 1979), as cited in Blake et al. (2022) and Brown (2020), to understand perceptions of diversity in leadership, i.e. the level of representation of black people and women in senior leadership, impacts how black women may feel about themselves at work as reflected in their levels of employee engagement.

Employee engagement research is most widely grounded in social exchange theory (SET) (Andrew & Sofian, 2012) which posits that relationship exchanges between individuals and groups are a set of social choices taken by the parties involved that result in mutually beneficial outcomes (Cropanzano & Mitchell, 2005 as cited in Andrew & Sofian, 2012). Andrew and Sofian (2012) cite Saks's (2006) assertion that employee engagement is reciprocal based on employee perception that organisations are

benefitting them, and they repay them in engagement levels that result in better performance.

The research also drew on the evolution of diversity management theory (Kelly & Dobbin, 1998; Kollen, 2021; Nkomo et al., 2019; T.T Luu al.,2019), employee work engagement theory (Schaufeli et al., 2002) and Shuck et al.'s (2017) seminal work on employee engagement measures to connect whether perceptions of diversity in leadership positively impact employee engagement of black women.

The study seeks to close the gap by testing the literature on the effects of racial and gender diversity in senior leadership in non-Western contexts, where the majority of TMT leadership diversity research has been conducted. Further, the research aims to fill a gap in the literature on the direct outcomes of leadership diversity perceptions on employee engagement.

1.3. Research Question

Based on invitations from the literature, the research aims to answer the following questions:

- 1) Does the perception of gender diversity in senior leadership directly impact the employee engagement of black females?
- 2) Does the perception of racial diversity in senior leadership directly impact the employee engagement of black females?

The research also seeks to answer the following sub-questions:

- 3) Does shared cultural background mediate the impact of racial diversity in senior leadership on the employee engagement of black females?

1.4. Research Aims and Purpose

The research responds to a gap in the literature by testing whether perceptions of diversity in senior leadership directly impact employee engagement of women in emerging market contexts such as South Africa. This research also aims to test the literature on the positive impact of TMT racial and gender diversity on organisational outcomes, such as employee engagement, focusing on a group on marginalised groups, such as black women, to add to existing knowledge.

The explanatory research responded to invitations from various authors in the TMT leadership diversity and diversity management fields to conduct further research that will

add to the theoretical knowledge in different contexts (Aguir et al., 2022; Kollen, 2021; Ponomareva et al., 2022; Samimi et al., 2022, T.T Luu et al., 2019).

The research question is appropriate as it aims to add to the existing theory on TMT diversity outcomes in organisations. It seeks to understand whether there is a direct relationship between perceptions of gender and racial diversity in senior leadership, its connection to employee work engagement of women in workplaces (Banihani & 2020).

The research outcomes shed light on whether perceptions of racial, cultural, and gender in senior leadership directly and positively correlate to employee engagement. The theoretical implications of this research add to knowledge within Upper Echelons theory on TMT diversity and organisational outcomes by examining their effect on employee engagement in emerging market contexts. The research also adds to employee engagement and related theories, such as social exchange and social identity theory, by testing the applicability of Shuck et al.'s (2017) Employee Engagement Scale (EES) in a specific industry (Financial Services) and country setting (South Africa) to expand the body of knowledge in this area.

Additionally, from a business perspective, the research aims to give managerial insight into whether visible representation in senior leadership directly impacts the employee engagement of black female employees. This will help organisations determine whether the current DEI efforts have the intended effect and whether additional measures are required to improve the employee engagement levels that retain females as part of leadership and succession planning.

1.5. Research Contribution

This research paper contributes to the literature by understanding whether perceptions of gender and racial diversity in senior leadership directly correlate to positive employee engagement.

Several scholars have contributed to the literature regarding diversity in TMT leadership and its organisational outcomes. However, many of these seminal studies have been done in Western contexts such as Europe and America. This research paper responds to the invitation from several scholars to research further into the impact of TMT leadership diversity on organisational outcomes in non-Western corporate environments such as emerging markets (Aguir et al., 2022; Hambrick et al., 2015; Ponomareva et al.,

2022; Samimi et al., 2022). The research focuses on the direct impact of perceptions of diversity on employee engagement which is an under-explored area.

The to test and contribute to existing theories such as Upper-echelons theory (Hambrick & Mason, 1984) and diversity management theory (Aguir et al.,2022; Buengeler et al., 2018; Guldiken et al.,2019; Kollen, 2021, T.T Luu et al., 2019).

T.T Luu et al. (2019) calls for more empirical research to establish whether diversity practices and diverse workplace environments correlate to positive employee work engagement (Downey et al., 2015, as cited in T.T Luu et al., 2019). This research paper contributes to the literature by understanding whether there is a direct link between the perception of gender and racial diversity in senior leadership and the employee engagement of black female employees in financial services in South Africa.

Finally, this research also responds to the invitation to further research in employee and work engagement theory in non-Western settings (Schaufeli et al., 2002; Shuck et al., 2017) and tests the applicability of Shuck et al.'s (2017) EES framework by studying its applicability in different contexts and industry settings.

1.6. Research Scope

The research used a quantitative cross-sectional survey design to survey women over the age of 18 employed in unlisted and listed financial services companies in South Africa. Responses were collected from participants using a structured self-administered online survey questionnaire between August and October 2024.

Analysis and results focused on responses from two categories—race (“black”) and gender (“female”), using the definition of “black female/black women” as per the Employment Equity Act 55 of 1998 of South Africa, which consists of the designated groups that belong to “Black people,” which includes African, Indian, and Coloured People.

Chapter Two: Literature Review

This literature review will evaluate the literature on gender, racial, and cultural diversity practices in organisations and senior leadership, its impact on organisational outcomes, and whether there is a direct positive relationship between perceptions of diversity in leadership and increased employee engagement of black women.

First, the review will discuss the evolution of Diversity Management Practices and how these aim to impact organisations. Then, the review will explore the literature on the relationship between diversity (including gender, racial and cultural diversity) in leadership and positive organisational outcomes. The review will then examine the literature on employee engagement, factors that impact employee engagement, and why increased employee engagement amongst women is important for organisations. Lastly, the review will discuss why the perception of gender, racial and cultural diversity in leadership is important to employees, particularly for black women, and whether positive perceptions impact positive employee engagement.

2.1. Diversity management practices and organisational outcomes

What is “Diversity” and Diversity Management?

The Merriam-Webster dictionary defines Diversity as “*the condition of having or being composed of differing elements, especially the inclusion of people of different races... cultures, etc., in a group or organization*” (Merriam-Webster, 2023). However, while many authors have offered different definitions of diversity, there is no widely accepted definition in the literature.

Kollen (2021) argues that diversity encompasses various dimensions, including any category where individuals share a particular attribute or differ from one another in that trait. Yadav and Lenka (2020) posit that diversity can be understood to mean dissimilarities that exist among the attributes of people. However, Nkomo et al. (2019) assert that the trajectory of diversity theory over the last fifty years has shifted from an anti-discrimination and equal representation of women and racial minorities in management “*to individualized experiences of belonging to multiplex, fluid categories*” (p. 500). Nkomo et al. assert that although diversity theories have historically emerged from United States-centred viewpoints, subsequent academic inquiry has underscored the significance of contextual elements in modern diversity literature. Therefore, it is now understood that diversity can manifest in many aspects across different contexts and is

consequently managed differently by organisations within their respective business operating environment.

While Diversity Management has been a common practice for years in many industrialised Western nations and emerging economies such as South Africa, as a response to changing gender and racial dynamics in organisations and society, the concept is still not well-defined in literature (Kollen, 2021). The concept originally emerged in the United States as a substitute for affirmative action policies (Kelly & Dobbin, 1998; Oppenheimer, 2016, as cited in Koller, 2021), and its primary goal was to address workplace discrimination against black and female employees (Reskin, 1993, 1998 as cited in Kollen, 2021). Diversity management was viewed as more focused on the anticipated economic benefits of a diverse workforce, in contrast to affirmative action, which was perceived as a moral outcome of remedying workplace inequality and the entire workforce (Kollen, 2021).

Kollen (2021) argues that while Diversity Management does not separate itself from the moral outcomes associated with Affirmative Action, the main focus is the economic benefits that accrue from a diversity of thought and experience that a diverse organisation enjoys. Moreover, diversity management is not only focused on the dimensions of race and gender, but it also encompasses all the characteristics and attributes of individuals that, when shared, set them apart from others (Gardenswartz & Rowe, 1998; Klarsfeld et al., 2016 as cited in Kollen, 2021).

Although dimensions such as age, ethnicity, religion, handicap status, sexual orientation, and gender identity are now included as categories in diversity discourse these categories, the relative significance of each category of employee diversity varies from country to country (Kollen, 2021). For instance, companies in Germany may believe that gender is the most important category on which to concentrate their diversity management efforts, whereas companies in Brazil might place a greater emphasis on race (Kollen, 2021). In South Africa's cultural and business operating environment, black women lie at the intersection between gender and race, having experienced the most substantial brunt of racial and gender inequality and discrimination in society and the workplace stemming from South Africa's racialised Apartheid past. This highlights how crucial context is for organisations implementing diversity management strategies, and informs the importance of having diversity management practices in South African institutions which are focused on advancing racial and gender equity by appointing more black women into leadership roles.

Organisational diversity management practices can also encompass multiple dimensions such as recruitment, training and upskilling, career development, and mentorship of targeted candidates that will advance the contextual diversity goals of an organisation (Cox, 1993; Morrison, 1992 as cited in Roberson, 2006). Of late, diversity management strategies have focused on workplace inclusion as the parameter of an organisation's diversity context (Kollen. 2021). This may encompass a broader range of initiatives whereby organisations aim to address barriers that prevent their employees from utilising their full skillset and competency in the workplace, signifying a transition from an emphasis on anti-discrimination and equal opportunity to inclusivity for all employees (Harvey, 1999; Mehta, 2000 as cited in Roberson, 2006).

The inclusion of Inclusion in contemporary Diversity Management Practices

While there is an evolution from "Diversity" to "Inclusion" in literature as noted by Roberson (2006), Nkomo et al. (2019) argue that there is reason to believe that organisations have shifted from a primary focus on diversity to a focus on both diversity and inclusion to reduce the backlash from diversity initiatives within organisations. Inclusion is positioned as an economic benefit from the optimal use of human resources resulting in improved organisational performance (Becker 2012 as cited Bernstein et al., 2020). Bernstein et al. (2020) argue that the addition of *Inclusion* into Diversity Management practices considers stakeholder theory where inclusivity in organisational actions is leveraged to the benefit of internal and external stakeholders (i.e., customers and society); thus, achieving diversity through numeric representation is not sufficient to achieve organisational performance benefits.

The terms diversity, inclusion, and equity must then be distinguished from one another. Bernstein et al. (2020) use the definitions offered by Weisinger and Salinpante (2005) to define representational diversity as "*representation, in one social system, of people with distinctly different group affiliations of cultural significance*" (Cox, 1993, p. 5; as cited in Bernstein et al., 2020). Inclusion is defined as "*the degree to which individuals feel a part of critical organisational processes such as access to information and resources, involvement in work groups, and ability to influence the decision-making process*" (Mor-Barak & Cherin, 1998, p. 48; as cited in Bernstein et al., 2020). Therefore, Bernstein et al. assert that inclusion is more about collective inputs from all employees into organisational culture, process, and decision-making regardless of their status or position in the company. The definition offered for Equity is "*the absence of systematic disparities ... between groups with different levels of underlying social*

advantage/disadvantage—that is, wealth, power, or prestige” (Chin & Chien, 2006, p. 79; as cited in Bernstein et al., 2020).

It may be argued that all three constructs are equally important for black women in South African organisations. However, it is argued that equity and diversity, especially in senior leadership are antecedents to inclusion in the South African organisational context. Because equity is concerned with outcomes at the organisational level and seeks to correct systematic and institutional injustices (Bernstein et al., 2020), it is a key aspect of diversity management practices. It is necessary to advance black women into leadership and retain them in organisations. Citing Tsui et al. (1992), Yadav and Lenka (2020) assert that equity in diversity management practices can also result in favourable outcomes like greater commitment, worker satisfaction, and decreased intention to leave, all linked to high levels of employee engagement. While inclusive practices in Diversity Management are important, black women continue to be under-represented in top leadership roles in most businesses in South Africa. Therefore, the South African organisational context requires concerted and deliberate effort to rectify this through continued efforts to achieve equity in business leadership is still required.

The Employment Equity "Labour Act" of South Africa requires employers to ensure fair representation in their workforce to combat employment discrimination. Diversity recruitment is an important aspect of diversity management in Human Resource Management (Mathews, 1998; Shen et al., 2009, as cited in Kollen, 2021) for South African company operational context where equity and diversity are legally mandated. South African organisations are expected to work toward ensuring equal representation of women and racial groups to comply with the country's laws and this requires a focus on recruitment practices and the retention of black women for succession into leadership as a significant aspect of diversity management approaches. Inclusion, which focuses on all employee contributions in an organisation, cannot supersede the importance of equity and diversity for black women in South Africa. Shore et al. (2018) assert that a key aspect of inclusion in organisations is "*Recognising, honouring and advancing diversity*" (p. 185) and removing barriers to the upward trajectory of historically marginalized groups such as black women. This implies that it is critical that black women experience inclusivity not only through diversity practices but that they are visibly represented in higher leadership positions within their organisations.

While Inclusion is important for black women, diversity and equity in organisational leadership is an antecedent factor

Whereas previous diversity initiatives have primarily focused on reducing bias and ensuring managerial representation, as exemplified by affirmative action policies, Human Resource (HR) diversity policies now recognise the significance of acknowledging both minority and majority employee experiences in creating inclusive organisations and employee inclusion as a result of successful diversity practices (Beungler et al., 2018).

Inclusion focuses on ensuring that all contributions of an organisation's members feel valued (Bernstein et al., 2020). However, true inclusion cannot be achieved when organisational leadership does not truly reflect the diversity that the HR policies espouse. According to Beungler et al. (2018), leaders are essential to ensuring that employees feel included, and organisations rely upon them to do so (Santos et al., 2022).

Leaders are in a strategically important position to assist the organisation in implementing its diversity programs and display their support for diversity and inclusion by ensuring that they advocate for equity (Santos et al., 2022), not just within the organisation but in the composition of its leadership structure. Diversity and inclusion must be visibly demonstrated for employee buy-in, and Shore et al. (2018) argue that organisations with a true commitment to inclusion must also ensure that previously discriminated groups have representation across all levels of the organisation – including leadership.

