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**Impact of Diversity Management on Innovative Work Behavior:  
Mediating Role of Human Resource Management and Affective Commitment**

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# **Impact of Diversity Management on Innovative Work Behavior: Mediating Role of Human Resource Management and Affective Commitment**

## **Abstract**

**Purpose:** This paper investigates the effect of diversity management on employees' innovative work behavior through human resource management (HRM) and affective commitment.

**Methodology:** Data were collected from 358 employees of small and medium-sized enterprises in the Kurdistan Region of Iraq. The hypothesized model has been evaluated using structural equation modeling.

**Findings:** Findings suggest that workforce diversity management directly and significantly affected HRM and affective commitment. Furthermore, findings revealed that HRM significantly influenced both employees' innovative work behavior and affective commitment, while affective commitment had a significant positive influence on innovative work behavior. Moreover, concerning the indirect effects, affective commitment and HRM significantly mediated the relationship between diversity management and employees' innovative work behavior.

**Originality:** Grounded in the social exchange and institutional theories, this research fills the gap in the literature by addressing the "*black box*" of how workforce diversity management influences employees' innovative work behavior while examining the mediating role of employees' affective commitment and firm HRM policies.

**Limitations:** A cross-sectional single source dataset is used to evaluate the hypothesized model.

**Keywords:** *Diversity Management, Human Resource Management, Innovative Work Behavior, Affective Commitment, Workforce*

## **Introduction**

Rapid environmental changes and intense competition have driven businesses worldwide to pursue innovation and creativity to survive and succeed (Kitsios & Grigoroudis, 2020; Kyrgidou & Spyropoulou, 2013; Yang et al., 2022). In such a fiercely competitive business landscape, employees are considered the most prominent source of innovation and creativity in business firms (e.g., Henkel et al., 2019; Manoharan et al., 2021). Prior research indicates that most mature

organizations have received novel and innovative ideas from a diverse and multi-talented workforce coming from different cultural backgrounds (e.g., Azadegan et al., 2020; Gamage, & Tajeddini, 2022). Their dynamic and varying knowledge levels, skills, expertise, experiences, and values have contributed significantly to the firm's innovativeness and absorptive capacity (Jones et al., 2006; Tajeddini & Trueman, 2008, 2016). Moreover, it is emphasized that the individual realization of employees brings a noticeable difference to a firm's ability to produce and exploit new products, services, systems, and/or processes (Shanker et al., 2017). Consequently, firms have understood the value of accommodating workforce diversity as an integral part of their structure and strategy and attempt to translate it into a substantial qualitative leap in corporate performance (Gilbert, Stead, & Ivancevich, 1999; Yadav & Lenka, 2020). Thus, business firms have often been advised to attract a diverse workforce with varying knowledge levels and expertise to foster innovative work behavior (IWB) (Sandhu & Al Naqbi, 2022; Manoharan et al., 2021).

In the last two decades, increasing globalization and rapidly shifting demographics have significantly expanded the workforce diversity within most firms worldwide (Bogilović et al., 2020). However, it is essential to note that workforce diversity would be a vital source for firm innovativeness only if diversity is institutionalized and managed effectively throughout all functions of human resource management (HRM): hiring, training, developing and rewarding the right talent. Effective diversity management (DM) can enhance cross-cultural learning and knowledge sharing among the workforce while simultaneously fostering IWB within business firms (Backes-Gellner & Veen, 2009; Kaiser & Müller, 2013). However, if workforce diversity is not managed correctly, it may create misunderstanding and fear among the employees, hindering the firm innovativeness (Henkel et al., 2019; Manoharan et al., 2021). Accordingly, to gain the maximum potential of workforce diversity, firms need to foster IWB by increasing positive perceptions of a diverse workforce. Thus, diversity-oriented human resource (HR) policies that encourage employees to generate, modify, communicate, and implement novel ideas at work would add paramount importance to IWB (Bogilović et al., 2020; Cerne et al., 2017; Luu, 2021).

Consequently, numerous scholars have called for further research to understand and verify whether workforce DM leads to IWB within firms (cf., Bogilović et al., 2020; Korzilius et al., 2017; Shin et al., 2012). Despite the increased attention towards DM and IWB within firms in literature lately, these studies have resulted in mixed findings, leaving doubts on how workforce DM contributes to IWB and the potential boundary conditions that support firm innovativeness

through managing a diverse workforce. For example, some scholars (e.g., Hapsari et al., 2019; Korzilius et al., 2017; Talke et al., 2010) contend that effective management of a multicultural workforce is positively associated with IWB. In a similar vein, several other researchers (e.g., Bogilović et al., 2020; Keceli et al., 2020) suggest that business firms should foster a positive perception of having a diverse workforce, thereby fostering IWB. However, in contrast, some eminent scholars such as Christensen and Muhr (2018) and Hurst (2022) found that workforce diversity results in negative consequences such as feelings of anxiety, discomfort, and fewer social interactions due to fear of being rejected, thus, damaging team cohesion and hampering firms' innovativeness.

Grounded in the social exchange (Blau, 1964; Donate et al., 2022; Homans, 1958) and institutional theories (Mayer et al., 1995; Williamson 1998; Zucker, 1987), this study addresses these inconsistent findings in prior literature by answering the following research questions. First, this study intends to address the question, *“Does workforce DM within business firms contribute to IWB?”* Then, it attempts to deeply understand the psychological mechanisms behind the process through which workforce DM within business firms contribute to IWB.

