EXAMINING THE LINKS BETWEEN WORKFORCE DIVERSITY, ORGANIZATIONAL GOAL CLARITY, AND JOB SATISFACTION

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ABSTRACT

Over the past several decades, a substantial body of research has accrued demonstrating how important workforce diversity is to public organizations. Yet, despite its apparent importance, research on workforce diversity has been relatively narrow in scope and frequently fails to link diversity to important individual and organizational outcomes. Using data collected in three waves of the Federal Human Capital Survey, we consider 1) whether workforce diversity impacts organizational goal clarity among a sample of federal employees, and 2) whether this relationship affects employee job satisfaction. We also consider the role diversity management policies play in shaping these outcomes. Results indicate diversity leads to greater goal ambiguity and declines in employee job satisfaction; however, diversity management policies offset these effects. Findings also indicate the type of diversity matters.

INTRODUCTION

Over the past several decades, a substantial body of research has accrued demonstrating how important workforce diversity is for public organizations. For many citizens, workforce diversity holds significant normative and symbolic meaning, signaling government is both widely accessible and generally fair—a point that is particularly relevant given the changing socio-demographic profile of the United States (Pitts 2005; Smith and Fernandez 2010; Theobald and Haider-Markel 2009; Selden and Selden 2001; Selden 1997; Hindera 1993). Furthermore, evidence suggests public organizations with diverse workforces pursue and implement policies and practices differently, and in ways that seemingly meet a broader range of citizen wants, needs, and expectations (Smith and Fernandez 2010; Selden 1997; Hindera 1993). Several scholars also argue workforce diversity improves organizational performance by introducing new ideas and perspectives that can be useful when addressing complex organizational tasks (*e.g.*, Pitts and Wise 2010; Page 2007; Riccucci 2002; Selden 1997).

Despite its apparent importance, research on workforce diversity, and diversity management specifically, has been relatively narrow in scope, leading some to conclude it often fails to offer practitioners meaningful insight into how diversity can be managed effectively within public organizations (see *e.g.*, Pitts and Wise 2010; Selden and Selden 2001; Wise and Tschirhart 2000). Others have suggested many of the performance-related benefits of workforce diversity remain largely speculative and warrant further examination and validation (Naff and Kellough 2003; Pitts and Wise 2010; Choi and Rainey 2010; Choi 2009; Selden and Selden 2001).

This paper addresses recent calls to study more fully the relationship between workforce diversity and two factors commonly associated with organizational performance: organizational

goal ambiguity and employee job satisfaction. Specifically, we examine 1) whether workforce diversity impacts organizational goal clarity (or, conversely, ambiguity) among a sample of federal employees, and, concomitantly, 2) whether this relationship affects employee job satisfaction. We also consider the role diversity management policies play in shaping these outcomes. We argue workforce diversity increases goal ambiguity for employees, but diversity management policies help offset these effects. Furthermore, when employees are subject to greater goal clarity—either generally and/or because of diversity management policies specifically—they are more likely to be satisfied in their jobs. Notably, we employ a multi-level structural equation modeling strategy that allows for a test of study hypotheses at the organizational (sub-agency) and individual levels. Results are discussed according to their relevance to public administration practice and theory.

DIVERISTY AND PUBLIC ORGANIZATIONS

Much has been written in public administration on the importance of having diverse public organizations since J. Donald Kingsley's (1944) early work on representation in the British civil service. Most of this research falls into two categories: representative bureaucracy or diversity management scholarship.[1] In general, representative bureaucracy scholarship examines whether the socio-demographic profile of public organizations mirrors that of service recipients and society more broadly. Research in this vein has generated a considerable body of findings supporting the significance of the representative bureaucracy concept. For instance, research consistently indicates women and minorities are under-represented and under-compensated in public organizations—especially at higher organizational levels—when compared to white males

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[1] As Pitts and Wise (2010) note, a third stream of research involving the legal aspects of diversity exists in public administration. For the sake of brevity, we make little reference to this third category throughout our paper. However, the intersection between the law and human resource policies involving diversity is substantial and clearly warrants further research.

(see *e.g.*, Kellough 1990; Wise 1990, 1994; Lewis 1992; Guy 1994; Riccucci and Saidel 1997, 2001; Dolan 2000; Naff 2001; Naff and Kellough 2003). Evidence also suggests diverse organizations make different policy decisions (by, for example, more fully integrating women and minority interests) than more homogeneous ones, and that the representativeness of public organizations holds important symbolic meaning for citizens, signaling government is both fair and open to all (see *e.g.*, Smith and Fernandez 2010; Theobald and Haider-Markel 2009; Bradbury and Kellough 2008; Rubin 2008; Dolan 2000; Selden 1997; Hindera 1993).