For inclusion to truly exist, black women need to see themselves as capable of advancing to leadership in their organisations. They must see women who look like them in leadership positions and who have an influence on decision-making at the higher levels of their organisation (Shore et al., 2018). If Inclusive Leadership theory posits that leaders are role models for employees (Buengelera, 2018), black women being visibly represented in leadership creates a workplace environment where black female employees experience psychological safety such that they can be creative, share their perspectives and feel their contributions are valued in the organisation (Shore & Chung, 2022) and are thus less likely to leave.

Therefore, equity must be raised to reap the benefits of inclusion, which include increased employee engagement, although it is acknowledged that contemporary diversity management theory supports the significance of inclusive practices (Bernstein et al., 2020).

Considering that equity refers to “*the absence of systematic disparities ... between groups with different levels of underlying social advantage/disadvantage—that is, wealth, power, or prestige*” (Chin and Chien 2006, p. 79 as cited in Bernstein et al., 2020), the assertion is that true inclusion for black women cannot be achieved without equity, that is gender, racial and cultural representation in the senior leadership of organisations.

The next section the research examines scholarly research on the effects of gender and racial diversity in senior leadership and how these factors impact organisational outcomes like employee engagement.

2.2 Gender diversity in leadership and organisational outcomes

This section of the review seeks to examine the existing literature regarding the research question posed: Does the perception gender diversity in senior leadership directly impact the employee engagement of black females?

Much has been written in scholarly literature about women in leadership and the importance of gender diversity in top leadership. Fernando et al. (2020) define gender diversity in top leadership as “*a move towards a more equitable or balanced representation of women*” (p. 485).

The literature acknowledges that higher levels of gender diversity in corporate and board leadership can result in desirable organisational outcomes (Aguir et al., 2022; Guldiken et al., 2019) such as greater ethical conduct and better financial performance (Guldiken et al., 2019; Franczak & Margolis, 2022), but the volume of research on the topic still regards the impact of gender diversity in leadership as inconclusive (Aguir et al., 2022; Fernando et al., 2020).

Fernando et al. (2020) suggest, for example, that top management's strategic decisions, rather than gender diversity itself, are responsible for the effect of gender diversity in leadership on company performance.

Despite South Africa's labour laws and most organisation's stated commitment to gender diversity in leadership, the representation of women in leadership remains low, and the support for more women to ascend to top leadership is still not at the level required to achieve real change (Ndiwalana, 2020).

Women still face impediments to top leadership ascension and an ambivalent perception of their influence and power in organisations. Tokenism theory (Guldiken et al., 2019; Kanter, 1977) and the glass cliff theory (Eagly & Carli, 2003) provide insight into this phenomenon. This phenomenon occurs when women are appointed into senior leadership to signal diversity and transformation or during organisational turmoil but are not sufficiently supported or do not have the level of influence required to make real changes and achieve success. These theories on gender biases that women in leadership face provide insight into why literary findings on the firm-level outcomes of diversity are considered inconclusive. Black women leaders are not immune to gender bias and often face additional challenges in navigating their corporate careers that add additional difficulty in advancing to senior leadership (Franczak & Margolis, 2022). The “black ceiling”, the “concrete ceiling,” or the “concrete wall” (McGirt, 2017; Catalyst, 1999; Davidson & Davidson, 1997; Bell & Nkomo, 2001 as cited in Erskine et al., 2020, p. 38)

are metaphors that some scholars have built on the “glass ceiling” theory (Morrison et al., 1987, p. 13) and describes are the barriers black women leaders often face as they ascend to leadership and these challenges as observed by other black women can be discouraging and therefore impact engagement levels.

Against the backdrop of literature on the effects of bias on women leaders, there is room for more research on gender diversity in TMT and its relationship with women’s employee engagement. The next section explores the literature on gender and racial bias that impacts women leaders, particularly black women.

Gender bias theory and the organisational outcomes of women in top leadership

Aguir et al. (2022) cite Solal et al. (2019) research into Kanter’s (1977) tokenism theory, which argues that the market perceives the appointment of women into leadership as motivated by an attempt to be seen to embrace diversity rather than a desire to maximise shareholder returns. Women in top leadership positions may face a myriad of negative biases, such as negative perceptions as a token appointment, bear increased scrutiny, exert less influence, and are subject to less resource allocation, which hampers their ability to deliver successfully (Aguir et al., 2023). Black women are still under-represented in senior leadership positions in South Africa, and their appointment could be interpreted as affirmative action rather than merit-based.

This negative perception is especially so when black women are appointed to leadership during organisational turmoil or when companies have faced criticism for their lack of diversity and transformation in top leadership (Aguir et al., 2023). Because of gender bias, women leaders face challenges in influencing and advancing positive changes, especially if the perception of their true influence on organisational strategy is low (Aguir et al., 2023). When a Black woman leader is viewed as a token appointment or has little influence, the diversity agenda may not have the desired effect if they are not given enough support, even while businesses are putting diversity management strategies into place that aim to increase gender representation.

A negative perception of token leadership appointments or poorly supported black women leaders will extend to the overall diversity perception and work environment experience of black women (Aguir et al., 2023), thus impacting their employee engagement. Black women may feel the promotion of black women into leadership is purely an effort to be seen as complying with legislation to signal a commitment to transformation and that they may not receive the support required to be successful.

Black women face additional race and gender biases in the workplace

Black women face systemic and implicit bias that negatively impacts their career advancement and endure unconscious biases around their leadership ability and competence (Erskine et al., 2020). Literature has explored various metaphors that describe the variety of biases that black women endure in corporate workplaces, all rooted in the intersection of race and gender bias. Implicit bias, which is “*unconscious negative feelings and beliefs directed toward marginalized people*” (Erskine et al., 2020; p. 38), while unintentional, disproportionately affects black women such that they experience the “*black ceiling*” (p. 39), as described by Erskine et al., and affects their ability to rise to senior leadership. Erskine et al. reference Catalyst's (1999) assertion that the barriers to black women's advancement are worse than the well-known “*glass ceiling*” (Morrison et al., 1987 as cited in Erskine et al., 2020).

Black women are blocked by the “*concrete ceiling*” (Green & King, 2001; Kumar, 2016 as cited in Dickens et al., 2018), an even more impenetrable barrier due to their status as “*double outsiders*” (Davidson & Davidson, 1997 as cited in Erskine et al., 2020, p. 39) as neither white nor male (McGirt, 2017 as cited in Erskine et al., 2020; p. 39) and with less access to networks, mentors and sponsors that lead to career advancement. The “*concrete wall*” (Bell & Nkomo, 2001 as cited in Erskine et al., 2020) describes the intersection of race, gender, and ethnicity that results in a particular form of “*racialised sexism*,” which manifests in multiple ways within organisations, and whose combined impact forms a working environment that makes it more difficult for black women to navigate the corporate landscape (Erskine et al., 2020).

Further building on the literature that describes the gender biases that women leaders face, the glass cliff theory (Eagly & Carli, 2003) explains why women are inclined to be appointed to top leadership positions during times of crisis, uncertainty, or high risk and the chances of success are poor. Companies facing turmoil tend to try new things (Aguir et al., 2023), including appointing a different CEO who will challenge the status quo. Women are considered to possess qualities such as higher ethical standards and more collaborative and inclusive leadership styles therefore, companies facing a crisis such as negative media coverage for misconduct or financial difficulty would be more likely to appoint a woman leader to navigate the organisation through the crisis (Aguir et al., 2023; Dadanlar & Abebe, 2020). However, women executives have higher expectations due to the societal role expectations they must meet to get the support of stakeholders and employees (Dadanlar & Abebe, 2020) but provided fewer resources or support to succeed (Aguir et al., 2023).

The South African financial services industry illustrates this phenomenon with Basani Maluleke, appointed African Bank CEO in 2018, the first and only black female CEO to lead a commercial bank in South Africa at the time. African Bank had been previously placed under curatorship and required a bail-out from the South African Reserve Bank (the “SARB”) to prevent complete financial collapse. Having served at the bank for over a decade as a non-executive, Maluleke, as CEO, was instrumental in transforming the bank’s financial standing by implementing digital transformation, changing the bank’s operating model by increasing retail investments, and rehabilitating the bank’s image after near collapse (BusinessTech Staff writer, 2021).

Unfortunately, despite performing well, Maluleke did not hold the position for long, resigning only three years into her appointment. African Bank’s appointment of a black female CEO may have been the correct signal to the market on the need for greater commitment to gender and racial transformation in South Africa’s financial services. However, her appointment during a company crisis and her quick subsequent exit due to purported differences with a key board member (Thompson, 2021) highlight the negative consequences of a lack of support for women leaders and the impact of the “glass cliff” theory on the success of women leaders.

These theories highlight the challenges black women and women in general experience in senior leadership and shed light on why many companies continue to grapple with gender diversity in top management.

Gender bias negatively impacts women’s aspirations and pursuit of leadership roles

Gender biases combined with racialised sexism and a lack of support for black female leaders can also impact black women employees’ aspirations for leadership (Sánchez & Lehnert, 2019). This phenomenon within organisations may negatively affect the retention of talented black women intended for the leadership pipeline. Women who aspire to be leaders are more likely to stay with their employer when they feel that their organisation’s diversity policies and procedures provide them with prospects for career advancement (Kossek & Lee, 2021; Sánchez & Lehnert, 2019).

Retaining talented staff provides organisations with the opportunity to groom high-potential black females for leadership as part of increasing diversity in senior leadership. However, perceptions of gender bias can negatively affect women’s aspirations for leadership therefore scuppering diversity efforts (Sánchez & Lehnert, 2019).

In most organisations, gender diversity is visible in middle management, and women are more likely to be found in less powerful or influential roles, like organisational support

roles, rather than in senior leadership (Sánchez & Lehnert, 2019). Effectively implemented organisational diversity policies and processes should signal to black women that their aspiration to leadership will be supported and that they should pursue leadership roles in their company.

However, despite most company's stated commitment to gender and racial transformation, black women remain underrepresented in senior leadership in South Africa. Although multiple factors, such as gender bias, deter women from pursuing senior leadership positions, Sánchez and Lehnert (2019) contend that women's views of their leadership abilities and relevant experience influence their desire to pursue senior leadership roles. Experienced and competent women's decisions for leadership are influenced by their self-perceptions of competence, including the perceived drawbacks of senior leadership (Sánchez & Lehnert, 2019), which were previously detailed in the gender bias theory. For black women, these negative perceptions may be even more pronounced due to the intersection of race and gender in their workplace experience. A perception and belief among black women that they will face additional racial biases is a factor that may affect the desire of black women to pursue senior leadership in organisations.

The brief tenure of African Bank's CEO Basani Maluleke lends credence to the literature on gender bias and racialised sexism that black women leaders face. Top leadership is demanding, and women in senior leadership roles frequently do not receive the necessary support; consequently, they may choose to leave their roles prematurely (Sánchez & Lehnert, 2019). Media conjecture around African Bank CEO Basani Maluleke's abrupt resignation, suggested that Maluleke left because of a tense working relationship with the board's male chair (Thompson, 2021). Maluleke's accomplishments illustrated how gender diversity in top leadership improved an organisation's financial performance, but she was not sufficiently supported to remain in her position despite performing well (Luhabe, 2021). Maluleke's resignation as the then-only black female CEO of a listed JSE financial services company and under such circumstances, reveals the challenges that black women leaders face and the impact of gender bias and racialised sexism in corporate leadership in South Africa.

Women face "commitment stereotypes" regardless of their lifestyle choices

Diversity practices in organisations should mitigate the negative impact of gender bias stemming from women's lifestyle choices on women's desire to pursue leadership roles. The perception that mothers are less competent or suited for demanding roles due to their familial responsibilities and cultural expectations of married women raising children

has impacted mothers in the workplace (Banihani & Syed, 2020) and is noted in the literature as a reason that some women decide not to pursue leadership roles (Sánchez & Lehnert, 2019).

However, single women are also not exempt from commitment stereotyping, as suggested by Kossek and Lee (2022) in their research into gender inclusion in academia, wherein a single female untenured assistant professor was told by her mentor that disclosing her non-academic related extracurricular activities would impact perceptions of her as a serious professor. The gender biases that junior women observe female leaders experiencing will negatively affect their psychological safety and perceptions of women's gendered experience of leadership within organisations (Banihani & Syed, 2020). This includes their aspirations and pursuit of leadership (Sánchez & Lehnert, 2019). While it can be said that contemporary organisations globally understand the importance of implementing gender diversity practices, South African companies must also endeavour to support, increase representation and retain black women in senior leadership visibly (Bernstein et al., 2020) to mitigate negative perceptions of gender bias and racialised sexism that impacts black women.

The impact of gender diversity in leadership on organisational outcomes

Literature has focused on the variations of the outcomes stemming from diversity in strategic leadership and has viewed TMT heterogeneity as both beneficial and detrimental to organisational outcomes depending on context (Samimi et al., 2022). Some literature argues that diversity in TMTs is valuable because it provides richer perspectives that enhance managerial decision-making, and other views suggest that interpersonal conflict may arise from inherent biases and social group divisions that harm team integration, thus affecting firm performance (Samimi et al., 2022).

Despite the mixed findings in the literature on diversity in leadership and the negative effect of gender bias on women leaders, appointing women to top leadership has several positive firm-level outcomes (Guldiken et al., 2019). Several studies have found that organisations with higher levels of gender diversity in senior leadership achieve better profits, and women leaders create inclusive and enjoyable working environments which positively influence the motivation and retention of employees (Franczak & Margolis, 2022). This proves the case for increasing the representation of women in TMT and senior leadership within organisations.

Gender diversity in leadership reduces gender discrimination in organisations

Greater gender diversity in TMT may lead to a decrease in gender discrimination in workplaces. Dadanlar and Abebe (2020) posit that the likelihood of discrimination lawsuits is reduced when an organisation has a female CEO.

Female CEOs also effectively reduce the possibility of future legal action for companies with frequent past diversity misconduct, highlighting the positive impact of gender diversity in senior leadership (Dandalar & Abebe, 2020). Dadanlar and Abebe (2020) further argue that female CEOs tend to foster favourable diversity environments due to their past career experiences where they likely witnessed discriminatory behaviours in the workplace.

Because the CEO's role is crucial in communicating the organisation's values, a female CEO can make a significant contribution to the advancement of gender diversity policies and processes that lower the risk of discriminatory behaviours that result in lawsuits and reputational harm to the organisation (Dadanlar & Abebe, 2020).