Drawing upon the subjectivist view (Bogilović et al., 2020; Cerne et al., 2017), this study reframes DM as an important driver of the overall development of organizations (Yadav & Lenka, 2020), and suggests that employees' affective commitment (AC) (Ashikali & Groeneveld, 2015) combined with firm HR policies (Bos-Nehles et al., 2017; Bos-Nehles & Veenendaal, 2019; Veenendaal & Bondarouk, 2015) could influence the relationship between workforce DM and IWB within business firms. This is because most prior studies emphasize employees' AC as an employee's emotional attachment to the firm (Donate et al., 2022; Konrad & Linnehan, 2003; Kundu & Mor, 2016), and foster their desire to engage in extra-role behavior, enhancing IWB (Brimhall, 2021; Moussa and El-Arbi, 2020; Olkkonen and Lipponen, 2006). However, several scholars argued that employees' AC does not result in IWB. For instance, Nazir et al. (2018) and Khaola and Coldwell (2019) observed no significant correlation between employees' AC and IWB. Concerning these contradictory findings about employees' AC and IWB, additional empirical research is needed to determine to what extent employees' AC contributes to IWB. Accordingly, the second research question is framed as, *“Do employees' AC and firm HR policies mediate the relationship between workforce DM and IWB within business firms?”*

This study makes several notable contributions to innovation and DM literature. Based on the social exchange and institutional theories, this paper addresses the black box concerning how workforce DM contributes to IWB by investigating this process through employees' AC and firm HR policies. Another significant contribution of this paper would be the research setting or the context chosen. Most of the studies on DM and IWB have been conducted aiming at large-scale business firms in developed western countries (e.g., Kalargyrou & Costen, 2017; Madera et al., 2018; Manoharan et al., 2021). Small and medium-sized enterprises (SMEs) operating in the Middle East, particularly in the Kurdistan region of Iraq, have attracted less attention. Nevertheless, the Kurdistan region is a newly emerging market with an increasing number of SMEs with diverse workforces (i.e., in terms of nationality, religion, culture, gender, and spoken language) that significantly contribute to the country's economy (Budur & Poturak, 2021; Demir, 2020). Accordingly, to test the proposed theoretical framework for the first time, we analyze the data collected from SMEs with diverse workforces operating in the Kurdistan region of Iraq.

The rest of the paper unfolds as follows. First, we provide the theoretical overview of the study, followed by the hypotheses development. Following that, the research methodology adopted, including the population and sample selection, data collection, and analysis methods used are presented. Next, we discuss the study findings referring to descriptive statistics and structural equation modeling. Finally, the paper unfolds the results, highlighting the theoretical contribution and managerial implications.

## **Theoretical Background and Hypotheses Development**

### *SMEs in the Kurdistan Region*

SMEs play a vital role in creating more sustainable and equitable growth. They constitute 99 percent of all firms in the OECD region, employ around 60 percent of the workforce, and contribute 50 to 60 percent of total value-added (Martins et al., 2022). According to Harash et al. (2014), SMEs are critical to the development of Iraq's economy, accounting for 99 percent of all commercial enterprises. Furthermore, Ali et al. (2020) and Budur and Poturak (2021) highlighted that SMEs are the key source of employment and the per capita GDP in Iraq. In accordance with the European Report, micro-enterprises employ up to nine people; small businesses employ ten to forty-nine individuals; and medium enterprises employ 50 to 249 people (Lukács, 2005). As per the Central Organization for Statistics (2011), a small-scale enterprise employs fewer than ten

people in Iraq, while a medium-scale enterprise employs ten to thirty people (Harash et al., 2014). In 2018, Iraq introduced the Enterprise Development Fund (EDF), a funding mechanism that provides financial assistance to SMEs in the country (Mertin et al., 2022). Based on the EDF report in 2022, EDF has supported nearly 1,000 Iraqi SMEs across the country by the end of 2021, creating an additional 4,975 employment opportunities (Iraq's Public Information Unit, 2022). However, although the Central Bank of Iraq has allocated around \$5 billion to assist SMEs (Iraq's Public Information Unit, 2022), these firms are still constantly threatened and challenged by the low performance at the individual, administrative, and technology levels (Mansour, 2019).

### *Diversity Management (DM)*

Workforce diversity refers to differences in personal attributes among employees working in the same business firm. These attributes usually include ethnicity, culture, nationality, and demographic characteristics such as age, gender, religion, marital status, and education (Hardin-Ramanan et al., 2018; Keceli et al., 2020; Shaker-Ardakani et al., 2016). The existing literature indicates that various scholars have viewed diversity management differently, focusing on different attributes. For instance, Milliken and Martins (1996) investigated workforce diversity utilizing observable features such as age and gender, whereas Pelled (1996) explored diversity by categorizing it into two dimensions: highly visible (e.g., age, gender, ethnicity) and less visible (e.g., education, experience) personal attributes. In addition, Hobman et al. (2003) categorized workforce diversity into three categories as perceived dissimilarity (e.g., age, gender), professional dissimilarity (e.g., experience, education), and value-based dissimilarity (e.g., ethics, beliefs). From a different viewpoint, Abidi et al. (2017) conceptualized workforce diversity in terms of employee personality, internal and external attributes of employees, and organizational dimensions (e.g., location, work content, and departmentalization). Similarly, Bogilovic et al. (2020) and Harrison et al. (1998) view workforce diversity using two dimensions: surface-level (using visibly detected features such as age and gender) and deep-level (using invisible features such as values and beliefs) attributes. After observing these differences, in this paper, we conceptualize the notion of workforce diversity as a multidimensional construct consisting of highly visible (age, gender, nationality), less visible (education, cultural background), and organizational (management perception, diversity programs, training, and policies) dimensions.