More recently, scholars have focused on research involving diversity management in public organizations. As Pitts and Wise (2010) argue, a series of court cases and initiatives such as Affirmative Action and Equal Employment Opportunities both expanded our understanding of diversity to incorporate other dimensions (*e.g.*, age, religion, disability status, and sexual orientation) and increasingly opened the doors of public organizations to women and minority groups. When coupled with the changing socio-demographic profile of the U.S., public administration scholars gradually directed greater attention toward an examination of the work-related outcomes associated with organizational diversity (see *e.g.*, Ivancevich and Gilbert 2000; Riccucci 2002; Naff and Kellough 2003; Pitts 2005; Pitts and Jarry 2007; Choi 2009, 2010; Choi and Rainey 2010; Pitts and Wise 2010).

Simply, a core assumption of diversity management scholarship has been the idea that diversity introduces new and different perspectives into organizations, and that organizations can draw on these diverse perspectives when addressing complex organizational tasks to produce better outcomes for citizens and service recipients (*e.g.*, Pitts and Wise 2010; Page 2007; Riccucci 2002; Selden 1997; Langbein and Stazyk 2011). This notion has led scholars to assert organizations should both value diversity and simultaneously "manage *for* diversity" (Pitts and

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Wise 2010, 47; citing Thomas 1990). Organizations hoping to "manage *for* diversity" pursue internal management and human resource (HR) policies and practices that promote and capitalize on the strengths and benefits of workforce diversity in at least two ways: 1) by accounting for the performance-related aspects of diversity, and 2) drawing more fully on the unique knowledge, skills, and abilities of a diverse workforce. Such organizations also conscientiously recruit and work to retain a diverse workforce, take steps to diminish discriminatory policies and practices, and undertake efforts (*e.g.*, diversity management training) to ameliorate the interpersonal tensions and conflicts that often arise as a consequence of increased workforce diversity (Langbein and Stazyk 2011; Riccucci 2002; Pitts and Wise 2010; Choi and Rainey 2010; Choi 2009, 2010; Ivancevich and Gilbert 2000; Naff and Kellough 2003). As Langbein and Stazyk (2011) note, "the hope is, by managing diversity well, organizations will have satisfied, high-performing employees capable of producing performance gains for their organizations" (4).

Notably, much of this argument hinges on the assumption that diversity management actually produces performance gains for public organizations, and that workforce diversity can be harnessed in ways that allow public organizations to accomplish their missions (Pitts and Wise 2010, 45; Kochan et al., 2003; Pitts 2005; Wise and Tschirhart 2002; Naff and Kellough 2003; Choi and Rainey 2010; Choi 2009). However, several scholars argue these assumptions remain largely untested, and, consequently, maintain the performance-related benefits frequently presumed attendant to workforce diversity are predominantly normative in nature (*e.g.*, Pitts 2005; Pitts and Wise 2010; Wise and Tschirhart 2002; Naff and Kellough 2003). In other words, the benefits of diversity are, so far, largely speculative. We believe one possible avenue useful in addressing these shortcomings rests in examining whether 1) workforce diversity affects the clarity of organizational goals and satisfaction of public sector employees, and 2) diversity

management policies alter the relationships between workforce diversity, the clarity of organizational goals, and employee job satisfaction. The subsequent section considers the likely relationship between workforce diversity, organizational goal clarity, and employee job satisfaction.

WORKFORCE DIVERSITY, GOAL CLARITY,

AND EMPLOYEE JOB SATISFACTION

Organizational goal ambiguity has been defined as the "degree to which goals allow [for] interpretive leeway, or leeway in how one interprets, conceives, and applies the goals" (Chun and Rainey 2005a; Feldman 1989, 5-7). When goals allow for less interpretive leeway, they are more certain and clear (*i.e.*, goal clarity); conversely, when goals allow for greater leeway, they are characterized as being more ambiguous (*i.e.*, goal ambiguity). Although ambiguous goals provide certain advantages to organizations and organizational leaders (*e.g.*, the ability to [re-]cast issues or political demands in ways that advance or safeguard organizational interests), existing research tends to focus on the employee-related effects of goal ambiguity (see Radin 2006 for a discussion of the benefits of ambiguous goals; Stazyk, Pandey, and Wright 2011; Stazyk and Goerdel 2011; Pandey and Rainey 2006; Chun and Rainey 2005a, 2005b; Wright 2004; Locke and Latham 2002).

Research exploring the relationships between goal ambiguity and employees consistently demonstrates clear organizational goals lead to enhanced individual and organizational performance (*e.g.*, Stazyk et al. 2011; Stazyk and Goerdel 2011; Pandey and Rainey 2006; Chun and Rainey 2005a, 2005b; Wright 2004; Locke and Latham 2002). The logic underpinning these findings is relatively straightforward. Simply, clear organizational goals define and set expectations for employees (Stazyk et al. 2011; Stazyk and Goerdel 2011; Pandey and Rainey

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2006; Chun and Rainey 2005a, 2005b; Wright 2004; Locke and Latham 2002). Clear goals signal what an organization values and expects from workers, while concomitantly specifying how employee action relates to individual rewards and the organization's broader mission (Stazyk et al. 2011, 610; Wright 2004; Locke and Latham 1990, 2002; Milkovich and Wigdor 1991). In fact, the clarity of an organization's goals and expectations can lend considerable credence to organizational systems, such as pay-for-performance, in the eyes of employees (Milkovich and Wigdor 1991).