Gender diversity begets more gender diversity overall in organisation and Women leaders beget more women leaders in senior leadership and boards

The persistence of gender disparity on company boards is thought to be a contributing factor to the ongoing lack of female representation in TMT and board committees, as these two groups are primarily responsible for selecting senior leadership in organisations (Guldiken et al., 2019). Guldiken et al. (2019) argue that earlier research did not emphasise the role of strategic leaders in promoting gender diversity on boards and instead focused on broader organisational dynamics as antecedents of gender diversity. However, the literature today suggests that appointing more women to top positions is critical to strengthening total gender representation at all levels of the organisation and addressing tokenism in senior leadership. Guldiken et al. (2019) posit that when there are more female top managers in an organisation and at least one female director serving on the board selection committee, more women are likely to be subsequently appointed because women CEOs and board members can advocate for increased gender representation using their direct and indirect board influence, and act as change agents in the companies they manage. This highlights the importance of the presence of more women in strategic leadership as an antecedent to overall gender diversity across senior organisational levels, as women leaders can use their influence

to disrupt previous hiring practices and advocate for recruiting additional women into senior roles (Guldiken et al., 2019).

Women leaders can be critical drivers of gender diversity in organisations. The appointment of women to high leadership positions in organisations results in a "*trickle-down effect*" that leads to a rise in the representation of women in lower-level positions (Corwin et al., 2022). This further supports the assertion that promoting gender diversity in organisations requires that women not only be represented in top leadership roles but equitably so (Bernstein et al., 2020) to foster a work environment that supports increased gender diversity.

Appointing more black women into senior leadership is key to addressing gender disparities in the South African workplace context. In organisations, black women's sense of individuality and belonging is a product of racialised and gendered experiences connected to their place in broader society (McCluney & Rabelo, 2019). This means that diversity practices that focus on inclusivity are not enough, as black women particularly still experience exclusion and different dimensions of visibility and bias that impact their career progression, and thus their ability to experience true inclusion in the workplace is limited by implicit bias (Shore et al., 2011 as cited in McCluney & Rabelo, 2019). This must be considered in any company diversity interventions implemented as black women belong to "*two or more oppressed social identity groups*" (McCluney & Rabelo, 2019, p. 150). Therefore, McCluney and Rabelo (2019) posit that the impact of the intersectionality of race and gender should be considered a salient factor affecting black women, and additional interventions that aim to increase representation are required to support their career progression into leadership. These interventions signal a commitment to supporting black women and driving organisational diversity in leadership, which in turn impacts perceptions of an organisation's diversity climate among black female employees. The significance of perceptions of organisational diversity climate and its relationship to employee engagement is discussed later in this chapter.

Allyship stems from the presence of black women in leadership

Franczak and Margolis (2022) suggest that when members of a minority group see an ally, they are more inclined to speak up and participate in situations they would normally not feel secure. *Allyship* is described as the supportive behaviours of dominant groups on behalf of marginalized groups and posits that women of colour find allyship in other women of colour due to a unique understanding of how structurally oppressive systems

impact them (Bhattacharyya et al., 2024). Examples of workplace allyship include mentoring, prosocial practices, sponsorship, and highlighting the strengths of employees within marginalised groups (Baumert et al., 2013; Erskine & Bilimoria, 2019; Louis et al., 2019; Warren et al., 2022 cited by Bhattacharyya et al. 2024). Therefore, when women are in leadership, other women will see them as potential allies who will potentially advocate for them in the organisation.

Dadanlar and Abebe (2020) assert that female CEOs promote other females and minority employees into executive positions more frequently than their male counterparts and are less likely to tolerate discriminatory and hostile work environments, which reduces the likelihood of discrimination lawsuits. In her book "*Awakening to Truth*," author Mpho Mogotsi explains how a female senior leader at a major bank intervened when she was pregnant and facing discrimination at work. The female leader ensured a fair resolution that avoided a potentially embarrassing labour dispute for the company.

However, allyship is a complex relationship with varying degrees of effectiveness due to power dynamics within these relationships, including the respective circumstances of the ally-beneficiary relationship (Bhattacharyya et al. 2024). Perceptions of allyship amongst African, Coloured, and Indian women may be further complicated in the South African context due to the residual psychological effects of apartheid-era racial laws, thus impacting interracial trust levels within these relationships. Furthermore, given the gender and racial prejudice that persists in society today, how much influence do women of colour in senior leadership positions really have as a previously marginalised and underrepresented group in workplaces? Indeed, eliminating discriminatory practices and increasing gender diversity in workplaces can be greatly aided by having more women in high leadership positions, but as previously discussed, this is dependent on the context within which the female leader finds herself and the level of influence and support she enjoys in the organisation.

Black women need to build networks to navigate the organisational politics required to ascend to leadership

Blake et al. (2022) describe organisational politics as the dynamic or process through which individuals in the workplace may influence desired outcomes beyond their daily responsibilities and get ahead in organisations. Blake et al. (2022) argue that the organisational political playing field that men and women must navigate is unequal, and women may sometimes be excluded, which hampers their chances at career progression. It is more difficult for women and other racial groups to access networks

where the social capital required to ascend to leadership is generated (Fitzsimmons & Callan, 2020), and one of the ways that can level the playing field is by exposing black women throughout all levels in the organisation to other more powerful black women (Blake et al., 2022).

Blake et al. (2022) posit that various academic theories, such as social identity theory, imply that employees model themselves based on the characteristics, attitudes, and behaviours of a leadership archetype they most identify with. Thus, if the social identity theory is considered, black women need other powerful black women to model themselves after, as this increases their and other's belief in their potential to hold powerful positions (Blake et al., 2022; Brown, 2020). This can only be achieved if there is representation of black women in senior leadership within organisations.

Sponsorship and mentoring black women and ensuring accountability in the organisation can increase their engagement

Sponsorship and mentorship of women are important in advancing gender diversity in senior leadership. Organisations may implement formal mentorship and sponsorship programmes to aid the matching of sponsors and mentee/mentor relationships with clear goals aligned with the company's diversity, equity, and inclusion objectives (Sánchez & Lehnert, 2019). In addition, because black female C-suite executives and managers should be more conscious of the organisational and structural barriers that black women face in advancing to senior leadership (McCluney & Rabelo, 2019), they can also actively mentor and sponsor these women and use their positions to influence hiring decisions that promote representation. Black women in senior leadership may drive accountability may be created by setting diversity targets, benchmarking, and monitoring progress to ensure accountability and reporting on progress openly to build trust in the process (Blake et al., 2022). This illustrates the importance and power equitable representation of women in senior leadership can have in enacting organisational change (Guldiken et al., 2019).

The literature reviewed has found that increased gender diversity in senior leadership leads to various positive outcomes for women and organisations overall. Based on the literature review on gender diversity and its positive organisational outcomes, the second hypothesis aims to test whether employee perception of gender diversity in leadership has a positive impact on the organisational outcome of employee engagement and is posed as follows:

H2: There is a positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement

The next section will review the literature on employee engagement and theorise whether it is a positive organisational outcome of positive perceptions of racial, cultural, and gender diversity in leadership.

2.3 Racial and Cultural diversity in leadership and organisational outcomes

This section of the review seeks to examine the existing literature regarding the research question posed: Does the perception of racial diversity in senior leadership impact the employee engagement of black females? Furthermore, does shared cultural background mediate the impact of racial diversity in senior leadership on the employee engagement of black females?

According to Samimi et al. (2022), a key concept in the study of *Top Management Team* (TMT) composition has been the research into TMT heterogeneity or the variations in the characteristics of strategic leaders (Hambrick et al., 2015 as cited in Samimi et al., 2022). The effects of TMT diversity factors, including age, gender, tenure, education, and functional background, on organisational results have been the subject of numerous studies that are based on the upper-echelons theory (Hambrick & Mason, 1984) (Ponomareva et al., 2022).

However, Ponomareva et al. (2022) contend that although cultural diversity, i.e., race, is one of the most crucial and apparent characteristics of top leadership teams (TMTs) and is still significant and socially relevant, the definition of *TMT cultural diversity* is still unclear, and the subject of much misunderstanding in the field of research. Furthermore, Ponomareva et al. argue that the higher echelons of organisations in countries are typically culturally homogenous, hampering the further advancement in research about cultural diversity in TMT. However, as researchers like Richard et al. (2021) seek to understand the implications of matching racial diversity in TMT and the influence of lower management on company productivity, research on the multiple dimensions of cultural diversity is expanding in the field of TMT diversity.

Cox (1993) defines cultural diversity as "*The representation of individuals with distinctly different group affiliations of cultural significance based on racioethnicity and nationality*" (Cox, 1993 as cited in Ponomareva et al., 2022, p. 0). Based on this definition, TMT cultural diversity can include race, ethnicity, and language background (Ponomareva et al., 2022). Richard et al. (2021) cite Blau's (1977) definition of racial diversity in leadership as "*the presence of employees within management who differ in racial background instead of a belonging to one race*" (p. 1355). This review applies the South African context of racial and cultural diversity, where members of the same previously disadvantaged race group under Labour legislation, i.e., "Black people," and where subgroups exist with different racial and cultural backgrounds based on ethnicity and language, i.e., African, Indian, and Coloured.

Managing cultural and racial diversity in organisations affects leadership composition (Hunt et al., 2018, as cited in Ponomareva et al., 2022) and is crucial in the South African business context, given the country's history of racial discrimination. Labour legislation and organisational efforts to address the country's historical denial of opportunity for the black majority in the workplace are becoming increasingly topical as South Africa's workplace demographics change and employees and external stakeholders demand and expect a change in the composition of their senior leadership to reflect the demographics of the country. The level of senior leadership racial and cultural diversity will have a symbolic value for South African employees and external stakeholders and signal whether an organisation provides equal opportunities for career progression regardless of one's racial background (Shore et al., 2011, as cited in Ponomareva et al., 2022).

The literature has demonstrated that racial and cultural diversity in senior management teams affects attitudes and strategic decision-making, which in turn impacts organisational outcomes such as productivity and profitability (Roberson & Park, 2007; Schmid & Dauth, 2014, as cited in Ponomareva et al., 2022; Richard et al., 2021). However, the literature is unclear on how racial and cultural diversity in leadership impacts employee engagement as an organisational outcome. The impact on black women's employee engagement is also unclear. Why is this important? Because black women sit at the intersection of race and gender. Racial and cultural diversity is as important as gender diversity for black women due to how their intersecting identities shape their experiences in the workplace (Dickens et al., 2018) and the fact that racial and gender representation is antecedent for inclusion that results in positive engagement in black women (Aguir et al., 2023; Bernstein et al., 2020; Franczak & Margolis, 2022).

Richard et al. (2021) observe that the literature indicates a more pronounced impact of racial diversity on the perception of surface-level diversity when compared to gender diversity. There is also a greater adverse effect on team social collaboration and integration and a more significant positive correlation with organisational innovation and effectiveness for board racial diversity relative to gender diversity (Harrison et al., 2002; Miller & Triana, 2009; as cited in Richard et al., 2021). Ponomareva et al. (2022) suggest that while cultural diversity in senior leadership is the most visible aspect of diversity, different subgroups may have different opinions and perceptions on the extent of cultural diversity in the executive suite. This means that members of each subgroup will have contrasting views and perceptions on whether senior leadership is, in fact, diverse depending on whether they identify with the same subgroup, i.e., race or cultural group as members of the executive team. According to Buengeler et al. (2018), employee inclusion is a key outcome of diversity initiatives, and they also highlight the crucial—

albeit separate—role leaders play in encouraging a sense of inclusion among employees. This demonstrates the significance of understanding racial and cultural diversity's impact on multiple organisational outcomes that will inevitably affect the financial performance of an organisation (Richard et al., 2021).

On this basis, the hypothesis posed is:

H2: There is a positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement.

H3: The positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement is mediated by shared cultural and racial background.

2.4 Employee engagement and its organisational outcomes

Scholars in employee engagement theory have drawn largely upon Social Exchange Theory (SET) (Cropanzano & Mitchell, 2005) to describe the mutually beneficial nature of employee and organisation relationships to which positive employee engagement can be linked (Andrew & Sofian, 2012). According to Cropanzano and Mitchell (2005), one of the fundamental principles of SET is the development of relationships into mutually beneficial and reciprocal commitments that follow specific terms of exchange.

Cropanzano and Mitchell (2005), cite Emerson (1976: 351), who states that rules of trade provide a "*normative definition of the situation that forms among or is adopted by the participants in an exchange relation*" (p. 875). In an organisational dimension, this manifests as employees who care about and do their best for their organisation when they have positive socio-psychological experiences (Blau, 1964 as cited in Mousa et al., 2020).

The literature on diversity management practices indicates that diversity initiatives result in greater job satisfaction, organisational engagement among employees, and reduced employee turnover (T.T. Luu et al., 2019). Gender diversity and inclusivity benefit organisations and their workforce (Santos et al., 2022) and fostering a diverse and inclusive work environment results in positive employee behaviours and is linked to increased employee engagement (T.T Luu et al., 2019). According to T.T Luu et al. (2019), although more scholars are beginning to research the outcomes of how diversity practices and diversity climate are linked to increased job satisfaction, company commitment, and reduced turnover, there is less available empirical research on diversity practices and diversity climate as antecedents to employee work engagement (Downey et al., 2015; as cited in T.T Luu et al., 2019).

What is "Employee engagement"?

However, Shuck et al. (2017) contend that *work engagement* and *employee engagement* are theoretically distinct concepts and argue the importance of distinguishing *employee engagement* from related constructs. *Work* engagement, *job* engagement, *organisational* engagement, and *intellectual/social* engagement are some of the constructs linked to employee engagement noted in the research literature; however, employee engagement is a distinct term with its own theoretical framework and defining content, according to Shuck et al. (2017).

Work engagement is described as a “*positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption*” (Schaufeli, Salanova, González-Romá, & Bakker, 2002 as cited in Li et al. 2021, p.1).

Employee engagement is defined as “*an active, work-related positive psychological state*” (Nimon et al., 2016; Parker & Griffin, 2011; Shuck et al., 2016; Shuck et al., 2014 as cited in Shuck et al., 2017, p954) that is “*operationalised by the intensity and direction of cognitive, emotional, and behavioural energy*” (Shuck & Wollard, 2010 as cited in Shuck et al., 2017, p. 954).

Shuck et al. (2017) posit that employee engagement encompasses everyday tasks, team dynamics, and the organisation, and outlines employees' richer experiences within their roles. Employees are engaged when they experience positive emotions toward their work and thus have higher levels of performance and overall well-being in their role (Bakker et al., 2014; Christian et al., 2011, as cited Li et al., 2021).

Shuck et al. (2017) argue that despite persistent calls for further research into the measure of employee engagement, most current measurement tools have focused on “*nuanced areas of engagement*” (p.953) such as “*job engagement and organisational engagement*” (p.1) and are inadequate in the specificity required to measure employee engagement.