DM is primarily considered a general and broad concept that is hard to define using a single and concrete conceptualization. For example, Dietz and Petersen (2006) and Wang and Rafiq (2014) described DM as a systematic and planned program designed to improve interactions among a diverse workforce and make this diversity a source of creativity, complementarity, and greater effectiveness. In addition, Bogilović et al. (2020) defined the concept of DM as a practice that consists of implementing workforce diversity through effective change within a firm, which positively promotes the achievement of the planned objectives. From a different viewpoint, Yadav and Lenka (2020) define DM as a notion that enables business firms to “*enhance the performance of a heterogeneous workforce and inclusive development of people with differences in gender, ethnicity, nationality, cultural and educational backgrounds*” (p.1). These different viewpoints highlight the complexity of the notion of DM.

Moreover, the concept of DM and its vital role in business firms have been investigated using various theoretical perspectives in prior literature. For example, the similarity-attraction theory highlights individuals are attracted to those who share similar attributes, values, and attitudes (Byrne, 1971; Selfhout et al., 2009; Van Hove & Turban, 2015), whereas the social identity theory emphasizes that individuals usually classify their perceptions according to the common attributes shared by the social groups that they belong to (Turner et al., 1979; Whitaker, 2020). In addition, the self-categorization theory explains that individuals categorize and compare themselves based on income, status, and education (Turner et al., 1987; Zhao et al., 2014), whereas intergroup emotion theory focuses on individuals who belong to specific groups and emphasizes that the characteristics of those groups influence their emotions and behavior (Lazarus, 1991; Tran et al., 2011).

Institutional theory suggests that DM enables firms to introduce rules and norms to establish collective ideologies and understanding while influencing employee behavior (Bizri, 2018). In contrast, social exchange theory (Blau, 1964) predicts that a workforce exposed to effective DM in their firms would demonstrate appropriate behaviors valuable to firms (Kallmuenzer et al., 2021; Van de Voorde et al., 2012). After a comprehensive review of the various theoretical perspectives, this study constitutes on institutional and social exchange theories and proposes that employees' AC and firm HR policies as possible mediators that could affect the relationship between workforce DM and IWB within business firms.



From the standpoint of the institutional theory (Battilana & Casciaro, 2012), many scholars (e.g., Abidi et al., 2017; Nishii & Özbilgin, 2009) suggest that workforce DM and HRM practices of firms share multiple similarities. HRM involves planning, integration, and actions to effectively manage all employees within a firm (Dash & Pradhan, 2014). Diversity should be at the heart of the HR policies of a firm, in order to hire and retain a diverse workforce that caters a diverse customer base while allowing the firm to thrive in the turbulent modern markets. Consequently, DM becomes an essential prerequisite in HRM, allowing firms to aptly satisfy the requirements of externally diversified customers. Further, DM should guarantee mutual respect, transparency, honesty, privacy, and freedom to all employees despite their diverse backgrounds (Nishii & Özbilgin, 2009). This will eventually lead to equal opportunities and distributive justice for the employees in a work setting.

There are two solid arguments in favor of a strong and positive association between DM and HR policies explicitly discussed in DM literature. First, both DM and HRM are associated with a vital personnel aspect of a firm: the employees (Abidi et al., 2017). Second, HR managers hold a strategic position within firms and are uniquely qualified to meet the challenges of DM (Nishii and Özbilgin, 2009; Shen et al., 2009). Accordingly, this study proposes the following hypothesis.

*H1: Workforce DM has a positive impact on HR policies.*

From the standpoint of the social exchange theory (Blau, 1968; Xerri, 2013), managing workforce diversity within firms creates an innovative organizational setting that responds flexibly to the rapidly changing needs of both internal and external customers (Donate et al., 2022). IWB is perceived as employees' conscious attempts to bring benefit to organizational outcomes (Akram et al., 2020; Khan et al., 2020). Based on the social exchange theory (Blau, 1968; Wang et al., 2014; Xerri, 2013), Veenendaal and Bondarouk (2015) argued that IWBs are dynamic discretionary employee outcomes, that is, when the signals of a firm are perceived as valuable by the employees, they will reciprocate high-level of commitment through fostering innovative behaviors.