Not only do clear goals help set expectations for employees, but research also indicates goal clarity serves an important motivational purpose in organizations. When organizations set goals that are specific, challenging but attainable, viewed as legitimate by employees, and supported by managers, employees demonstrate higher levels of motivation and performance (see *e.g.*, Locke and Latham 1990, 2002; Wright 2004). In part, motivation and performance gains result from the overarching tendency and desire of employees' to work toward organizational goals to begin with (*e.g.*, because they find meaning in the organization's mission, because of a desire to master tasks, or for extrinsic reasons such as increased pay) (Locke and Latham 1990, 2002). However, as described above, clear goals also bring a sense of purpose and direction to an employee's job (Stazyk et al. 2011; Barnard 1938; Wright 2001, 2004; Wilson 1989). Unfortunately, when employees are subject to vague or inconsistent goals, they frequently find it more difficult to understand their individual roles within an organization, as well as how their work-related tasks connect to an organization's broader mission and objectives (Stazyk et al. 2011; Rizzo, House, and Lirtzman 1970; House and Rizzo 1972; Chun and Rainey 2005a, 2005b; Pandey and Rainey 2006). As a result, workers may struggle to link their actions to an organization's mission.

When employees fail to understand an organization's mission and goals or their own unique roles within the organization, several negative individual and organizational outcomes are likely to occur. For instance, research indicates these employees exhibit higher levels of occupational stress and anxiety, job absence, and turnover, as well as lower levels of physical and emotional health and organizational commitment (see *e.g.*, Rizzo et al. 1970; House and Rizzo 1972; Stazyk et al. 2011). Most notably, goal ambiguity also translates into lower levels of employee job satisfaction (*e.g.*, Chun and Rainey 2005a, 2005b; Wright 2001, 2004; Wright and Davis 2003).

Employee job satisfaction has been defined as a "pleasurable or positive emotional state resulting from the appraisal of one's job…" (Locke 1976, 1300). Job satisfaction, itself, has direct (and indirect) bearing on important individual and organizational outcomes, including employee work motivation, turnover, productivity, and commitment (see *e.g.*, Mobley et al. 1979; Mobley, Homer, and Hollingsworth 1978; Locke 1976; Wright 2001, 2004; Wright and Davis 2003). Mobley and colleagues (1979) argue, for example, job satisfaction is the single best predictor of employee turnover, which itself imposes considerable costs on organizations (see also, Moynihan and Pandey 2008; Llorens and Stazyk 2011). Turnover costs include direct losses in productivity as well as indirect declines due to recruitment and training expenses and losses in institutional knowledge and memory (Mobley et al. 1979; Staw 1980; Balfour and Neff 1993; Moynihan and Pandey 2008; Llorens and Stazyk 2011).

Because of its apparent influence on job satisfaction, work motivation, and individual and organizational productivity, public administration scholars argue research exploring the factors that lead to increased goal clarity (or, conversely, diminished goal ambiguity) and employee goal commitment are desperately needed in the field (see *e.g.*, Wright 2001, 2004; Chun and Rainey

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2005a, 2005b; Pandey and Rainey 2006; Stazyk and Goerdel 2011; Jung 2012). Wright (2001) maintains any effort to sort out the influence of goals on employee job satisfaction and work motivation necessitates a firmer understanding of an employee's work context, job characteristics, and job attitudes. These factors, he believes, provide considerable insight into the overall structure and content of organizational goals, as well as the likelihood employees will demonstrate goal commitment. A complete test of Wright's model is beyond the scope of this paper. However, and consistent with other goal ambiguity research, Wright maintains goal conflict leads to greater goal ambiguity and, consequently, reductions in job satisfaction (and work motivation).

Diversity management scholarship frequently acknowledges the fact that increased workforce diversity introduces conflict into organizations (*e.g.*, Pitts 2005; Wise and Tschirhart 2000; Foldy 2004). Conflict may be interpersonal or may arise from miscommunication among organizational members. However, as new and different perspectives are introduced into an organization, conflict is also likely to reflect legitimate disputes over the domains and content of organizational goals and action (*e.g.*, Foldy 2004; Choi and Rainey 2010; Pitts 2005; Page 2007; Langbein and Stazyk 2011). Consequently, as organizations become more diverse, goal conflict and ambiguity are likely to increase as well.[2] Consistent with past research, higher levels of goal ambiguity often translate into lower levels of employee job satisfaction, which has important implications for individual and organization performance and productivity. Given these arguments, we test the following hypotheses:

Hypothesis 1a: Higher levels of racial diversity within an organization will decrease the clarity of organizational goals among employees.