As such, Shuck et al. (2017) have contributed to the literature by developing a three-dimensional employee engagement scale (EES) that can be used in the fields of management study. Citing Khan (1990), Shuck et al. argue that an engaged employee brings “*a full range of cognitive, emotional, and physical energies into their work roles*” (p. 956), and this combination differentiates employee engagement from its other related constructs. The framework proposed by Shuck et al. has subdimensions such as *cognitive engagement*, *emotional engagement*, and *behavioural engagement* to measure employee engagement.

Shuck et al.'s (2017) framework defines *Emotional engagement* as the degree of emotional investment toward the organisation's positive outcomes, such as believing in its mission and values; *Behavioural engagement* is the psychological intention that influences an employee's behaviour in a way that improves their performance, such as the motivation to work harder; and *Cognitive engagement* is defined as the levels of mental effort directed towards their work and thus the organisation's outcomes.

This research paper is based on the EES framework developed by Shuck et al. (2017), which offers a comprehensive measure of employee engagement based on earlier

theories and definitions substantiated in the literature (p. 972). Shuck et al. highlights that the applicability of the EES framework has future research opportunities in specific industries, demographics, position levels, and multiple cultures. This research paper responds to Shuck et al.'s invitation by focusing on black women employed in the South African financial services industry.

What factors may influence the outcomes of employee engagement?

The literature reviewed suggests several factors may impact levels of employee engagement (i.e., employee engagement-related constructs such as work or organisational engagement), leading to dissimilar results depending on contextual factors affecting specific employees. Although Shuck et al. (2017) argue that employee engagement is a distinct concept, it may be debated that it can also be impacted by the factors that influence other employee engagement constructs, such as how engaged an employee is in their role (work engagement).

Leadership style, leadership context, and diversity within organisations impact employee work engagement

A growing body of research suggests that employee work engagement in organisations is influenced by leadership (Bakker & Albrecht, 2018, as cited in Li et al., 2021) because organisations rely on leaders and line managers to create a work environment conducive to employee work engagement (Nikolova et al., 2019). Shuck et al. (2017) assert that leaders promote healthy working environments through their behaviours. Thus leadership behaviours that encourage and foster diversity, including ensuring sufficient opportunity for career progression for previously marginalised groups such as women and black people, can be linked to positive feelings in employees that result in positive employee engagement.

Prior research also suggests that positive leadership styles, such as transformational and engaging leadership, influence employee work engagement (Nikolova et al., 2019). Santos et al. (2022) and Buengelera et al. (2018) link inclusive leadership styles to feelings of workplace inclusion and diversity and how this positively impacts employees. These positive workplace experiences can be associated with the qualities of an engaged employee.

Organisational Leadership styles impact employee engagement and is moderated by intergroup cultural factors

Literary research on the “8 dimensions of positive leadership” (Hoch et al., 2016), such as transformational, servant, ethical, charismatic, authentic, transactional, and empowering leadership, has established that these leader attributes are correlated to higher levels of employee engagement (Li et al., 2021). Li et al. argue that the positive correlations of certain leadership styles to employee engagement are moderated by culture and may be subject to cultural values within the employee-leader relationship. The distinct personalities and attributes of the managers/leaders and employees complicate their interactions and impact the employee's perception of the manager's leadership style (Russel et al., 2018), indicating that leadership styles and the perception thereof are impacted by the context within which a leader operates.

Context in leadership matters. It refers to environmental and situational cues that limit or create chances for particular behaviours and the meaning associated with such behaviours (Johns, 2006, 2018; as cited in Johns, 2024). Fitzsimmons and Callan (2020) argue that context, such as our past and current political climate in South Africa, and the gender and racial structures within society present between leaders and subordinates, may not be adequately considered by contemporary leadership theory (p. 1) and fails to consider the contextual impact of being outside the dominant group of which these leadership theories have been studied.

Because the lived experience of black women in society affects their feelings of inclusion and visibility at work (McCluney & Rabelo, 2019), and black women leaders face additional gender-related workplace biases (Aguir et al., 2023; Bell & Nkomo, 2001), the outcomes of diversity and inclusionary practices in the workplace (Blake et al., 2022) may impact their perceptions of certain leaders and their leadership styles, and thus their attitude to their work and commitment to the organisation (Jordan et al., 2019) as reflected in their employee engagement level.

The Economy may impact employee engagement

High levels of engagement are linked to high levels of employee productivity and the corresponding growth of organisations (Schaufeli, 2018). Schaufeli (2018) argues that there is a positive correlation between nations with higher economic activity and the levels of engagement among employees. The five country governance indicators variables are also found to have various degrees of impact on worker engagement; these include corruption, democracy, gender inequality, public integrity, and income inequality (Schaufeli, 2018). Therefore, it can be inferred that black women's employee

engagement may be impacted by South Africa's present economic difficulties, which the South African National Treasury predicts will only increase by 1.4% annually through 2024 and 2026, and inflationary pressures on earnings.

In the next section, the research paper discusses the literature on perceptions of racial, cultural, and gender diversity in leadership and whether it is correlated to positive employee engagement among black women.

2.5 Why is the perception of gender and racial diversity in Leadership important for women's employee engagement?

It is key to understand whether drivers such as perception of gender and racial diversity in top leadership positively impact the employee engagement of women. The literature research has revealed that turnover rates in organisations among minority groups are higher than those of dominant groups, such as white males (Buttner & Lowe, 2015). McKay et al. (2007) cite several academic studies that assert that workplaces with unfavourable racial conditions negatively affect minorities' views within organisations and result in voluntary employee turnover. McKay et al. (2007) further argue that diversity climate perceptions have a more significant impact on whether minority employees choose to remain in organisations or turnover. This is because people of colour, minorities, and women value the promotion of diversity by employers more than their white male counterparts (Kossek & Zonia, 1993). T.T. Luu et al. (2019) reference Ashikali and Groeneveld (2015) and assert that organisations that cultivate diversity climates through their diversity management strategies promote good employee attitudes and behaviours.

Diversity climate is defined by Mor Barak et al. (1998) as "*employees' perceptions that an organization adheres to fair personnel practices and the degree that minority employees are integrated into the work environment*" (p. 36). McKay et al. (2007) also reference Mo Barak et al. (1998), who contends that employees have their own opinions on the importance of diversity and will form an opinion about how a company regards it. The perceptions of employees will vary depending on the structure of the organisation's workforce and the contextual power dynamics of the society the organisation operates in (Mousa et al., 2020). Black women in South African organisations may perceive the impact and effectiveness of diversity management practices differently than their male and or white counterparts. However, if they perceive their organisation's diversity climate positively and as affirming, they may be encouraged to remain within their organisations (Buttner & Lowe, 2015). This is due to the link between the fostering of diversity climate within organisational diversity practices and employee work engagement (T.T Luu et al., 2019).

Diversity perceptions can also extend to external stakeholders. How a company is seen to manage diversity and the composition of its senior leadership will impact its image in broader society (Kollen, 2021) and shape perceptions of its commitment to transformation in the South African context. A company seeking to meet South Africa's transformation agenda and its diversity and inclusion management objectives will have

its reputation for gender and racial equity and inclusivity as a factor in its ability to attract and retain suitable black female candidates (Kollen, 2021).

In workplaces with white male-dominated senior leadership, where inclusion through gender and racially diverse leadership is not actively promoted, black women may feel a lack of team identification with co-workers (Santos et al., 2022) or that contributions of black women are not sufficiently recognised for advancement into leadership (Banihani & Ryed, 2020). The lack of team identification is a source of turnover in traditionally male-dominated industries (Santos et al., 2022), and organisations without a genuine commitment to inclusion and diversity in senior leadership will continue to lose valuable female employees if diversity is not addressed (Shore et al., 2018).

Therefore, corporate leaders who want to demonstrate their commitment to diversity and inclusion in the South African context and the retention of talented black women, must advocate for the representation of black women at senior levels within the company through hiring and internal promotion policies (Santos et al., 2022). This signals to black women that senior leadership is serious about diversity and inclusion and creates a perception in black women that they, too, can advance if they remain in the organisation (Sanchez & Lehnert, 2019).

An organisation's diversity management practices should thus aim to address and be perceived as addressing prejudices and biases that impact black women in organisations and senior leadership. Because black women in South Africa are disproportionately affected by discrimination due to the intersection of race and gender in society and, consequently, the workplace. Therefore, they must believe that their organisations value diversity and will support their career ambitions through interventions to remove barriers to career progression and continue to support them once they advance into leadership (Sanchez & Lehnert, 2019). According to Banihani and Rey (2020), the gendered organisational structures within companies have an effect on the psychological conditions of engagement. This highlights the significance of visible representation in leadership and how perceptions may impact the engagement of women.

In conclusion, the literature review delved into the evolution and significance of diversity management practices, particularly why it is important in the South African context. It reviewed the theory on TMT leadership diversity, highlighting the need for further research into the effects of race, cultural, and gender diversity in TMTs and its impact on various organisational outcomes such as employee engagement. It explored the various barriers that impact women's career progression, its implications for black women in the workplace, and why gender diversity in senior leadership is critical in mitigating gender

and racial biases in organisations. Furthermore, the review explored how diverse leadership influences employee engagement and emphasised why the perception of diversity in leadership is important for the engagement and retention of black women.

Chapter 3: Research questions and hypotheses

Based on the increasing importance of diversity, equity, and inclusion for business outcomes and various invitations in scholarly literature, this study aimed to investigate how racial and gender diversity in top management teams (TMTs) influences the employee engagement of black women in South Africa's financial services sector.

3.1 Research Question

The research question seeks to understand:

Does the perception of gender diversity in senior leadership directly impact the employee engagement of black females?

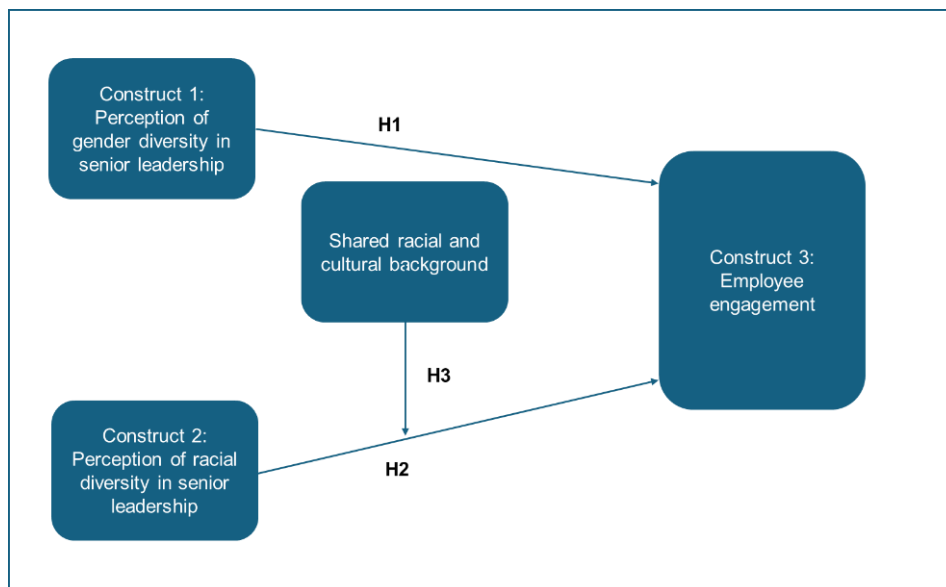
Does the perception of racial diversity in senior leadership directly impact the employee engagement of black females?

The research also seeks to answer the following sub-questions:

Does shared cultural background mediate the impact of racial diversity in senior leadership on the employee engagement of black females?

Figure 1 below details the hypothesised relationship between the constructs:

Figure 1: Construct relationships and related hypotheses



The constructs the research tested are:

Construct 1: Perception of gender diversity in senior leadership

Construct 2: Perception of racial diversity in senior leadership

Construct 3: Employee engagement

Mediating variable for Construct 2: Shared cultural background

Figure 2 illustrates the conceptual model:

Figure 2: Conceptual Model

Independent Variables	Mediating variable	Dependent Variable
Construct 1: Perception of gender diversity of Senior Leadership	n/a	Construct 3: Employee engagement
Construct 1: Perception of Racial Diversity of Senior Leadership	Shared cultural background	
Measure	Control variable	Measure
Survey responses: 1 = Strongly Agree 2 = Agree 3 = Neutral 4 = Disagree 5 = Strongly disagree	Country: South Africa Women employed in Financial Services organisations Post matric qualification	Employee Engagement Scale (EES) Cognitive engagement Emotional engagement Behavioural engagement 1 = Strongly Agree 2 = Agree 3 = Neutral 4 = Disagree 5 = Strongly disagree

3.2 Hypothesis

Based on the extensive literature examined on racial, cultural, and gender diversity in leadership, perceptions of diversity climate, employee engagement, invitations from scholars and the research gap identified, the following hypotheses were posed:

H1: There is a positive relationship between perceptions of gender diversity in senior leadership and positive employee engagement

H2: There is a positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement

H3: The positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement is mediated by shared cultural and racial background

The research question and hypothesis measured perceptions of diversity as a construct. This was due to the difficulty in measuring accurate levels of gender, racial and cultural diversity in senior leadership in the different organisations from which responses were solicited. Research participants may not have factual information from their organisations on the true gender and racial representation in their senior leadership. Thus, the hypotheses posed focused on whether perceptions of gender, racial and cultural diversity positively impact employee engagement within the context of the diversity management practices South African businesses must implement to meet legislative Employment Equity targets.

The research findings show that while there is a relationship between the constructs, it is not statistically significant. The findings also indicated that the mediating construct impacted the relationship between constructs 2 (perception of racial diversity) and 3 (employee engagement). The findings are discussed in detail later in chapter 5 of the report.

Chapter 4: Research Methodology

The research question aimed to understand whether perceptions of gender, racial, and cultural diversity in top leadership positively impact employee engagement of black women in the financial services sector in South Africa.

The methodology, techniques, and strategy used in the research aimed to test the various academic theories on diversity in senior leadership and its impact on organisations, as well as the academic theories on what leads to positive employee engagement.

4.1. Research design elements

The research philosophy used interpretivism (Bell et al., 2019) to analyse the empirical data from the responses of the black female survey participants.

A cross-sectional study was completed to determine whether there is a relationship between the perceptions of gender, racial, and cultural diversity in the senior leadership of financial services organisations in South Africa and the employee engagement of black women. Data collection was conducted from late August to 31 October 2024.

Interpretivist philosophy was appropriate for this study as it sought to understand the impact of diversity in the senior leadership of South African financial services organisations on the lived experiences of black women (Bell et al., 2019). The research used the approach to evaluate the impact of black women's perceptions of diversity on their employee engagement. It produced empirical data, which is a subjective response to an external phenomenon (Bell et al., 2019), to test the hypothesis proposed.