This study also found mixed results in previous literature concerning the relationship between DM and IWB. For example, Bogilović et al. (2020) claimed that employee diversity generally prevents effective IWB within business firms. As they pointed out, this is mainly because a diverse workforce is less likely to engage in creative and innovative work behaviors due to

dissimilarity, proximity, and the creation of multiple subgroups. On the contrary, some other scholars argued that if employee diversity is managed effectively, it could bring more perspectives and ideas to business firms, fostering innovation and creativity (Bassett-Jones, 2005; Van der Vegt and Janssen, 2003). For example, Gupta (2011) stated that diversity in the workplace is positively related to creativity, innovation, and competitive advantage. Similarly, Martinez et al. (2017) and Syed (2021) argued that DM positively affects IWB through employee engagement and affective commitment. Meanwhile, Hapsari et al. (2019) also claimed that DM leads to positive IWB based on their field study conducted in Indonesia. Likewise, Chen et al. (2019) also found a positive linkage between cognitive diversity and IWB. In light of the above theoretical grounds in previous literature, this study builds its next hypothesis as follows:

*H2: Workforce DM has a positive impact on IWB of employees.*

Previous studies (e.g., Donate et al., 2022) on employee commitment are widely based on the social exchange theory, emphasizing that a higher level of employee commitment can be reached by providing the right resources and support from firms. Employee commitment refers to employees' identification with the organization and tasks (Dinc et al., 2018). Mohammed et al. (2020) noted that committed employees work harder and build a more robust relationship with the firm. Moreover, prior research defined employee commitment as a psychological state that characterizes an employee's relationship with a firm and has implications for the decision to continue membership in it (Allen & Meyer, 1996). Based on the previous research, three types of employee commitment have been defined in the literature, affective commitment (*emotional loyalty to the organization*), continuance commitment (*necessity to stay in the organization*), and normative commitment (*obligation to stay in the organization*) (Allen & Meyer, 1996).

AC represents an employee's emotional attachment to the firm. This has been viewed as the most robust and consistent type of employee commitment that represents the psychological bond between the employees and the firm (Allen & Meyer, 1996; Cura, 2015; Iverson & Buttigieg, 1999). Several scholars discovered that affectively committed employees have higher constructive performance (Grund & Titz, 2021; Meyer & Herscovitch, 2001). Also, according to Van Knippenberg and Sleebos (2006), once employees perceive a robust social exchange between them and the firm, they will be more effectively committed to the firm while improving positive attitudes

and behavior. Pertaining to employee commitment, this paper focuses only on employees' AC, as it tends to increase employees' IWB in firms they are employed (Meyer & Herscovitch, 2001).

However, not every research revealed a positive relationship between workforce DM and employees' AC. Milliken and Martins (1996) found a negative relationship between workforce DM and both employee commitment and satisfaction. In a similar vein, Ashikali and Groeneveld (2015) found similar results suggesting that there is a weak relationship between DM and employee commitment. On the other hand, many prior studies revealed that effective implementation of workforce DM leads to enhanced organizational commitment among employees (Ashikali & Groeneveld, 2015; Kundu & Mor, 2016). Further, Magoshi and Chang (2009) defined DM as a vital competitive tool for a firm that is positively related to employees' organizational commitment. Besides, Kundu and Mor (2016) reported a significant correlation between employee commitment and workforce DM. With an emphasis on the above findings in prior literature, this paper proposes the following hypothesis:

H3: *Workforce DM has a positive impact on employees' AC.*

#### *Human Resource (HR) Practices*

DM literature perceived workforce DM as a valuable HRM function that yields higher organizational performance and competitiveness through fostering innovation and creativity (Cooke & Saini, 2010). In general, HRM activities within firms aim to provide long-term success and survival through increasing human capital and achievement (Hassan, 2016). Further, prior literature indicates that the success of HRM activities depends on the perception of employees (Alfes et al., 2013; Keceli et al., 2015). As the social exchange theory indicates, "*voluntary actions of actors that are motivated by the returns they are expected to elicit from others*" (Blau, 1964). This implies that employees' positive perception of a firm's HRM activities will trigger beneficial attitudes and behaviors that, in return, help to achieve organizational goals (Ahiskali & Groeneveld, 2015; Eisenberger et al., 1990).

Training and development, performance appraisal, and encouragement programs are vital HR practices that foster employees' motivation and well-being within firms (Hassan & Mahmood, 2016). Furthermore, Ho and Kuvass (2020) conceptualized HR practices as selective hiring, teamwork, job autonomy, staff training, flexible work, participatory decision-making, information sharing, supportive management, and performance-related pay. Accordingly, this study

investigates the employees' perception of the HR practices of firms by explicitly referring to fair recruitment, job description, training, rewards, and encouragement.

Shen et al. (2009) noted that effective HR policies within firms promote organizational learning and flexibility that, in turn, cause employees' IWB. Prieto and Pérez-Santana (2014) found that HR practices of ability-enhancing and opportunity-enhancing significantly impact employees' IWB through management and coworker support. Similarly, Parker et al. (2006) stated that management support is an important trigger in fostering the employees' IWB. Further, Bos-Nehles and Veenendaal (2019) indicated that employees' perceptions of some HR practices, such as supervisor support and information sharing, have a significant positive impact on their IWB. However, as they pointed out, the perception of the compensation system harms employees' IWB. Similarly, Salas-Vallina et al. (2020) put forward that employees are more inclined to exploit their expertise and IWB when they see people-oriented management that respects and values their abilities. Furthermore, several scholars (e.g., Battistelli et al., 2004; Janssen, 2000) have discovered that firm HR policies like work autonomy or employee engagement in decision-making encourage IWB. Thus, we hypothesize that:

*H4: HR practices within firms are positively related to employees' IWB.*

Prior literature provides sufficient evidence to clarify the link between HR practices and employees' AC (Lamba and Choudhary, 2013; Smeenk et al., 2006). Alfes et al. (2013) noted that the relationship between employees' performance and HR practices mainly depends on the employee's perception. Hence, they found a positive correlation between HR practices and employees' perceived organizational support, commitment, and job satisfaction. Meanwhile, Lamba and Choudhary (2013) found that HR practices such as training, compensation, and welfare activities significantly and positively impact organizational commitment and, in turn, organizational performance. Similarly, Rubel et al. (2017) indicated that HR practices such as procedural justice, organizational communication, empowerment, employee development, and participation significantly impact employee commitment. Moreover, Li et al. (2019) found a positive correlation between employee commitment and training/development and rewards, while there is a negative correlation to turnover. Lastly, Nor et al. (2020) investigated four HR practices and their influence on employee commitment and argued that working environment and training/development have a significant association with employee commitment, while

remunerations and recognitions did not significantly affect employee commitment. Therefore, we hypothesize:

*H5: HR practices within firms positively related to employees' AC.*

### **Employee Commitment**

Employee commitment is an essential variable of continuous favorable outcomes in the workplace. Many scholars noted that committed employees are vital to organizational effectiveness and adaptation to change (Alkhetari et al., 2018; Faeq, 2020; Ozduran & Tanova, 2017). Numerous theoretical and empirical studies have clarified the relationship between employee commitment and IWB (Battistelli et al., 2019; Jafri, 2010; Ng et al., 2010). For instance, Battistelli et al. (2019) argued that employee commitment enhances IWB due to their strong identification of organizational values and objectives. Besides, it has been observed that committed employees are more likely to explore, promote, and implement new ideas actively within business firms (Siciliano & Thompson, 2018). Similarly, Zaabi et al. (2017) stated that effective management could promote employee commitment through encouraging employees that, in turn, leverage their performance and foster an innovative organizational culture within firms. Accordingly, in this paper, it can be hypothesized as the following:

*H6: Employees' AC has a positive impact on IWB.*

### *Mediation Effects of AC and HRM*

Prior literature further indicates that effective HR practices and workforce DM may solve employee conflicts and leverage employee well-being, commitment, and IWB within firms. In this respect, Shaker-Ardakani et al. (2016) stated that employees' perceptions of firm's strategies regarding workforce DM and HR policies plays a significant role in their commitment and performance. As a result, it has been found that employees' identification and justice perceptions significantly mediate the relationship between workforce DM and HR policies in Iran. Besides, Tabouli et al. (2016) found a strong positive relationship between HRM practices and employee performance through organizational commitment. In addition, Hamadamin and Atan (2019) reported a partial mediation between strategic HRM practices and sustainable competitive advantage through employee commitment. In line with this, Ganji et al. (2020) observed that employees' AC positively mediates the relationship between HR practices and IWB.

Benschop (2001) argued that employees could quickly come together and have discussions to reach organizational objectives through an effective combination of workforce DM and HR practices. Therefore, such firms could facilitate employee communication, increasing employee commitment and IWB (Benschop, 2001). Additionally, Kundu and Mor (2016) noted that workforce DM and HR policies significantly leverage employee commitment in business firms. Similarly, Sifatu et al. (2020) observed that employee engagement mediated the relationship between DM and IWB. Therefore, the indirect effects of DM on IWB should be investigated further. Accordingly, we propose the following hypotheses:

*H7: Employees' AC mediates the relationship between workforce DM and employees' IWB.*

*H8: Employees' AC mediates the relationship between HR practices within firms and employees' IWB.*

*H9: HR practices within firms mediate the relationship between workforce DM and employees' IWB.*

*H10: HR practices within firms mediate the relationship between workforce DM and employees' AC.*

## **Methodology**

### *Data Collection*

This empirical research focuses on SMEs operating in the Kurdish region in Iraq. A survey-based questionnaire was developed through the extensive and comprehensive literature review and adapted to the context. Back translation was used to translate the original version of the questionnaire from the English language to the Kurdish language. Two authors pre-tested the first draft of the questionnaire to ensure that the items of the survey questionnaire and the measurement scales were clear and appropriate for the respondents. Following some minor modifications, a second pre-test was carried out with six potential respondents to ensure that all the items were relevant and understandable for respondents. Unlike many studies on SMEs, which have focused on various levels of managers and executives (e.g., Chaithanapat et al., 2022), this study has mainly targeted employees who work in various SMEs operating in the Kurdistan Region. Therefore, all the respondents were recruited randomly based on convenience and voluntarily. Data were gathered through a drop-off survey, and questionnaires were hand delivered by contacting each SME's manager along with the permission to administer data on-premises from October to

December 2019. During each visit, the informants have assured anonymity for themselves and their firms. Data were collected during business operations; however, it was sometimes necessary to collect the completed surveys while the businesses were closed or at a convenient time meeting the business schedule. Of 800 surveys distributed, twelve questionnaires were incomplete or inappropriately filled, and 358 completed surveys were received with having an effective response rate of 44.75% from 28 various SMEs (e.g., Asia Telecom, Asia Insurance, Safra Company, Armarda, Top IT, Amez, Tishk, Azmar Air, Fanos Co, and Kar Co. and LCW). There were no substantial statistical differences between early and late respondents. The majority of the responses were received from firms that operated in industries, such as telecommunication, security, trade, and travel agencies, located in the Sulaymaniyah city of the Kurdistan Region.