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[2] In practice, it is likely nonlinear or tipping point hypotheses are better suited to capturing the dynamic relationships described in this paper. However, because this is the first empirical examination (to the authors' knowledge) of the relationships between workforce diversity, goal ambiguity, and employee job satisfaction, we opt for a simpler test.

Hypothesis 1b: Higher levels of gender diversity within an organization will decrease the clarity of organizational goals among employees.

Hypothesis 2: As organizational goal clarity increases employees will become more satisfied with their jobs.

Hypothesis 3a: Higher levels of racial diversity will decrease employee job satisfaction.

Hypothesis 3b: Higher levels of gender diversity will decrease employee job satisfaction.

THE MEDIATING ROLE OF DIVERSITY MANAGEMENT POLICIES

Much of the discussion above leads to the seemingly inevitable conclusion that public organizations are helpless bystanders with little control over the possible negative effects of increased workforce diversity and organizational goal ambiguity. However, public organizations have several levers at their disposal that may be useful in mitigating the negative aspects of both workforce diversity and organizational goal ambiguity—should such effects *actually* be present. For instance, scholarship within and outside public administration has long noted organizations have considerable control over employees' work environments (*e.g.*, job design, work processes), suggesting organizations can alleviate any negative effects of workforce diversity by taking steps to clarify organizational goals for employees (see *e.g.*, Wright 2001; Locke and Latham 2002). Similarly, emerging research has begun exploring the role hierarchy and centralization play in offsetting goal ambiguity (see *e.g.*, Stazyk and Goerdel 2011; Stazyk et al. 2011); both may be useful when addressing challenges presented by increased workforce diversity.

Ostensibly, one of the most important tools organizations have at their disposal to manage increased workforce diversity rests in formal organizational policies and trainings. At the very least, organizational policies set boundaries around what constitutes acceptable and unacceptable employee behavior, while simultaneously establishing legally grounded safeguards

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(and consequences) for workers. However, organizational policies and trainings may also function at a deeper level by working to shift the culture of organizations in ways that lead employees to more readily value and capitalize on the benefits of diversity (see *e.g.*, Foldy 2004). Unfortunately, public administration scholarship has yet to fully consider the links between organizational policies and trainings, workforce diversity, and employee-related outcomes (see *e.g.*, Wise and Tschirhart 2000; Selden and Selden 2001; Pitts and Wise 2010). Furthermore, research from other academic traditions indicates organizational interventions (including those associated with goal-setting and job design processes) tend to be less effective as workforce diversity increases (*e.g.*, Kanfer et al. 2008; Mitchell et al. 2001), suggesting many of the traditional measures and methods used to improve employee motivation and performance may be hampered by increased workforce diversity (see *e.g.*, Watson et al. 1993). Whether similar results hold in public organizations remains to be determined. However, given arguments that organizational policies can work to clarify organizational goals (see *e.g.*, Wright 2001), we assume diversity management policies have both direct and indirect effects on the relationships between workforce diversity, goal ambiguity, and employee job satisfaction. Consequently, we also examine the following hypotheses:

Hypothesis 4a: Higher levels of racial diversity within an organization will increase the prevalence of diversity management policies.

Hypothesis 4b: Higher levels of gender diversity within an organization will increase the prevalence of diversity management policies.

Hypothesis 5: Diversity management policies directly increase the clarity of organizational goals.

Hypothesis 6: Diversity management policies directly increase employee job satisfaction.

Hypothesis 7: Diversity management policies indirectly increase employee job satisfaction by clarifying organizational goals.

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MODEL CONTROLS

While this paper focuses on the individual and organizational effects of workforce diversity and diversity management policies, it is important to rule out alternative plausible explanations. First, it is possible that race drives perceptions on the value of workforce diversity and diversity management policies. We model six racial categories, including American Indian, Asian American, African American, Pacific Islander, Multiracial, and Hispanic, as individual covariates. For the purposes of this study, we use white respondents as the reference group. Similar to race, one's gender may also influence diversity preferences. We account for gender with a dichotomous variable where 0 = male and 1 = female. Second, it is possible that, as one climbs the organizational hierarchy, individuals alter their perspective on organizational diversity. To account for this possibility, we model supervisory status, where 1 represents non-supervisor, 2 represents team leader, 3 represents supervisor, 4 represents manager, and 5 represents a member of an executive team. Third, we also account for employee age as a possible factor influencing perspectives on diversity. The age variable is scaled such that 1 = 29 and under, 2 = 30-39, 3 = 40-49, 4 = 50-59, and 5 = 60 and over.