Interpretivism aims to comprehend living human experiences and the subjective nature of each individual's interpretation of their realities, making it ideally suited for social science investigations (Bell et al., 2019).

Bell et al. (2019) posits that the interpretivist philosophy recognises and accepts the possibility of disparities in the subjective experience of people and objects in the natural sciences. This philosophy was appropriate for the study of black women who were grouped together for this research but come from varying social and economic backgrounds that may impact their views and perceptions.

The research used an explanatory quantitative research design to collect responses from participants, which aligns with the methods of seminal scholars in the employee work engagement field, such as Shuck (2017) and Schaufeli (2018). The use of quantitative

research allows for the objective assessment of phenomena such as employee engagement. This allows for the generalisation of findings and the replication of the study in other contexts (Bell et al., 2019). Bell et al. (2019) posits that with quantitative research, the researchers preconceived expectations should not affect the outcomes of a study.

4.2. Purpose of the research design and approach to theoretical development

The research design was deductive. The selected research design formulated hypotheses based on Upper Echelons Theory (Hambrick & Mason, 1984) and Social Identity Theory to test the impact of diversity in senior leadership on organisational outcomes (Aguir et al., 2022; Samimi et al., 2022; Ponomareva et al., 2022) such as the employee engagement. The hypotheses were also developed using gender-bias theories such as the Tokenism theory (Kanter, 2017), the Glass-cliff theory (Eagly & Carli, 2003), and the Glass-ceiling theory (Morrison et al., 1987) to test whether perceptions of gender diversity in senior leadership impacts the employee engagement.

Hypotheses were formulated based on social identity theory and social exchange theory. The hypotheses postulated that black women's perceptions of gender, racial and cultural diversity in senior leadership impacted their employee engagement. This was tested using Shuck et al.'s (2017) EES, responding to the author's call to test the scale's applicability in different settings.

As a whole, the purpose of the deductive nature of the research is to provide empirical validation of theories in emerging market contexts. This also aims to build on and contribute to the existing knowledge of these theories in a structured manner that allows for the replication of the study in different contexts.

4.3. Sampling method, sampling frame or criteria, and sample size

The research question related to the perceptions of gender, racial and cultural diversity in senior leadership and focused on the responses from black women participants to test the hypothesis. The research questions were:

- 1) Does the perception of gender diversity in senior leadership directly impact the employee engagement of black females?
- 2) Does the perception of racial diversity in senior leadership directly impact the employee engagement of black females?

- 3) Does shared cultural background mediate the impact of racial diversity in senior leadership on the employee engagement of black females

The sampling method used purposive sampling and requested responses from women in financial services. The chosen sampling method allowed focused data collection from female participants relevant to the research question to produce meaningful data within the period required (Bell et al., 2019).

The survey was shared with approximately 35 people in the researcher's network, who forwarded the survey to an average of 5 people each (175 people). The number of responses received was 104 (59.4% response rate). The final sample size thus included 104 participants, of which 91 were included in the final sample for analysis. The sample size aligns with some earlier studies in employee engagement fields (Andrew & Sofian, 2012), but the number of participants is lower than in similar studies by seminal scholars such as Schaufeli et al. (2006) and Shuck (2018) due to time constraints.

The sample group participants were females employed in financial services organisations in South Africa within the following sub-sectors:

- Banking institutions
- Insurance institutions
- Lending institutions
- Payment service providers and bureaus
- Other non-traditional financial institutions that offer financial services such as FinTech and consulting services

Using the definition provided by the Department of Small Business Development of South Africa in 2019, the size of these financial services organisations ranged from:

- Small enterprises: <50 employees and revenue of up to R35 million
- Medium enterprises: <250 employees and revenue of up to R85 million
- Large enterprises: >250 employees and revenue over R85 million

4.4. Research Instrument

The research instrument invited respondents from the representative sample (women working in financial services in South Africa) to respond to a confidential self-administered structured online survey questionnaire that required their consent to analyse their responses.

Measures

Because the nature of the survey questions focused on the respondent's perceptions and subjective viewpoints, the survey responses were captured using a Lickert interval scale to provide a multiple indicator measure for the responses from the sample population (Allen & Seaman, 2007; Bell et al., 2019). Scholars such as Shrotryia and Dhanda (2019) assert that a survey questionnaire is the instrument of measurement that academics most frequently use to gauge employee engagement, and similarly, Soane et al.'s (2012) 3-point model of employee engagement and T.T Luu et al. (2019) used a Likert Scale to measure employee engagement. On this basis, the research used an instrument that followed academic consensus. The interval scale measured responses across a spectrum of questions with an associated weighting, i.e., "*strongly agree*" to "*strongly disagree*" (Allen & Seaman, 2007, p. 64).

Ethical considerations

The survey questionnaire did not ask for the names of the organisations in which the respondents are employed, and the consent section indicated that the respondents' identities would be kept anonymous and their responses confidential in the subsequent research report. The consent form is included in the annexure section of this document.

Limitations of the research design

There are various limitations of quantitative research designs. Because of the nature of quantitative research, researchers are unable to differentiate between individuals and the social institutions in which they are found (Bell et al., 2019). Meaning that the individual characteristics and unique experiences that influence findings cannot be captured. Because the concepts being tested and the measurements created by social scientists are presumptive and not always true, quantitative research also has an artificial feeling of precision and accuracy (Bell et al., 2019). Bell et al. (2019) contend that the use of tools like surveys prevents the research from truly connecting to real-world situations. Lastly, a static representation of actual circumstances is produced by evaluating the correlations between the variables (Bell et al., 2019). Certain correlations between variables, the people to whom they relate, and the circumstances that give rise to the link are all unknown to researchers (Bell et al., 2019).

Measuring diversity perceptions in senior leadership and employee engagement relies on the subjective viewpoints of the respondents, and survey questionnaire limitations mean that researchers cannot probe participant responses further (Bell et al., 2019). The potential factors which may impact responses were not included in the questionnaire.

This indicates the limitations of quantitative research and the use of survey's to capture the true meaning of responses.

Schaufeli (2018) provided examples of external variables that may impact responses for variables such as employee work engagement. Since survey dissemination involved the sharing of the survey via email and social media, this resulted in some responses from participants that did not fit the sample inclusion criteria such as males.

The survey questions for each construct were adapted from various sources in the literature. Construct 1 and 2 survey questions were adapted from Hofhuis et al. (2013), Ganesh (2024) and SmartSurvey (n.d.), whose questionnaires focus on diversity and inclusion in workplaces. For Construct 2, the survey questions on employee engagement were adapted from Shuck et al.'s (2017) employee engagement scale (EES) questionnaire. Shuck et al. (2017) EES questionnaire has 15 questions with 5 question items under cognitive, emotional and behavioural engagement categories. The questions under the employee engagement section in the research were collapsed under each category to shorten the questionnaire. This choice to shorten the questionnaire aimed to improve response rates and ensure full completion by respondents by decreasing the average time to complete the full survey.

The shortened employee engagement survey questionnaire retained reliability and validity in line with Shuck et al. (2017) EES items. Please see Figure 4 in the annexure for Shuck et al. (2017) confirmatory factor analysis.

The survey questions are detailed in Figure 3 in the annexure.

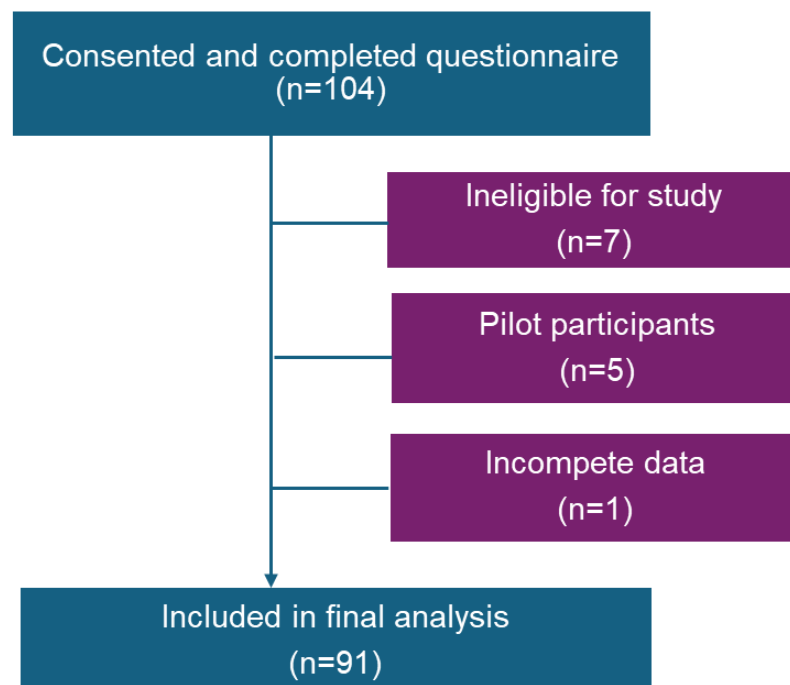
4.5. Data gathering process

The survey questionnaire was shared with the researcher's personal and professional network via email and social media sites such as LinkedIn and WhatsApp for completion on the online survey website Qualtrics, which can be accessed via desktop or mobile. The dissemination of the survey targeted individuals employed in financial services. This included males and females who were encouraged to share the survey with women in their network who are also employed in the same sector. This approach aimed to create a "snowball effect" where respondents share the survey with their wider network, thus enabling greater sample coverage and sample size. The technique known as "snowball sampling" involves the researcher reaching out to a limited number of individuals who are pertinent to the study at first, and these individuals subsequently reach out to others. According to the literature, this is an efficient way to get data (Bell et al., 2019).

A pilot survey was first launched with a small group of five individuals within the researcher's network to elicit feedback on questions included in the survey. These individuals were female participants employed in the financial services sector. After the pilot period, changes were made to the survey to include an additional question regarding the respondent's gender. This was done to ensure that data was collected from relevant participants for analysis.

The final data-gathering process occurred after the initial pilot phase between 21 August 2024 and 31 October 2024.

Figure 5: Study participants included in the final analysis



4.6. Analysis approach

91 participants were included in the final analysis, and data cleaning and analysis were performed using the IBM SPSS Statistics (2009).

From the 104 responses received, 13 were excluded from the analysis due to incomplete data, failure to meet the study's inclusion criteria, and removal of the recorded responses from the study's pilot phase, as detailed in Figure 4 above.

The constructs were multidimensional and multivariate, meaning that the constructs were not measured by a single variable and required analysis of the relationships between more than one variable. Exploratory factor analysis using principal component analysis (PCA) was conducted as prescribe by literature. This assessed and enhanced the convergent and discriminant validity of the survey questionnaire (Sarveniazi, 2014; Weng & Young, 2017; Zhang & Takane, 2010; Zhang & Garcia, 2023).

An exploratory analysis was performed to determine whether the question items within each sub-scale of the questionnaire adequately measured the research constructs. This technique aims to simplify complex data sets and identify patterns in the data before performing regression analysis (Bell et al., 2019).

The nature of the hypothesis was directional, and due to how the responses in the survey questionnaire were initially structured, the responses required reverse coding for all data points. This was done so that a strong agreement corresponded to a high score attribute measurement (i.e., Strongly agree moved from a measurement of 1 to a measurement of 5) and ensured consistency and meaningful interpretation of the data points. Figure 5 illustrates the reverse-coded responses below.

Figure 6: Reverse-coded response scales

Old Scale (Code)	New Scale (Code)
Strongly Agree (1)	Strongly Disagree (1)
Agree (2)	Disagree (2)
Neutral (3)	Neutral (3)
Disagree (4)	Agree (4)
Strongly Disagree (5)	Strongly Agree (5)

Mean scores were generated for each construct grouping, and data was summarised using frequencies for categorical variables, means, and standard deviations for the scores derived.

The correlation between employees' perception of gender and racial diversity in senior leadership and employee engagement was examined using Spearman's rank correlation test. Multiple linear regression quantified the observed association. The MASH Correlation Coefficients table (University of Lincoln libraries and learning skills) was used to interpret correlation coefficients.

A mediation analysis was then performed to examine the impact of shared cultural background on the relationship between racial diversity in leadership and employee

engagement. The Hayes PROCESS Macro in SPSS was used. To provide an accurate confidence interval for the indirect effect of the mediating variable (shared cultural background), the adjusted bootstrap samples were set to 5000.

The significance level was $p < 0.05$, and all statistics were approximated to three decimal places. A significance value of less than 0.05 indicates that the null hypothesis must be rejected, and more than 0.05 indicates that the alternative hypothesis must be accepted.

4.7. Reliability and validity testing

Using the Kaiser-Meyer-Olkin (KMO) metric of sample adequacy, both internal and external validity were examined. The validity of the findings and the appropriateness of the research data were evaluated using Bartlett's test. Both tests found adequate sampling.

Cronbach's Alpha Test was used to test reliability (Bell et al., 2019) within the three subscales of gender diversity, racial diversity, and employee engagement. Internal consistency was found in the Likert scale questionnaire. Multiple-measure item dependability is tested using Cronbach's alpha (Bell et al., 2019).

Chapter 5: Findings

5.4 Overall study findings

The description of the study population findings is summarised as follows:

- All participants were female, with a majority between the ages of 36 and 40 (41%), followed by 31 to 35 (21%) and 41 to 45 (21%).
- Of the 91 survey respondents included in the analysis, 91% identified as Black African.
- Most respondents held postgraduate degrees (48%) or master's or doctoral degrees (29%) and are employed in the banking (60%) or insurance sector (20%).
- Most participants had organisational tenure greater than 10 years ((28.6%), followed by a tenure of 1 to 3 years (23%). 18.7% of participants had a tenure of less than one year at their current organisation.

Table 1: Survey participants

Baseline characteristics of survey participants (n=91)		
Age, years	No of responses	Percentage (%)
18 – 25	1	1.1
26 – 30	7	7.7
31 – 35	19	20.9
36 – 40	37	40.7
41 – 45	19	20.9
46 – 50	5	5.5
>50	3	3.3
Gender	No of responses	Percentage (%)
Female	91	100
Race	No of responses	Percentage (%)
Black African	83	91.2
Coloured	3	3.3
Indian/Asian	3	3.3
White	1	1.1
Other/Prefer not to say	1	1.1
Education	No of responses	Percentage (%)
Matric	4	4.4
Post-matric qualifications	5	5.5
Bachelor's degree	12	13.2
Postgraduate degree	44	48.4
Masters or Doctoral degree	26	28.6
Financial industry type	No of responses	Percentage (%)
Banking	55	60.4
Insurance	18	19.8
Microfinance/Non-bank lending institutions	5	5.5
Fintech, Software/Service Providers	6	6.6
Financial services consulting	7	7.7
Tenure at organization, years	No of responses	Percentage (%)
<1	17	18.7
1 – 3	21	23.1
4 – 6	16	17.6
7 – 10	11	12.1
>10	26	28.6

In their survey responses, for each construct, the findings were:

- **Construct 1 - Perception of gender diversity in senior leadership:** 45% of participants disagreed more than they agreed that there is equal representation of men and women in the senior leadership of their organisation. Almost the same number of participants disagreed (29.7%) as agreed (28.6%) that there is enough representation of women in senior leadership. There was a slight difference between participants who agreed (34.1%) and those who disagreed (31.9%) that they felt positive overall about the level of gender diversity in senior leadership.