### *Measurement Scales*

All measurement scales used to evaluate the key constructs were drawn from extant literature and aligned with the conceptual definition of each construct. DM was operationalized using an eleven-item measurement scale recommended by Ashikali and Groeneveld (2015) and Keceli et al. (2020). To measure HR practices within firms, eleven items were adopted from Zaim et al. (2007), which was initially proposed by Pfeffer (1998). AC was assessed using five items adapted from previous studies by Hadžiahmetović and Dinç (2017) and Meyer and Allen (2004). Lastly, employees' IWB was measured using eight perceptual measures adapted from Jansen (2000) and Mete (2017). In addition, all the items were framed using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree (Appendix A).

## **Results**

### *Demographic Characteristics*

Regarding the demographic profile of the sample, 33% of the respondents were females, and 67% were males. As shown in Table 1, 28% of the respondents were between 18 and 25 years old, 55% were between 26 and 35 years old, 13% were between 36 and 45 years old, and 4% were between 46 and 55 years old. As Table 1 shows, 23% of the participants were high school graduates, 8% were vocational institute graduates, 59% were bachelor's degree holders, and 10% were master's degree holders. Moreover, 7% of the participants were top-level managers, 20% were middle-level

managers, 22% were experts or supervisors of the employees, and 58% were entry-level employees.

Please Place Table 1 Here

### *Reliability and Validity*

The focal constructs were measured via well-tested measurement scales, which were subjected to a maximum likelihood principal component analysis with Varimax rotation before their inclusion in the proposed model. The outcomes indicated that most measurement scales commonly loaded on their intended construct (i.e.,  $>0.50$ ) with no significant cross-loadings (i.e.,  $<0.30$ ). However, two items of DM, one item of HRM, and one of AC have been identified as very low, suggesting that the measures are not sufficiently capturing variance within the intended constructs and thereby removed from the analysis. The remaining items of the constructs were used to analyze the internal reliability. The results of the Cronbach's Alpha of the DM (0.903), HRM (0.883), AC (0.768), and IWB (0.890) are above the suggested minimum level of 0.7, indicating the satisfactory level of internal consistency reliability of the corresponding measures.

Please Place Table 2 Here

After the reliability analysis, we conducted an exploratory factor analysis. Initial results have shown that the Kaiser-Meyer-Olkin (KMO) test result was 0.942, which was well above the threshold value of 0.5. Secondly, Barlett's Test of Sphericity was observed to be significant at  $p < 0.01$ . Next, the Eigenvalues of each latent variable were checked to see whether they hold values equal to or above one to be considered as a proper dimension. The results showed that HRM, DM, AC, and IWB held 10.990, 3.057, 2.202, and 1.309 Eigenvalues, respectively. Therefore, it was accepted that the questionnaire had four latent constructs which fit the model framework. Another concern about the survey questionnaire is that a survey must explain a minimum of 50 percent of the variance overall. Exploratory factor analysis revealed that all variables together explain 63 percent of the overall variance. Lastly, factor loadings for each item under the concerning latent variable were checked. As a result, it was seen that there were no item holding factor loading below 0.5. Accordingly, those results revealed that initial validity was obtained.

After the exploratory factor analysis, a confirmatory factor analysis was conducted to strengthen further the validity of the measurement scales utilizing IBM AMOS. Comparative fit



and absolute fit values were used in confirmatory factor analysis as model indicators. The results of the comparative model fit values for CFA ( $X^2/df = 2.494$ , RMSEA= 0.065, GFI = 0.897, CFI= 0.926, IFI= 0.930) are appropriate for the given sample size using corresponding flexible cutoffs with a p-value of 0.05 (Marsh & Hocevar, 1988; Olobatuyi, 2006). Finally, standardized estimates of each item under the concerning latent variable were a minimum of 0.656 and 0.788 (Torlak et al., 2019). This revealed that the model fit values were sufficient and valid.

Please Place Table 3 Here

In order to strengthen the reliability and validity of the measurement scales, discriminant and convergent validity tests were also conducted. The rule of convergent validity requires that each average variance explained must be above 0.5, and each composite reliability (CR) value should be above 0.7. Discriminant validity also requires that the square root of the average variance extracted for each latent variable must be above the correlations of that latent variable with other variables in the model framework. The convergent and discriminant validity testing results are shown in Tables 3 and 4. As shown in Table 3, all average variance extracted values were above 0.5. In addition, the minimum value of CR was 0.759, revealing a satisfactory level of convergent validity. Table 4 also shows that the square root of average variance extracted for each latent variable was above the correlations of that variable with other variables indicating discriminant validity.