DATA, METHODOLOGY, AND RESULTS

The data used to test these hypotheses were collected in three waves of the Federal Human Capital Survey (2004, 2006, and 2008). The Federal Human Capital Survey is administered every other year by the Office of Personnel Management (OPM), and is designed to assess the attitudes of federal employees with respect to workplace issues. In each of these three years, the OPM distributed electronic and paper surveys to full-time, permanent employees in several federal government agencies, and collected data from employees across several sub-agencies. Data were available from respondents in 70 sub-agencies in 2004, 302 sub-agencies in

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2006, and 294 sub-agencies in 2008. After eliminating sub-agencies with only a single respondent we analyzed responses from 660 federal government sub-agencies, and the average number of respondents per sub-agency was 881.236. Overall, we analyze data collected from 581,616 federal government employees. Responses were collected from 147,914 employees during 2004, 221,479 in 2006, and 212,223 in 2008. The disaggregated race and gender characteristics of survey respondents are provided in table 1.

[INSERT TABLE 1]

This paper seeks to examine the effects of diversity on individual employee attitudes and organizational characteristics. While many of the variables we examine in this paper are measured by asking for individual attitudes and perceptions, measures of diversity have been calculated to reflect organizational (sub-agency) diversity. A full description of measures used in this analysis can be found in the appendix. Given multiple levels of measurement, we employ a multi-level structural equation model (MSEM) to effectively address the hypotheses specified above. This technique affords researchers the ability to decompose the variation in latent variables into individual level and organizational level components, which provides more accurate tests of hypotheses at multiple levels of measurement (Snijders and Bosker 1999). The hypothesized effects of organizational diversity are modeled at the organizational level of analysis whereas the remaining hypotheses are modeled at the individual level of analysis.

Prior to reviewing results, it is necessary to discuss one element of model specification. The original model returned two inadmissible solutions. There were two negative residual variances in the original model associated with the first job satisfaction item and the first goal clarity item (at the organizational level). Negative residual variances tend to be more common in MSEM models, but allowing negative residual variances can significantly bias model fit and

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parameter estimates (Hox and Maas 2001). One acceptable way to correct for this problem is to constrain negative residual variances to 0 (Selig, Card, and Little 2008). As such, we constrain all negative residual variances to 0 to avoid potential bias in parameter estimates.

It is also necessary to determine if the theoretical model we propose closely fits population characteristics. General rules of thumb indicate that RMSEA and SRMR values less than .08, as well as CFI and NNFI values greater than .90 indicate acceptable model fit. We evaluate all four measures of model fit because it is inappropriate to reject a model based on one fit statistic or to apply overly stringent standards to measures of model fit (Marsh, Hau, and Wen 2004). Our findings indicate that the theoretical model we propose surpasses the suggested cutoff values for all measures of fit with the exception of NNFI. Although we fail to meet the suggested fit for one measure, the remaining fit statistics indicate it is reasonable to conclude this model reasonably resembles population characteristics.

Figure 1 illustrates the standardized parameter estimates and model fit statistics for the individual and organizational levels. In the individual-level portion of the model latent variables are defined by observed survey items answered respondents. The black circles at the end of the arrows from the individual-level latent variables illustrate that the intercepts of the observed variables are allowed to vary across sub-agencies. The indicators of latent variables at the organizational level are depicted as circles because they are comprised of the random intercepts of observed variables at the individual level. Finally, racial and gender diversity are depicted as boxes in figure 1 because they are observed variables measured at the organizational level. In other words, the diversity measures vary across clusters but are the identical for all individuals within the same sub-agency.

[INSERT FIGURE 1]

All four of the individual level hypotheses outlined above are supported. First, all of the direct pathways between diversity management policies, goal clarity and job satisfaction are significant at $p \leq .001$, thus supporting hypotheses 2, 5, and 6. Standardized parameter estimates, standard errors, and associated significance levels are provided in table 2. Those employees who believe their organization has well defined, effective diversity management policies report greater goal clarity and job satisfaction. Furthermore, employees who believe that organizational goals are clearer tend to be more satisfied with their jobs. However, results also indicate that the relationship between diversity management policies and job satisfaction is complex, entailing more than a series of simple direct relationship. Simply, the benefits of diversity management policies on job satisfaction are even more pronounced when such policies also clarify organizational goals (hypothesis 7).

<div align="center">**[INSERT TABLE 2]**</div>

While the results presented in figure 1 and table 2 highlight the significance of several direct relationships, they do not provide information regarding the total effect of diversity management policies on individual job satisfaction. Total indirect effects are calculated as the product of multiple direct effects (Kline 2005). In this case, the *total indirect effect* of having well-defined diversity management policies on job satisfaction is .242 ($p<.001$). The *total effect* of diversity management policies on job satisfaction can be calculated by adding the total indirect effect to the direct effect (Kline 2005). In this case, the total effect of diversity management policies on job satisfaction is .598 ($p<.001$), which confirms hypothesis 7. Results from the individual level model suggest that, when employees believe an organization has established diversity management policies, they will be significantly more satisfied with the nature of their work. The direct effect of diversity management policies, however, is more

pronounced than the indirect pathway through goal clarity, suggesting that clarifying goals is an important, yet secondary, effect of diversity management policies.