- **Construct 2 - Perception of racial diversity in senior leadership:** 36% of participants felt that there is enough representation of all racial groups in their organisation's senior leadership. Most participants disagreed (38.5%) more than they agreed (29.7%) that they felt positive about levels of racial diversity in senior leadership. Furthermore, they disagreed (36.3%) more than they agreed (28.6%) that they felt positive about the level of representation of senior leaders who shared their cultural background.

- **Construct 3 – Employee engagement:** In each of the employee engagement categories (2 questions each for Cognitive, Emotional and Behavioural), participants agreed (A) or strongly agreed (SA) more than they disagreed (D) or strongly disagreed (SD) that they were engaged:
 - *Cognitively engaged:* 1. A =52%, SA =42%; 2. A=45%, SA=48%
 - *Emotionally engaged:* 1. A=39%, SA=35%; 2. A=36%, SA=23%
 - *Behaviourally engaged:* 1. A=39%, SA=45%; 2. A=44%, SA=48%

Table 2: Frequency distribution of employees' perceptions of gender diversity, racial diversity and engagement

Response	SD	D	N	A	SA
Gender diversity (Hofhuis et al., 2013; Ganesh, 2024; SmartSurvey, n.d.)					
I feel that my organization has enough representation of women in senior leadership positions	12	27	10	26	16
	(13.2%)	(29.7%)	(11.0%)	(28.6%)	(17.6%)

I feel that women leaders are equally represented in senior leadership as men	13 (14.3%)	41 (45.1%)	12 (13.2%)	16 (17.6%)	9 (9.9%)
Overall, I feel positive about the level of gender diversity at the senior leadership level of my organisation	11 (12.1%)	29 (31.9%)	13 (14.3%)	31 (34.1%)	7 (7.7%)
Racial diversity (Hofhuis et al., 2013; Ganesh, 2024; SmartSurvey, n.d.)					
Response	SD	D	N	A	SA
I feel that my organisation has enough representation of all racial groups in senior leadership positions	15 (16.5%)	33 (36.3%)	9 (9.9%)	26 (28.6%)	8 (8.8%)
I feel that there is enough representation of leaders from my racial and cultural background in the leadership positions of my organisation	16 (17.6%)	29 (31.9%)	9 (9.9%)	26 (28.6%)	11 (12.1%)
Overall, I feel positive about the level of racial diversity at the senior leadership level of my organisation	12 (13.2%)	35 (38.5%)	11 (12.1%)	27 (29.7%)	6 (6.6%)
Overall, I feel positive about the level of representation of leaders who share my racial and cultural background at the senior leadership level of my organisation	11 (12.1%)	33 (36.3%)	14 (15.4%)	26 (28.6%)	7 (7.7%)
Employee engagement (Shuck et al. (2017)					
Response	SD	D	N	A	SA
I am really focused and concentrate on my deliverables when I am working	1 (1.1%)	2 (2.2%)	2 (2.2%)	47 (51.6%)	39 (42.9%)
When working, I think a lot about how I can give my best	1 (1.1%)	2 (2.2%)	3 (3.3%)	41 (45.1%)	44 (48.4%)
I am proud to tell others that I work for my current organisation	1 (1.1%)	8 (8.8%)	15 (16.5%)	35 (38.5%)	32 (35.2%)
I feel a strong sense of belonging and I care about the future of my organisation	2 (2.2%)	18 (19.8%)	17 (18.7%)	33 (36.3%)	21 (23.1%)
I do more than is expected of me at work, and I am willing to put in extra effort without being asked	1 (1.1%)	7 (7.7%)	7 (7.7%)	35 (38.5%)	41 (45.1%)
I often go above what is expected of me to help my team and organisation be successful	1 (1.1%)	3 (3.3%)	3 (3.3%)	40 (44.0%)	44 (48.4%)

Note. SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree

5.4 Internal and External Validity Findings

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (0.783) and Bartlett's test of sphericity ($\chi^2=802.331$, $df=78$, $p\text{-value}<0.001$) (Table 3) were employed to assess the suitability of the research data for an exploratory factor analysis and test the validity of the results.

Findings from both tests suggested adequate sampling. The dataset's multivariate normality and adequate correlation were also suitable for a principal component analysis.

The analysis results (Table 4) show factor loadings for all factors using the principal component extraction method. The factors were selected using the factor loadings (>0.3) and communalities of each item, eigen values (>1) according to the Kaiser criterion, the percentage of variability explained by the selected factors, and the scree plot that determined the cutoff for the optimal number of factors required.

The first three factors have variances greater than one (factor 1 =5.291, factor 2=2.743 and factor 3=1.187) and appear to explain most of the variability in the data (Table 5).

Cumulatively, all three factors explain 70.931% of the variation in the data.

5.3 Reliability Results

The resulting coefficient from Cronbach's Alpha Test of Reliability (Bell et al., 2019) (Table 6) found an internal consistency within the three sub-scales: gender diversity ($\alpha=0.885$), racial diversity ($\alpha=0.930$), and employee engagement ($\alpha=0.806$) in the Likert scale questionnaire.

An overall mean score (Table 7) was computed to group reliable items that form the latent constructs of gender diversity, racial diversity and employee engagement, respectively. The mean scores indicated a neutral score for "agree" on perceptions of sufficient gender and racial diversity in senior leadership. On average, participants agreed that they are engaged at work.

Table 7: Summary of Mean Scores

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Employee Engagement	91	1.67	5.00	4.1337	.64177
Gender Diversity	91	1.00	5.00	2.8828	1.13679
Racial Diversity	91	1.00	5.00	2.8104	1.13977
Valid N (listwise)	91				

5.4 Regression Analysis Results

Bivariate analysis (Correlation) and multiple regression analysis were performed to test the hypotheses.

A null and alternative hypothesis was posed to test the correlation and relationship between the independent and dependent variables to determine whether the perception of gender and racial diversity in senior leadership was related to the level of employee engagement.

The hypotheses for the independent and dependent variables were as below:

Hypothesis 1

Null hypothesis (H_0): Perception of gender diversity in senior leadership has no statistically significant positive impact on employee engagement

Alternative hypothesis (H_1): Perception of gender diversity in senior leadership has a statistically significant positive impact on employee engagement

Hypothesis 2

Null hypothesis (H_0): Perception of racial diversity in senior leadership has no statistically significant positive impact on employee engagement

Alternative hypothesis (H_1): Perception of racial diversity in senior leadership has a statistically significant positive impact on employee engagement

The Bivariate analysis correlation (Table 8) outcomes from Spearman's Rho indicated:

- A non-significant and positively weak relationship between gender diversity and employee engagement ($\rho = 0.213$, $p = 0.052$, $N = 91$)
- A significant and positively weak relationship between racial diversity and employee engagement ($\rho = 0.213$, $p = 0.021$, $N = 91$)
- A significant and positively strong relationship between racial diversity and gender diversity (Spearman's $\rho = 0.608$, $p < 0.001$, $N = 91$)

The multiple linear regression analysis results that tested the relationship between the variables were:

The multiple regression analysis that combined racial and gender diversity resulted in a model (Table 9) that explained the 7.600% of the variance in Employee Engagement ($R^2 = 0.076$, $F(2,88) = 3.623$, $p = 0.031$). The ANOVA table (Table 10) suggests that the model fits the data ($r = 2.820$, $p = 0.031$).

The coefficients table (Table 11) indicated that both racial ($B=0.123$, $SE=0.074$, $\beta=0.218$, $t(90)=1.659$, $p=0.101$) and gender diversity ($B=0.045$, $SE=0.074$, $\beta=0.080$, $t(90)=0.612$, $p=0.542$) had positive, but non-significant direct effects on Employee Engagement.

The Tolerance and Variance Inflation Factor (VIF) were within an acceptable range (1 and 5) and ruled out the presence of multicollinearity. A VIF of 1.646 suggested a moderate correlation between racial and gender diversity that is not severe enough to warrant corrective measures. This tends not to affect the ability to infer mean responses (Neter et al., 1996).

Given the resulting p-values of the regression coefficients, the null hypothesis for study hypotheses 1 and 2 cannot be rejected. Therefore, it is concluded that employee perception of racial and gender diversity does not significantly affect their level of engagement with their organisation.

Notably, racial diversity appears to have a stronger, positively weak effect (12.3%) on employee engagement when compared to the effect of gender diversity (4.5%). However, neither of the effects are considered statistically significant.

5.5 Hypothesis Conclusions

Conclusion for Hypothesis 1

Null hypothesis (H_0): Perception of gender diversity in senior leadership has no statistically significant positive impact on employee engagement

The null hypothesis is not rejected. Therefore, the perception of gender diversity in senior leadership does not significantly positively impact the employee engagement of black women in South African financial services.

Conclusion for Hypothesis 2

Null hypothesis (H_0): Perception of racial diversity in senior leadership has no statistically significant positive impact on employee engagement

The null hypothesis is not rejected. Therefore, the perception of racial diversity in senior leadership does not significantly positively impact the employee engagement of black women in South African financial services.

However, the perception of racial diversity in senior leadership has a more significant positive impact on black women's employee engagement than the perception of gender diversity.

Mediating Variable analysis

The hypothesis for the mediating variable was as below:

Hypothesis 3

Null hypothesis (H_0): Shared racial and cultural background does not significantly mediate the relationship between perception of racial diversity and employee engagement

Alternative hypothesis (H_1): Shared racial and cultural background significantly mediates the relationship between the perception of racial diversity and employee engagement

The mediation analysis (Table 12) revealed that the perception of racial diversity in senior leadership significantly predicts employee perception of shared racial and cultural background ($R^2=0.661$, $F(1,89)=173.646$, $p<0.001$).

This indicated that racial diversity explains 66.1% of the variance in shared racial and cultural background. A combined regression model predicting employee engagement that included both racial diversity and shared racial and cultural background as predictors resulted in a model explaining 7.2% of the variance in Employee Engagement ($R^2=0.072$, $F(2,88)=3.423$, $p=0.037$).

The coefficients table indicated that racial diversity had a positive but non-significant direct effect on Employee Engagement ($B=0.081$, $SE=0.096$, $t(90)=0.854$, $p=0.396$). Shared racial and cultural background equally had a positive but non-significant effect ($B=0.070$, $SE=0.093$, $t(90)=0.746$, $p=0.458$).

The total effect of racial diversity ($B=0.140$, $SE=0.056$, $t(90)=2.514$, $p=0.014$) on employee engagement diminished after accounting for shared cultural background, indicating mediation. However, the observed indirect effect of the mediating variable is not significant ($B=0.045$, $SE=0.074$, $t(90)=0.612$, $p=0.542$, 95% Boot CI= [-0.129 – 0.218]).

Conclusion for Hypothesis 3

The null hypothesis is not rejected. Therefore, shared cultural background does not significantly mediate the relationship between black women's perception of racial diversity in senior leadership and employee engagement, although some influence was observed. The introduction of shared culture reduced the direct influence of the perception of racial diversity on employee engagement from 13.99% to 12.3% Employee engagement.

Chapter 6: Discussion

Scholars such as Samimi et al. (2022) have indicated that the findings on TMT diversity are mixed. Most literature has focused on the organisational and financial performance outcomes of TMT diversity in senior leadership within a particular dimension of diversity, such as gender, racial and cultural ethnicity. (Aguir et al., 2022; Guldiken et al., 2019; Richard et al., 2021; Ponomareva et al., 2022). However, not much has been studied on the impact of both racial and gender diversity on employee engagement as an outcome.

The hypothesis that tested the research question was formulated and grounded in the literature that argues that gender and racial diversity in senior leadership results in positive organisational outcomes, such as employee engagement. The hypothesis was grounded in the assumption that perceptions of representation and visibility of gender and racial diversity, particularly black females, in senior leadership roles would positively impact the employee engagement of black women (Franczak & Margolis, 2022; T.T Luu et al., 2019). The hypothesis also grounded itself in the importance of equity as an antecedent to inclusion in diversity management practices of organisations (Bernstein et al., 2020) through the representation of black women in senior leadership. The hypothesis also drew on theories that build on gender bias theory, such as the “black ceiling”, “the concrete ceiling”, and “concrete wall”, to argue that black women face additional racialised gender biases that may impact their engagement (McGirt, 2017; Catalyst, 1999; Davidson & Davidson, 1997; Bell & Nkomo, 2001 as cited in Erskine et al., 2020).

The research questions posed were:

- 1) Does the perception of gender diversity in senior leadership directly impact the employee engagement of black females?
- 2) Does the perception of racial diversity in senior leadership directly impact the employee engagement of black females?
- 3) Does shared cultural background mediate the impact of racial diversity in senior leadership on the employee engagement of black females?

The overall findings led to non-acceptance of the proposed hypothesis that sought to answer the research questions. It was found that the relationship between perceptions of racial and gender diversity exhibited a weak positive but statistically non-significant correlation to the employee engagement of black women in South Africa’s financial services.

Overall, participants disagreed that there was enough representation of women and all racial groups in their organisation's senior leadership. Participants slightly agreed more than they disagreed that they felt positive about the levels of gender representation in senior leadership. This contrasted with the participants' positive feelings about the levels of racial diversity in senior leadership. More participants disagreed than agreed that they felt positive.

Furthermore, participants disagreed more than they agreed that they felt positive about the levels of representation of senior leaders who shared their cultural background.

However, the results found that while participants do not perceive the senior leadership of their organisations as sufficiently diverse from a gender and racial perspective, they are engaged at work.

The discussion will delve into the findings for each hypothesis and compare them to the overall findings on employee engagement in the literature reviewed in chapter two.

6.1 Discussion of Hypothesis One Finding

Hypothesis one – There is a positive relationship between perceptions of gender diversity in senior leadership and positive employee engagement.

The findings revealed that perceptions of gender diversity in senior leadership had a statistically non-significant relationship (4.5%) with black women's employee engagement. While there was a positive relationship, it was weakly correlated to employee engagement and had a lower impact than perceptions of racial diversity.

The study's findings align with some literary findings on the inconclusive organisational outcomes of gender diversity in top leadership (Aguir et al., 2022; Fernando et al., 2020).