Please Place Table 4 Here

### *Hypotheses Testing*

This study employed structural equation modeling (SEM) to test the hypothesized model. As shown in Table 5, DM had a direct and significant impact on HR practices ( $\beta = 0.668$ ,  $t = 9.275$ ,  $p < 0.01$ ) and AC ( $\beta = 0.419$ ,  $t = 5.778$ ,  $p < 0.01$ ). Therefore, H1 and H3 were supported. Further, there were no significant relations between DM and IWB ( $\beta = -0.089$ ,  $t = -1.009$ ,  $p > 0.05$ ). Hence, H2 was rejected. Concerning the impacts of HR practices on employees' IWB and AC, the results indicate that HR practices had a significant impact on both employees' IWB ( $\beta = 0.287$ ,  $t = 3.226$ ,  $p < 0.01$ ) and AC ( $\beta = 0.487$ ,  $t = 5.443$ ,  $p < 0.01$ ). Therefore, H4 and H5 were supported. Finally, the employees' AC significantly affected IWB ( $\beta = 0.470$ ,  $t = 4.420$ ,  $p < 0.01$ ), supporting H6. The

results also show that the hypothesized model has explained 45 percent of the variance in HR practices, 58 percent in AC, and 41 percent in IWB.

Place Table 5 Here

### *Mediating Effects*

The bootstrap confidence intervals were utilized as statistical inferences for testing the mediating effects. IBM AMOS's bootstrapping function was applied, and the results supported the indirect impacts of HR practices and workforce DM on employees' AC and IWB because none of these bootstrap confidence intervals encompass zero in their boundary (Table 6).

Place Table 6 Here

As shown in Table 6, employees' AC had a significant mediating role in the proposed model. It seems that workforce DM had a significant indirect effect ( $\beta = 0.131$ ,  $p < 0.010$ ) on the employees' IWB. As Table 5 has shown, workforce DM did not directly affect employees' IWB. Combining these results, it was revealed that employees' AC fully mediates the relationship between workforce DM and employees' IWB. Table 6 also exhibits that HR practices had a significant indirect impact ( $\beta = 0.180$ ,  $p < 0.010$ ) on employees' IWB through AC. As Table 5 shows, HR practices had a significant direct impact on employees' IWB. Thus, it can be concluded that employees' AC partially mediates the relationship between HR practices and employees' IWB. Therefore, H7 and H8 have been supported.

Further, concerning the mediating role of HR practices in the firms, the results show that workforce DM had a significant indirect effect ( $\beta = 0.209$ ,  $p < 0.001$ ) on employees' IWB. Since DM did not have any significant direct influence on IWB, HR practices fully mediate this correlation. Furthermore, HR practices positively and significantly mediated the connection between DM and AC ( $\beta = 0.312$ ,  $p < 0.001$ ). In this respect, HR practices within the firms fully mediate the relationship between DM and employees' AC. Therefore, H9 and H10 are supported (Table 6).

Place Table 7 Here

Table 7 shows that workforce DM did not directly impact employees' IWB. Nevertheless, it had a strong indirect effect on employees' IWB. The results also show that the direct effect of workforce DM on employees' AC was more significant than the indirect effect of it. Finally, the results reveal that HR practices had a more significant direct impact on employees' IWB than the indirect effect of it. Therefore, it can be concluded that HR practices significantly influenced the employees' IWB (Tables 6 and 7).

## **Discussion**

The current research aimed to investigate the effects of workforce DM on employees' IWB through the mediating role of HR practices and employees' AC. Accordingly, it has been observed that while there is no significant direct correlation between workforce DM and IWB, there is an indirect positive relationship between the two constructs through employees' AC and HR practices. Thus, our findings align with Ashikali and Groeneveld (2015) and Kundu and Mor (2016), who emphasized that effective implementation of DM leads to increased AC among employees. Further, the indirect relationship between DM and IWB is mainly consistent with the existing literature, as specified below. Shin et al. (2012) revealed that cognitive team diversity is positively related to individual team member creativity through creative self-efficacy and support from transformational leadership. Besides, Hapsari et al. (2019), Bogilović et al. (2020), and Sitafu et al. (2020) found that employees' engagement mediates the relationship between DM and IWB. Bogilović et al. (2020) further suggest that workforce diversity is not beneficial for boosting employees' IWB. They suggest that the positive correlation between DM and IWB depends on the task-relevant information and perspectives. Likewise, Hapsari et al. (2019) claim that if the diversities are not well managed, it can lead to chaos and decrease the mutual understanding and knowledge sharing among the employees.

Another significant contribution of this paper is that HR practices positively affect employees' IWB and AC. Also, HR practices within the organizations positively and significantly mediate the relationship between DM and IWB and DM and AC. The influence of HR practices on employees' IWB is consistent with the previous findings of Bos-Nehles et al. (2017), Bos-Nehles and Veenendaal (2019), and Veenendaal and Bondarouk (2015). However, the mediating effect of HR practices on the relationship between workforce DM and employees' IWB is limited in the current literature. Therefore, it can be suggested that having a diversified workforce and

managing these diversities are essential to enhancing employees' IWB. Nonetheless, the utilization of this relationship depends on the practical implementation of HR practices within firms. The findings also reveal that HR practices directly and positively impact employees' AC. This finding is also in line with the previous studies of Smeenk et al. (2006) and Lamba and Choudhary (2013).