While our findings imply that employees benefit substantially from diversity management policies, the organizational picture is somewhat less clear. Only two of six organization-level hypotheses are supported (hypotheses 1 and 3). First, as racial diversity within the organization increases, goal clarity decreases ($p = .015$). Second, higher levels of racial diversity tend to undermine overall satisfaction within the organization ($p < .001$). One interesting result, however, is contrary to expectations; as gender diversity within the organization increases, the organization tends to be characterized by higher overall job satisfaction ($p < .001$). Although significant, this finding contradicts our hypothesized direction and may provide some insight into how different forms of diversity influence organizational characteristics. See table 2 for standardized parameter estimates and associated significance levels.

In addition to supporting 6 of 10 hypotheses, the model we present has reasonable explanatory capacity. Unlike traditional regression models, there are several R^2 values in structural equation models—one corresponding to each endogenous variable. Additionally, in MSEM models, there are R^2 values associated with both individual-level and organization-level variables. First, at the individual level the model controls explain 6.6% of the variation in diversity management policies. Second, the model controls and the presence of diversity management policies explain 48.7% of the variation in goal clarity. Finally, the model controls, diversity management policies, and goal clarity account for 42.1% of the variation in job satisfaction. At the organizational level, racial and gender diversity account for 6.3% of the variation in the diversity management policies construct. Next, racial and gender diversity, with

diversity management policies, account for 69.3% of the variation in goal clarity. Lastly, racial and gender diversity, diversity management policies, and goal clarity account for 52.4% of the variation in job satisfaction. Although the amount of variation in the presence of diversity management policies, at both the individual and organizational level, is relatively modest, the remaining R^2 indicate that this model explains a large proportion of variation in model variables.

Although the theoretical focus of this paper examines the complex relationships between organizational diversity, the presence of diversity management policies, goal clarity, and job satisfaction relationships between individual-level control variables and model constructs are significant. First, females are more likely than males to be satisfied with their jobs and believe the organization's goals are clear, but are less likely to believe that diversity management policies are present and effective. Second, compared to whites, all other racial categories report higher job satisfaction and are more likely to believe the organization's goals are clear; they are less likely to believe, however, that effective diversity management policies exist. Third, as individuals climb the supervisory ranks, they are more likely to be satisfied with their job, believe organizational goals are clear, and view diversity management policies as present and effective. Finally, older employees tend to be more satisfied with their jobs and believe organizational goals are clear, but are less likely to believe diversity management policies are present and effective. Table 3 provides the standardized parameter estimates and significance levels for all individual level control variables.

[INSERT TABLE 3]

DISCUSSION AND CONCLUSIONS

A substantial body of literature in public administration illustrates that an emphasis on workforce diversity signals to citizens that government is accessible and fair (Pitts 2005; Smith

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and Fernandez 2010; Theobald and Haider-Markel 2009; Selden and Selden 2001; Selden 1997; Hindera 1993). Much of this literature also suggests diversity can benefit agencies by increasing individual and organizational performance (Pitts and Wise 2010; Page 2007; Riccucci 2002; Selden 1997). In practice, however, scholars have failed to fully explore how organizational responses to workforce diversity influence either employees or performance (see *e.g.*, Pitts and Wise 2010; Selden and Selden 2001; Wise and Tschirhart 2000). This paper begins to address this gap by examining both the individual and organizational effects of workforce diversity and diversity management policies.

The findings we present indicate that some of the negative outcomes of organizational diversity, such as increased interpersonal conflict, can, in fact, be offset by effective diversity management policies. Yet, some of the most interesting results from our model concern the absence of relationships between racial and gender diversity and diversity management policies. Higher levels of racial and gender diversity are no more likely to encourage the development of effective diversity management policies—at least in the eyes of employees. Pitts and Wise (2010) suggest landmark court decisions may have legalized the issue of diversity. Perhaps the legalistic nature of diversity encourages organizations to focus on matters pertaining to compliance with the law rather than actual employee or organizational needs.

Not surprisingly, developing diversity policies solely in response to legal pressure is likely an ineffective means for harnessing the potential benefits of workforce diversity. In this sense, our study highlights the need for organizational leaders to more fully and effectively manage diversity policies by, at the very least, ensuring such policies actually comport with employee expectations. Our findings illustrate that employees must believe these policies are not only present, but also effectively enforced; managers must also demonstrate a clear commitment

to workforce diversity. When these characteristics are present, diversity management policies serve as a mechanism for clarifying organizational goals and enhancing individual job satisfaction, both factors that contribute to organizational performance.