The weaker correlation between gender diversity versus racial diversity in senior leadership to employee engagement also echoes the literature that gender as a demographic of diversity has a lower impact than race in TMT diversity research (Richard, 2021).

The participants indicated high levels of engagement despite not perceiving their organisations' senior leadership as sufficiently gender diverse. These findings align with Fernando et al. (2020), who argue that organisational outcomes such as increased firm performance are more a result of strategic decision-making than the direct result of gender diversity in senior leadership.

Franczak and Margolis (2022) argued that women leaders influence the creation of inclusive and enjoyable working environments that positively influence the motivation and retention of employees, which is a factor associated with positive engagement. The hypothesis was also based on literature such as those by Jordon et al. (2019), who argue that perceptions of gender representation in leadership influence positive perceptions of diversity climate and impact employee retention and, thus, engagement (Buttner & Lowe, 2015; McKay et al., 2007; T.T Luu et al., 2019). However, the findings contrast this assertion and indicate that other factors that influence the positive engagement of black women need to be explored.

The literature discussed women's challenges in leadership and explored gender bias theories, such as Kanter's (1977) tokenism theory and the glass cliff theory (Eagly & Carli, 2003). It explored whether the negative perceptions of female leader appointments impact their workplace experiences, resulting in diminished employee engagement (Aguir et al., 2023; Dadanlar & Abebe, 2020; Sánchez & Lehnert, 2019). The literature review emphasised that black women face additional bias due to existing at the intersection of race and gender (McCluney & Rabelo, 2019).

According to the research findings, women's employee engagement level reveals a dedication to their roles, even in the face of commitment stereotypes (Kossek & Lee, 2021; Banihani & Syed, 2020).

Social Identity Theory (Blake et al., 2022) emphasises the importance of visible representation in leadership for role modelling and equity in achieving organisational goals and change (Bernstein et al., 2020; Guldiken et al., 2019). It was asserted that organisations must implement measures within their diversity management practices to foster greater representation of black women in senior leadership to drive inclusive work environments that support black women's career progression (Blake et al., 2022; Bhattacharyya et al., 2024). Equity through the representation of black women in leadership was suggested as a key antecedent of inclusion (Bernstein et al., 2020) in organisational diversity management practices because the leadership of an organisation plays a strategically important role in fostering diversity and inclusion (Santos et al., 2022).

However, the hypothesis contradicts the findings, and it can be asserted that perceptions of representation alone do not significantly boost the engagement of black women.

6.2 Discussion of Hypothesis Two and Three Findings

Hypothesis two – There is a positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement

Hypothesis Three – The positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement is mediated by shared cultural and racial background.

The findings revealed that perceptions of racial diversity in senior leadership had a significant and positively weak relationship to black women's employee engagement. While there was a positive relationship, it was statistically non-significant (12.3%). The results on the impact of racial diversity predicted 13.99% of the direct influence on employee engagement. Once a shared cultural background was introduced as a mediating variable, the influence was reduced to 12.3%.

As previously stated, the literature on the effects of TMT diversity is mixed (Samimi et al., 2020), including findings on the impact of cultural and racial diversity (Ponomareva et al., 2022). The literature has found that racial and cultural diversity in senior management affects strategic decision-making, leading to positive outcomes such as increased productivity and profitability (Ponomareva et al., 2022).

The theory that organisations with positive diversity climates typically retain minority groups is supported by the literature (Butter & Lowe, 2015; Mckay et al., 2007). Nevertheless, it is still unknown how perceptions of racial diversity in senior leadership directly impact employee engagement is directly impacted by perceptions of racial diversity in senior leadership.

The findings also indicated that perceptions of racial diversity in senior leadership had a higher positive impact on black women's employee engagement than perceptions of gender. 38.5% of participants disagreed that they felt positive about the level of racial representation in senior leadership, compared to 31.9% for levels of gender representation. This aligns with Richard et al.'s (2021) assertion that the impact of racial diversity in TMT on employee perceptions of surface-level diversity has a more pronounced effect than gender diversity.

The findings further support the literature that racial diversity has a stronger effect on organisational outcomes, both positively and negatively (Richard et al., 2021). Given the greater influence of racial diversity on their engagement, it appears that black women in

South Africa are more concerned with racial transformation in their senior leadership than gender.

This is consistent with research on how intersectional identity affects black women's experiences at work (Dickens et al., 2018; McCluney & Rabelo, 2019) and why they might prefer racial diversity to gender diversity in leadership roles.

The findings build on Brown's (2020) argument on the evolution of Social Identity Theory (Tajfel & Turner, 1979) in contemporary society. According to Brown (2020), in intergroup situations, people take on the characteristics of their group, which can be a powerful sign of group identification. Thus, it can be argued that in the intergroup aspect of gender, black women in South Africa identify more with their race than their gender, which explains the more substantial impact of their racial perceptions of senior leadership.

While the findings point to a positive weak correlation that is statistically non-significant, the positive direction of the relationship supports the literature on the link between perceptions of diversity climate and positive employee attitudes (T.T. Luu et al., 2019) that are associated with employee engagement. Although participants in the study did not perceive their organisations as having sufficiently racially diverse senior leadership, Mousa et al. (2020) assert that employee perceptions will vary according to company dynamics and the contextual power dynamics of the organisation's operating environment. This can be viewed within the South African context, where the level of racial transformation in senior leadership of organisations continues to be an area that businesses grapple with (Department of Employment and Labour, retrieved May 20, 2024).

6.3 Discussion of unexplored factors within the findings that influence Employee Engagement

Leadership style, leadership context, cultural diversity and organisational context impact on employee engagement

The research question did not explore intra-organisational factors such as the predominant leadership style, organisational culture, and diversity management practices as possible factors influencing engagement levels. Citing a study by Hoch et al. (2016), Li et al. (2021) contended that employee engagement is positively correlated with positive leadership styles such as transformational, servant, ethical, charismatic, authentic, transactional, and empowering leadership.

Li et al. (2021) further argued that the positive influence is moderated by culture and the cultural dynamics within the employee-leader relationship. This aligns with the research findings on hypothesis three, where introducing shared cultural background as a mediating variable reduced the influence of the perception of racial diversity on employee engagement. The findings reveal the importance of context in leadership impact, as reasoned by Fitzsimmons and Callan (2020). The context within which leadership happens creates or limits certain behaviours and the perceptions thereof (Johns, 2006, 2018; as cited in Johns, 2024). Fitzsimmons and Callan (2020) argued that this has not been adequately considered in contemporary leadership theory.

The high engagement level of black women in the findings supports the Social Exchange theory (Andrew & Sofian, 2012), on which most employee engagement theory is grounded. The high employee engagement scores of participants despite their perceptions of insufficient diversity in leadership, indicated a reciprocal and beneficial employee-organisation relationship where black women in South Africa's financial services industry feel positive about how themselves and their performance at work.

The impact of the economy on employee engagement

The research questions also did not explore the impact of the economy on employee engagement levels. Schaufeli's (2018) research found a positive correlation between high economic activity in nations and levels of engagement among employees in European nations. However, the research findings also indicate a possible contradiction of Schaufeli (2018). Participants indicated high levels of engagement despite South Africa's reported current low-growth economy (estimated at 1.4% per annum). Once again, the findings reveal the impact of contextual differences between Western and non-Western settings.

Validity and applicability of Shuck et al. (2017) EES framework

Lastly, the statistical analysis performed on the shortened version of Shuck et al.'s (2017) EES questionnaire, revealed its validity and reliability as reflected in the Cronbach Alpha test results ($\alpha=0.806$). By conducting the research among black women in South Africa's financial services industry using a condensed format questionnaire, the study responded to the author's invitation to test the framework's applicability in specific industries and demographics.

In conclusion, while some of the literature reviewed supported the initial hypotheses, the findings contradict all the hypotheses tested. There are other unconsidered nuances and factors within the context of South African black women that may influence their

employee engagement that were not tested. According to the study, black women's positive employee engagement is not predicted by their perception of diversity in senior leadership alone. This highlights the need for more research on the correlation between TMT diversity and black women's employee engagement.

Chapter 7: Conclusion

The research study explored the relationship between black women's employee engagement in South Africa's financial services industry and their perception of racial and gender diversity in senior leadership. In response to a research gap on the direct relationship of TMT diversity on employee engagement and calls from various scholars in the field, the research aimed to advance the understanding of TMT diversity effects in non-Western contexts (Kollen, 2021; Ponomareva et al., 2022; Samimi et al., 2022).

The research question examined black women's employee engagement in relation to their perception of senior leadership gender and diversity. The hypothesis, which was supported by the examined literature, proposed that perceptions of senior leadership racial and gender diversity and black women's employee engagement were positively correlated.

The research question asked whether perceptions of gender and diversity in senior leadership directly impact the employee engagement of black women. It also sought to understand whether a shared cultural background mediates the impact of racial diversity on employee engagement. Based on the literature reviewed, the hypothesis postulated a positive relationship between perceptions of gender and racial diversity in senior leadership and the employee engagement of black women.

The hypotheses posed were:

H1: There is a positive relationship between perceptions of gender diversity in senior leadership and positive employee engagement

H2: There is a positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement

H3: The positive relationship between perceptions of racial diversity in senior leadership and positive employee engagement is mediated by shared cultural and racial background

Black women employed in listed and unlisted financial services companies were surveyed in a quantitative cross-sectional study as part of an interpretivist research study exploring how perceptions of TMT diversity influence employee engagement. Following the initial pilot phase, participant answers were measured using an online survey

questionnaire with a Likert scale. The study was based on responses from 91 respondents who satisfied the sample criteria.

The validity of the constructs examined in the questionnaire was assessed using exploratory factor analysis (Sarveniazi, 2014; Weng & Young, 2017; Zhang & Takane, 2010; Zhang & Garcia, 2023). The hypothesis was tested by examining the relationship between employee engagement and perceptions of diversity in senior leadership using correlation and multiple regression analysis. The Kaiser-Meyer-Olkin (KMO) measure determined that the sampling was sufficient, and the Cronbach's Alpha Test demonstrated the Likert scale questionnaire's reliability. The third hypothesis was likewise tested using a mediation analysis.

The research's overall outcomes contradicted the initial hypothesis and showed that, although there is a small positive relationship, perceptions of gender and racial diversity in leadership are weakly correlated to employee engagement. Black women's employee engagement is not directly influenced as the effect is not statistically significant.

7.1 Principal Theoretical Conclusions and Research Contribution

This study expands knowledge within the Upper-Echelons theory (Hambrick & Mason, 1984) on the impact of TMT diversity on organisational outcomes. The study's outcomes support the conflicting and ambiguous conclusions made by several scholars in the field of TMT diversity (Aguir et al., 2023; Samimi et al., 2022).

The outcomes support the inconclusive nature of the impact of gender diversity in TMT leadership on organisational outcomes reported in the literature (Aguir et al., 2022; Fernando et al., 2020). It is concluded that perceptions of gender diversity in senior leadership cannot be directly attributed to positive organisational outcomes such as high employee engagement in black women. The research outcomes lend further credence to findings that racial diversity in TMT leadership has a more substantial influence on surface-level diversity perceptions than gender (Richard et al., 2021). The direct influence of perceptions of racial diversity was positive but statistically non-significant. Thus, employee engagement among black women is driven by other factors that must be explored further.

The research also adds to diversity management theory (Aguir et al., 2022; Kollen, 2021; Nkomo et al., 2019; T.T Luu al., 2019; Ponomareva et al., 2022) and Social Identity theory

(Tajfel & Turner, 1979) and challenges the predictive effects of perceptions of diversity in leadership on positive organisational outcomes such as employee engagement.

The study revealed that gender bias theory (Eagly & Carli, 2003; Kanter, 1977; Morrison et al., 1987) remains relevant to the workplace experiences of black women, and they do not perceive sufficient representation in senior leadership in their organisations.

The research outcomes contribute to the understanding of the relationship between employee engagement and perceptions of diversity in senior leadership (McKay et al., 2007) and adds to knowledge of Social Exchange theory and employee engagement theory. The study revealed that while equitable representation in leadership has not been achieved, black female employees feel that the employee-organisational relationship is mutually beneficial (Andrew & Sofian, 2012; Cropanzano & Mitchell, 2005) which is reflected in their engagement level.

The research contributes to the theoretical understanding of diversity management studies and highlights the contrasting outcomes of dominant literature findings (Guldiken et al., 2019) for non-Western contexts. It fills a gap in the literature by exploring the nuanced perspectives of black women in emerging markets such as South Africa. The research highlights the importance of diversity initiatives that foster increased gender and racial representation within organisations but that they are not sufficient on their own to increase the engagement of marginalised groups like black women.

The research also contributes employee engagement theory (Schaufeli, 2018; Shuck et al., 2017) through the validation of Shuck et al.'s (2017) Employee Engagement Scale among black women in an emerging market context in South Africa's financial services industry.

7.3 Recommendations for management and other stakeholders

For businesses, the research reveals that organisational diversity does not predict positive employee engagement. Therefore, it is crucial to continue supporting diversity initiatives with additional interventions that support inclusion and equity.

The study recommends further intersectional research on the drivers of black women's employee engagement and how various factors influence it. It also recommends a longitudinal study that assesses how and whether changes in senior leadership diversity composition will impact engagement levels. Research in other South African industries should also be conducted to understand whether the same patterns from the findings are indicated.

7.3 Limitations of the research

The quantitative cross-sectional nature of the study in a specific sector and the size of the population sample limits the generalisability of the findings.

The use of a survey questionnaire as a research instrument limited the ability to probe participant responses for deeper insights. This study did not examine other organisational factors that are significant in modern diversity management and employee engagement theories, such as leadership style and workplace inclusion.

7.5 Suggestions for future research

Future studies should examine how inclusion affects black women's employee engagement. Further investigation of the impact of racial diversity in senior leadership on employee engagement, independent of similar cultural background, should also be undertaken in future studies. Lastly, future research should focus on a qualitative investigation of the factors influencing black women's views of diversity and how it affects their degree of engagement. The study concludes by emphasising the need for further research into how perceptions of TMT diversity leadership affect organisational outcomes like employee engagement in non-Western contexts.

The outcomes show that positive engagement is not solely predicted by greater diversity in senior leadership. The study also emphasises the challenges faced by Black women in the workplace and the necessity for South African organisations and diversity management academics to learn more about the factors that influence women's employees' engagement.

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9.9 Appendices

Appendix 1: Certification of additional support and Copywrite declaration

15. APPENDIX 6 CERTIFICATION OF ADDITIONAL SUPPORT

(Additional support retained or not - to be **completed by all students**)

Please note that failure to comply and report on this honestly will result in disciplinary action

I hereby certify that (please indicate which statement applies):

- **I DID NOT RECEIVE** any additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report:
.....
- **I RECEIVED** additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report
[Statistical](#)
.....