Although effective diversity management likely leads to positive organizational outcomes, it is not desirable to treat organizational diversity as a generic characteristic. Our findings also highlight the need to manage alternative forms of diversity differently. Based on the data we analyzed, increasing racial diversity decreases the overall job satisfaction within the organization, whereas greater gender diversity increases overall organizational job satisfaction. It is possible that different forms of organizational diversity have fundamentally different individual and organizational outcomes. For example, future research on organizational diversity may profit from examining how various forms of diversity affect the interpretation and implementation of organizational goals or, alternatively, relate to interpersonal conflict.

If scholars and practitioners are willing to address different forms of diversity with different initiatives, our findings suggest practitioners may benefit from an increased emphasis on racial diversity. Racial diversity negatively influences several of the organizational attributes we examined, whereas gender diversity tended to have a positive influence. In this sense, managers might profit more immediately from directing greater attention to the challenges associated with racial diversity. We do not, however, assume that emphasis on racial diversity must come at the expense of emphasis on gender diversity. Perhaps managers could focus more on communicating the benefits of diversity policies to all employees, thereby clarifying the purpose of these rules and regulations.

While this study employs theory to develop practical recommendations, there are limitations to this research. First, we assume that race and gender diversity are mutually

exclusive diversity categories. Inevitably, racial and gender diversity overlap in meaningful ways. For example, can scholars meaningfully consider an African-American woman as only racial or only gender diversity? It may be fruitful to seek ways to accurately analyze groups with overlapping memberships. Second, we assess diversity management policies from the perspective of organizational employees. The data we use asks respondents to determine if their supervisors are committed to workforce diversity, whether policies promote diversity, and whether management enforces diversity policies. Future research could seek to examine more objective data with respect to actual enforcement of diversity management policies. Even with these limitations this paper takes a first step toward simultaneously understanding the individual and organizational benefits of workforce diversity.

It is interesting that relatively little public administration research provides practical recommendations for managing diversity. Perhaps this is due to the normative orientation of diversity research. Workforce diversity is bound to influence organizations in both favorable and unfavorable ways, and it is possible that practical recommendations require better understanding the drawbacks of organizational diversity. Echoing others, further research examining the individual and organizational outcomes are desperately needed if we are to advance diversity management scholarship and practice in meaningful ways.

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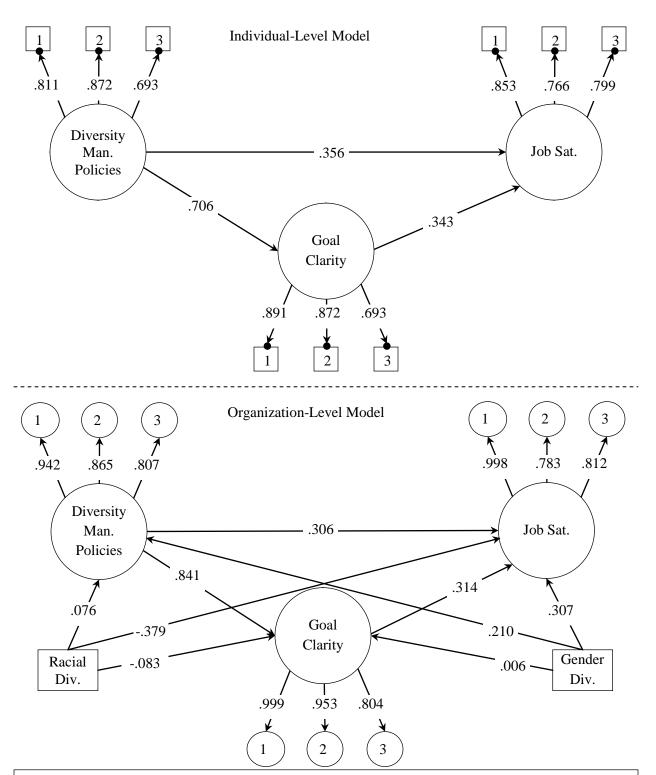
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Table 1: Demographic Characteristics of Survey Respondents.

	n	%
Sex		
Male	228,344	52.6
Female	205.538	47.4
Race		
American Indian	9,586	2.2
Asian American	17,217	4.0
African American	66,839	15.4
Pacific Islander	4,489	1.0
White	302,258	69.7
Multiracial	13,728	3.2
Hispanic	19,585	4.5

Figure 1: Standardized Parameter Estimates and Model Fit Statistics.

Individual-Level Model

Organization-Level Model

Model Fit: $\chi^2_{(116, \, n581,616)}$ = 83,668.580, p<.001; RMSEA = .035; CFI = .917; NNFI = .877; $SRMR_w$ = .029; $SRMR_b$ = .075

Table 2. Standardized Parameter Significance Levels.

Individual-Level Model

Job Satisfaction

	EST	S.E.	EST\S.E.	p
Goal Clarity	0.343	0.004	84.078	0.000
Diversity Management Policies	0.356	0.004	94.996	0.000

Goal Clarity

	EST	S.E.	EST\S.E.	p
Diversity Management Policies	0.706	0.003	204.265	0.000

Organization-Level Model

Job Satisfaction

	EST	S.E.	EST\S.E.	p
Goal Clarity	0.314	0.083	3.806	0.000
Diversity Management Policies	0.306	0.083	3.696	0.000

Goal Clarity

	EST	S.E.	EST\S.E.	p
Diversity Management Policies	0.841	0.029	29.128	0.000

Goal Clarity

	EST	S.E.	EST\S.E.	p
Racial Diversity	-0.083	0.034	-2.434	0.015
Gender Diversity	0.006	0.076	0.082	0.935

Diversity Management Policies

	EST	S.E.	EST\S.E.	p
Racial Diversity	0.076	0.056	1.356	0.175
Gender Diversity	0.210	0.120	1.746	0.081

	Job Satisfaction			
	EST	*S.E.*	*EST\S.E.*	*p*
Racial Diversity	-0.379	0.046	-8.149	0.000
Gender Diversity	0.307	0.082	3.750	0.000

Table 3: Standardized Parameter Estimates for Control Variables.

Job Satisfaction

	EST	S.E.	EST\S.E.	p
Female	0.023	0.002	11.779	0.000
Supervisory Status	0.031	0.003	11.903	0.000
Age	0.054	0.002	24.657	0.000
American Indian	0.013	0.002	5.426	0.000
Asian American	0.014	0.001	10.090	0.000
African American	0.035	0.002	18.128	0.000
Pacific Islander	0.013	0.001	9.619	0.000
Multiracial	0.007	0.001	4.893	0.000
Hispanic	0.016	0.002	7.666	0.000

Goal Clarity

	EST	S.E.	EST\S.E.	p
Female	0.049	0.002	29.960	0.000
Supervisory Status	0.005	0.002	2.052	0.040
Age	0.011	0.002	5.710	0.000
American Indian	0.015	0.003	5.205	0.000
Asian American	0.035	0.001	23.591	0.000
African American	0.109	0.003	36.198	0.000
Pacific Islander	0.035	0.001	23.834	0.000
Multiracial	0.010	0.002	5.248	0.000
Hispanic	0.016	0.003	6.263	0.000

Diversity Management Policies

	EST	S.E.	EST\S.E.	p
Female	-0.039	0.003	-14.674	0.000
Supervisory Status	0.203	0.003	61.579	0.000
Age	-0.040	0.002	-17.510	0.000
American Indian	-0.024	0.007	-3.477	0.001
Asian American	-0.018	0.002	-9.086	0.000
African American	-0.122	0.003	-35.889	0.000
Pacific Islander	-0.047	0.002	-20.741	0.000
Multiracial	-0.036	0.004	-9.352	0.000
Hispanic	-0.032	0.004	-7.662	0.000

Appendix: Operational Definitions.

Job Satisfaction

Job satisfaction is assessed based on three items rated on five-point scales. Items are scaled such that higher values reflect greater job satisfaction. Specifically, job satisfaction is evaluated by the following three survey items:

1. My work gives me a feeling of personal accomplishment.

2. I like the kind of work I do.

3. Considering everything, how satisfied are you with your job?

Goal Clarity

Goal clarity is assessed using three items rated on a five-point scale ranging from strongly disagree to strongly agree. Higher values reflect a greater degree of goal clarity. Specifically, goal clarity is evaluated by the following three survey items:

1. Managers communicate the goals and priorities of the organization.

2. Managers review and evaluate the organization's progress toward meeting its goals and objectives.

3. Managers promote communication among different work units (for example, about projects, goals, needed resources).

Diversity Policy

Diversity policy is assessed using three items rated on a five-point scale from strongly disagree to strongly agree. A higher value reflects a more favorable diversity policy environment. Specifically, diversity policy is evaluated by the following survey items:

1. Supervisors/team-leaders in my work unit are committed to a workforce representative of all segments of society.

2. Policies and programs promote diversity in the workplace (for example, recruiting minorities and women, training in awareness of diversity issues, mentoring).

3. Prohibited Personnel Practices (for example, illegally discriminating for or against any employee/applicant, obstructing a person's right to compete for employment, knowingly violating veterans' preference requirements) are not tolerated.

Measure of Workforce Diversity

This study employs Blau's index (Blau, 1977) to generate the measure of agency-level workforce diversity. Specifically, $D = 1 - \Sigma P_i^2$, where D denotes the agency overall diversity, and P_i is the proportion of group members in a particular category i. Two categories (i.e., male and female) are used to produce the agency gender diversity. We use seven categories (i.e., American Indian, Asian American, African American, Hawaiian/Pacific Islander, White, Multiracial, and Hispanic/Latino) to develop the measure of racial diversity.