If any additional services were retained– **please indicate below which:**

- Statistician**
- Transcriber**
- Editor**
- Other (please specify)**

Please provide the name(s) and contact details of all retained:

NAME:

EMAIL ADDRESS:

CONTACT NUMBER:

Statistical and Regression analysis

TYPE OF SERVICE:

NAME:

EMAIL ADDRESS:

CONTACT NUMBER:

TYPE OF SERVICE:

NAME:

EMAIL ADDRESS:

CONTACT NUMBER:

TYPE OF SERVICE:

I hereby declare that all *statistical write-ups and thematic interpretations of the results for my study were completed by myself without outside assistance*

NAME OF STUDENT:

SIGNATURE:

STUDENT NUMBER:

25221478

STUDENT EMAIL ADDRESS:

19.1 COPYRIGHT DECLARATION FORM

Student details			
Surname:	<input type="text"/>	Initials:	<input type="text"/>
Student number:	25221478		
Email:	<input type="text"/>		
Phone:	<input type="text"/>		
Qualification details			
Degree:	Mphil Corporate Strategy	Year completed:	2024
Title of research:	The impact of perceptions of gender and racial diversity in top management and its impact on employee engagement: A cross-sectional study of black women in South Africa's financial services industry		
Supervisor:	<input type="text"/>		
Supervisor email:	<input type="text"/>		
Access			
A.	My research is not confidential and may be made available in the GIBS Information Centre and on UPSpace.		
I give permission to display my email address on the UPSpace website			
Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
B.	My research is confidential and may NOT be made available in the GIBS Information Centre nor on UPSpace.		
Please indicate embargo period requested			
Two years	<input type="checkbox"/>	Please attach a letter of motivation to substantiate your request. Without a letter embargo will not be granted.	
Permanent	<input type="checkbox"/>	Permission from the Vice-Principal: Research and Postgraduate Studies at UP is required for permanent embargo. Please attach a copy permission letter. Without a letter permanent embargo will not be granted.	
Copyright declaration			
I hereby declare that I have not used unethical research practices nor gained material dishonesty in this electronic version of my research submitted. Where appropriate, written permission statement(s) were obtained from the owner(s) of third-party copyrighted matter included in my research, allowing distribution as specified below.			
I hereby assign, transfer and make over to the University of Pretoria my rights of copyright in the submitted work to the extent that it has not already been affected in terms of the contract I entered into at registration. I understand that all rights with regard to the intellectual property of my research, vest in the University who has the right to reproduce, distribute and/or publish the work in any manner it may deem fit.			
Signature:	<input type="text"/>	Date:	24 November 2024
Supervisor signature:	<input type="text"/>	Date:	24 November 2024

Appendices related to the research report are in the following pages of the document.

Figure 3: Survey Questionnaire (1.1)

Demographic Information		Responses
Instructions: Please select the option that applies to you:		
Introduction What is your Gender?		<input type="checkbox"/> Female <input type="checkbox"/> Male <input type="checkbox"/> Non-binary <input type="checkbox"/> Prefer not to say
1	Which Financial Services industry do you work in?	<input type="checkbox"/> Banking Industry <input type="checkbox"/> Insurance Industry <input type="checkbox"/> Micro-finance/non-banking Lending institutions <input type="checkbox"/> Fintech, Financial Technology Software services Provider <input type="checkbox"/> Financial Services consulting, Auditing services or strategic consulting
2	How many years have you been working at your current company?	<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1-3 years <input type="checkbox"/> 4-6 years <input type="checkbox"/> 7-10 years <input type="checkbox"/> More than 10 years
3	What is your highest level of education?	<input type="checkbox"/> Matric <input type="checkbox"/> Post-matric qualification <input type="checkbox"/> Degree <input type="checkbox"/> Post-graduate degree <input type="checkbox"/> Master or Doctoral graduate degree
4	What is your race?	<input type="checkbox"/> Black African <input type="checkbox"/> Coloured <input type="checkbox"/> Indian/Asian <input type="checkbox"/> Mixed Race <input type="checkbox"/> Other/prefer not say
5	What is your age?	<input type="checkbox"/> 18 - 25 <input type="checkbox"/> 26 - 30 <input type="checkbox"/> 31 - 35 <input type="checkbox"/> 35 - 40 <input type="checkbox"/> 41 - 45 <input type="checkbox"/> 46 - 50 <input type="checkbox"/> Over 50 years

Figure 3: Survey Questionnaire (1.2)

Instructions: Please indicate your level of agreement with the following statements by selecting the appropriate option:						
Survey Question		Responses	Construct	Rationale	Reference	
My perception of the level of gender diversity in senior leadership in my organisation/company		1 = Strongly Agree 2 = Agree 3 = Neutral 4 = Disagree 5 = Strongly disagree	Construct 1		Adapted from Hofhuis et al. (2013), Ganesh (2024) and SmartSurvey (n.d.) questionnaires on diversity and inclusion in workplaces.	
6	I feel that my organization has enough representation of women in senior leadership positions.		Construct 1: Perception of gender diversity in senior leadership	Measure perception of the level of gender diversity in senior leadership		
7	I feel that women leaders are equally represented in senior leadership as men.		Construct 1: Perception of gender diversity in senior leadership	Measure perception of the level of gender diversity in senior leadership		
My perception of the level of racial diversity in senior leadership in my organisation/company			Construct 2			
8	I feel that my organization has enough representation of all racial groups in senior leadership positions.		Construct 2: Perception of racial diversity in senior leadership	Measure perception of the level of racial diversity in senior leadership		
9	I feel that there is enough representation of leaders from my racial and cultural background in the leadership positions of my organization.		Construct 2: Perception of racial diversity in senior leadership; Mediating variable: Shared racial and cultural background	Measure the perception of level of shared racial and cultural background in senior leadership		
My overall perception of gender and racial diversity in senior leadership in my organisation/company			Construct 1 and Construct 2 with mediating variable			
10	Overall, I feel positive about the level of gender diversity at the senior leadership level of my organisation.		Construct 1: Perception of gender diversity in senior leadership	Measure whether perception of the level of gender diversity in senior leadership is positive		
11	Overall, I feel positive about the level of racial diversity at the senior leadership level of my organisation.		Construct 2: Perception of racial diversity in senior leadership	Measure whether perception of the level of racial diversity in senior leadership is positive		
12	Overall, I feel positive about the level of representation of leaders who share my racial and cultural background at the senior leadership level of my organisation.		Construct 2: Perception of racial diversity in senior leadership; Mediating variable: Shared racial and cultural background	Measure whether perception of the level of shared racial and cultural diversity in senior leadership is positive		
Employee Engagement (Measures the level of Cognitive, emotional and behavioural engagement)			Construct 3			Adapted from Shuck et al. (2017) employee engagement scale questionnaire.
13	I am really focused and concentrate on my deliverables when I am working.		Construct 3: Employee engagement	Measure the level of cognitive engagement of women at work		
14	When working, I think a lot about how I can give my best.	Construct 3: Employee engagement	Measure the level of cognitive engagement of women at work			
15	I am proud to tell others that I work for my current organisation.	Construct 3: Employee engagement	Measure the level of emotional engagement of women at work			
16	I feel a strong sense of belonging and I care about the future of my organisation.	Construct 3: Employee engagement	Measure the level of emotional engagement of women at work			
17	I do more than is expected of me at work and I am willing to put in extra effort without being asked	Construct 3: Employee engagement	Measure the level of behavioural engagement of women at work			
18	I often go above what is expected of me to help my team and organisation be successful.	Construct 3: Employee engagement	Measure the level of behavioural engagement of women at work			

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.783	
Bartlett's Test of Sphericity	Approx. Chi-Square	802.331
	df	78
	Sig.	<.001

Table 4: Exploratory Factor Analysis Results -the factor loadings and communalities

Pattern coefficients in bold depict items with moderate to high loadings onto the factor. Coefficients of <0.3 were suppressed. The Oblimin method of rotation was utilised. RD=Racial Diversity; GD=Gender Diversity; EE=Employee Engagement, h²=communalities

Item	Pattern Coefficients			Structure Coefficients			h ²
	RD	EE	GD	RD	EE	GD	
I feel that there is enough representation of leaders from my racial and cultural background in the leadership positions of my organization	.887			.897		-.432	.811
I feel that my organization has enough representation of all racial groups in senior leadership positions	.863			.884		-.442	.788
Overall, I feel positive about the level of representation of leaders who share my racial and cultural background at the senior leadership level of my organisation	.860			.901		-.463	.818
Overall, I feel positive about the level of racial diversity at the senior leadership level of my organisation	.855			.895		-.455	.808
I feel a strong sense of belonging and I care about the future of my organisation	.528	.411	.329	.468	.486		.467
I do more than is expected of me at work and I am willing to put in extra effort without being asked		.831			.837		.747
I often go above what is expected of me to help my team and organisation be successful		.813			.815	-.319	.737
When working, I think a lot about how I can give my best		.783			.766		.634
I am proud to tell others that I work for my current organisation		.716		.335	.754		.605
I am really focused and concentrate on my deliverables when I am working		.648	.379		.625		.518
I feel that my organization has enough representation of women in senior leadership positions			-. .833	.513		-.899	.834

Overall, I feel positive about the level of gender diversity at the senior leadership level of my organisation			-.694	.600		-.824	.755
I feel that women leaders are equally represented in senior leadership as men			-.679	.564		-.796	.699

Figure 4: Confirmatory factor analysis – The Employee Engagement Scale

Source: Shuck et al. (2017)

TABLE III Final Standardized Regression Weights for Confirmatory Factor Analysis for Study 2

Item	Cognitive Engagement	Emotional Engagement	Behavioral Engagement
CE1. I am really focused on my job when I am working.	.960	—	—
CE2. I concentrate on my job when I am at work.	.958	—	—
CE3. When working, I think a lot about how I can give my best.	.788	—	—
CE4. At work, I am focused on my job.	.962	—	—
CE5. When I am at work, I give my job a lot of attention.	.981	—	—
EE1. Working at my current organization has a great deal of personal meaning to me.	—	.896	—
EE2. I feel a strong sense of belonging to my job.	—	.943	—
EE3. I am proud to tell others that I work for my current organization.	—	.890	—
EE4. I believe in the mission and purpose of my company.	—	.821	—
EE5. I care about the future of my company.	—	.942	—
BE1. I do more than is expected of me.	—	—	.895
BE2. I really push myself to work beyond what is expected of me.	—	—	.883
BE3. I am willing to put in extra effort without being asked.	—	—	.972
BE4. I often go above what is expected of me to help my team be successful.	—	—	.928
BE5. I work harder than expected to help my company be successful.	—	—	.850

Note: Parameter estimates “fixed” to be 0 are reported as dashes (“—”).

Table 8: Bivariate Associations between gender diversity, racial diversity and employee engagement

			Correlations		
			Gender Diversity	Racial Diversity	Employee Engagement
Spearman's rho	Gender Diversity	Correlation Coefficient	--		
		Sig. (1-tailed)			
		N	91		
	Racial Diversity	Correlation Coefficient	.608**	--	
		Sig. (1-tailed)	<.001		
		N	91	91	
	Employee Engagement	Correlation Coefficient	.172	.213*	--
		Sig. (1-tailed)	.052	.021	
		N	91	91	91

** . Correlation is significant at the 0.01 level (1-tailed).

* . Correlation is significant at the 0.05 level (1-tailed).

Table 9: Regression Model Summary

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	.276 ^a	.076	.055	.62384	.076	3.623	2	88	.031	1.929

a. Predictors: (Constant), Racial Diversity, Gender Diversity

b. Dependent Variable: Employee Engagement

Table 10: ANOVA Table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.820	2	1.410	3.623	.031 ^b
	Residual	34.248	88	.389		
	Total	37.068	90			

a. Dependent Variable: Employee Engagement

b. Predictors: (Constant), Racial Diversity, Gender Diversity

Table 11: Coefficients Table

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.657	.194		18.872	<.001		
	Gender Diversity	.045	.074	.080	.612	.542	.607	1.646
	Racial Diversity	.123	.074	.218	1.659	.101	.607	1.646

a. Dependent Variable: Employee Engagement

Table 12: Mediation Analysis Results							
***** PROCESS Procedure for SPSS Version 4.2 *****							
Model : 4							
Y : Engage							
X : RacialD							
M : Culture							
Sample							
Size: 91							

OUTCOME VARIABLE:							
Culture							
Model Summary							
R	R-sq	MSE	F	df1	df2	p	
.8131	.6611	.5039	173.6458	1.0000	89.0000	.0000	
Model							
	coeff	se	t	p	LLCI	ULCI	
constant	.5305	.1908	2.7799	.0066	.1513	.9097	
RacialD	.8346	.0633	13.1775	.0000	.7087	.9604	

OUTCOME VARIABLE:							
Engage							
Model Summary							
R	R-sq	MSE	F	df1	df2	p	
.2687	.0722	.3908	3.4232	2.0000	88.0000	.0370	
Model							

	coeff	se	t	p	LLCI	ULCI	
constant	3.7086	.1752	21.1670	.0000	3.3604	4.0568	
RacialD	.0818	.0958	.8536	.3956	-.1086	.2722	
Culture	.0696	.0934	.7457	.4578	-.1159	.2551	
***** TOTAL EFFECT MODEL *****							
OUTCOME VARIABLE:							
Engage							
Model Summary							
	R	R-sq	MSE	F	df1	df2	p
	.2575	.0663	.3889	6.3219	1.0000	89.0000	.0137
Model							
	coeff	se	t	p	LLCI	ULCI	
constant	3.7456	.1676	22.3424	.0000	3.4124	4.0787	
RacialD	.1399	.0556	2.5143	.0137	.0293	.2504	
***** TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y *****							
Total effect of X on Y							
Effect	se	t	p	LLCI	ULCI	c_cs	
.1399	.0556	2.5143	.0137	.0293	.2504	.2575	
Direct effect of X on Y							
Effect	se	t	p	LLCI	ULCI	c'_cs	
.0818	.0958	.8536	.3956	-.1086	.2722	.1506	
Indirect effect(s) of X on Y:							
	Effect	BootSE	BootLLCI	BootULCI			
Culture	.0581	.0913	-.1293	.2176			
Completely standardized indirect effect(s) of X on Y:							
	Effect	BootSE	BootLLCI	BootULCI			
Culture	.1070	.1681	-.2445	.3949			
***** ANALYSIS NOTES AND ERRORS *****							
<ul style="list-style-type: none"> ➤ Level of confidence for all confidence intervals in output: 95.0000 ➤ Number of bootstrap samples for percentile bootstrap confidence intervals: 5000 							