Concerning the effects of AC, it has been observed that AC has significant direct effects on employees' IWB, which is consistent with the previous findings of Jafri (2010) and Daniel and Chatelain-Jardon (2015). Further, Daniel and Chatelain-Jardon (2015) claim that employees with high levels of spirituality can present a stronger affective attachment toward business firms and can generate and implement innovative ideas within the workplace. Furthermore, our findings revealed that employees' AC has a significant and positive mediating role between DM and IWB and HR practices and IWB. However, these findings have not been investigated much in the current literature. For example, Benschop (2001) and Sifatu et al. (2020) noted that an effective combination of DM and HR strategies within organizations facilitate team communication and positively improves employee commitment and IWB in the workplace. Consequently, the findings of this study add to the current literature by highlighting the mediating effect of employees' AC on the link between workforce DM and employees' IWB. As a result, a diverse workforce is believed to be more committed to the firm and more inclined to participate in knowledge-creation processes and creative activities.

### *Implications*

The findings of this study have several implications for theory and practice in various ways. Theoretically, grounded in the social exchange and institutional theories, the results contribute to DM and innovation literature by addressing the black box concerning how workforce DM contributes to IWB, while considering employees' AC and firm HR policies as the mediating factors. These findings highlight the novelty of this study, as most prior studies up to date have focused on whether there is a relationship between workforce DM on employees' IWB or not, and how it happens has remained a puzzle.

Concerning the practical application of workforce DM, it has become one of the most challenging tasks in global business today. Despite its challenges, managing a diverse workforce

in harmony would generate valuable knowledge to foster innovative efforts within firms (Keceli et al., 2020). However, as the findings of this study indicate, only having a diverse workforce will not automatically lead to innovations within firms. Thus, managers must initiate more sophisticated strategies to transform firms into learning organizations to foster employee IWB. Based on the findings, it can be suggested that managers should pay more attention to HR practices in order to enhance employees' AC and, subsequently, IWB. Therefore, managers need to realize the value of employees in achieving firm competitiveness and appreciate their contributions, particularly in initiating innovations and IWB. It is also essential to recognize that employees' IWB is well associated with employees' active involvement and engagement. Hence HR managers should be responsible for choosing the right people with high innovation potential, creating a knowledge-friendly culture to inspire employees' innovative contributions, and motivating them to be active members of a learning organization (Apospori et al., 2008; Tajeddini et al., 2020). It is also important to remember that committed employees are more likely to contribute to fostering an innovative culture. Moreover, organizational commitment is closely related to the leadership skills and behaviors of the managers (Ashikali & Groeneveld, 2015). Hence, managing workforce diversity effectively will lead to augmented employee IWB only if combined with effective HR practices and committed employees with active engagement.

## **Conclusion**

In the current turbulent business environment, one of the most demanding tasks for firms is harnessing knowledge resources to gain a sustainable competitive advantage (Zaim, 2016). The increasing tendency of globalization boosted the need for continuous innovation and effective DM (Abidi et al., 2017). It is also well acknowledged that employees' IWB and workforce DM are interlinked and considered critical issues for firm competitiveness in the knowledge era (Bos-Nehles and Veenendaal, 2019). However, prior literature does not clarify how to harvest IWB from a diverse workforce. Therefore, this study investigated the effects of workforce DM on employees' IWB. Based on the prior literature, it is hypothesized that workforce DM is positively associated with employees' IWB directly or indirectly through HR practices and AC. Accordingly, a theoretical model is proposed explaining the relationship between workforce DM and employees' IWB through HR practices within business firms and employees' AC.

In order to test this model, a field study was conducted based on data collected from 358 employees working in SMEs in the Kurdistan region of Iraq. Data analysis revealed that the direct effect of workforce DM on employees' IWB is insignificant. This result indicates that to explain how to gain IWB from a diverse workforce, it is important to test the possible mediating factors that might influence this relationship. Accordingly, we test the mediating effects of HR practices and employees' AC on the relationship between workforce DM and employees' IWB. The findings show that workforce DM is positively associated with HR practices within firms and employees' AC, respectively. Further, it was found that HR practices within firms and employees' AC positively affect employees' IWB. In other words, the research findings reveal that HR practices and employees' AC fully mediate the relationship between workforce DM and employees' IWB. It is also essential to recognize that HR practices positively affect employees' AC as expected. Therefore, it can be concluded that effective HRM implementation is the catalyzer between workforce DM and employees' IWB within firms.

#### *Limitations and Further Research Directions*

There are some limitations related to this research that require further attention. This paper uses cross-sectional data; thus, it could not detect the dynamic nature of the causal relationships among the key constructs proposed in the model. A longitudinal data would be more appropriate for testing the causal effects and give more generalizable results. Quantitative data can only be used to conclude the relationship between two variables, but this type of data cannot describe why such relationships exist. In this paper, qualitative data could have helped to conclude why the proposed relationships among the key constructs are significant; consequently, the mixed-methods approach could deliver a more comprehensive investigation of the impact of DM on IWB. The study sample is limited to SMEs in the Kurdistan region. Therefore, in the future, the proposed model can be tested in business firms with varying scales of operations in different national and international regions. Although the proposed model has shown to be very beneficial and convincing, future research would consider other variables that might influence employees' tendency to be innovative, such as organizational culture, leadership style, and knowledge-sharing propensity. Consequently, in adopting the mixed-methods research approach, future research should follow a longitudinal design to test the proposed model in diverse organizational settings.

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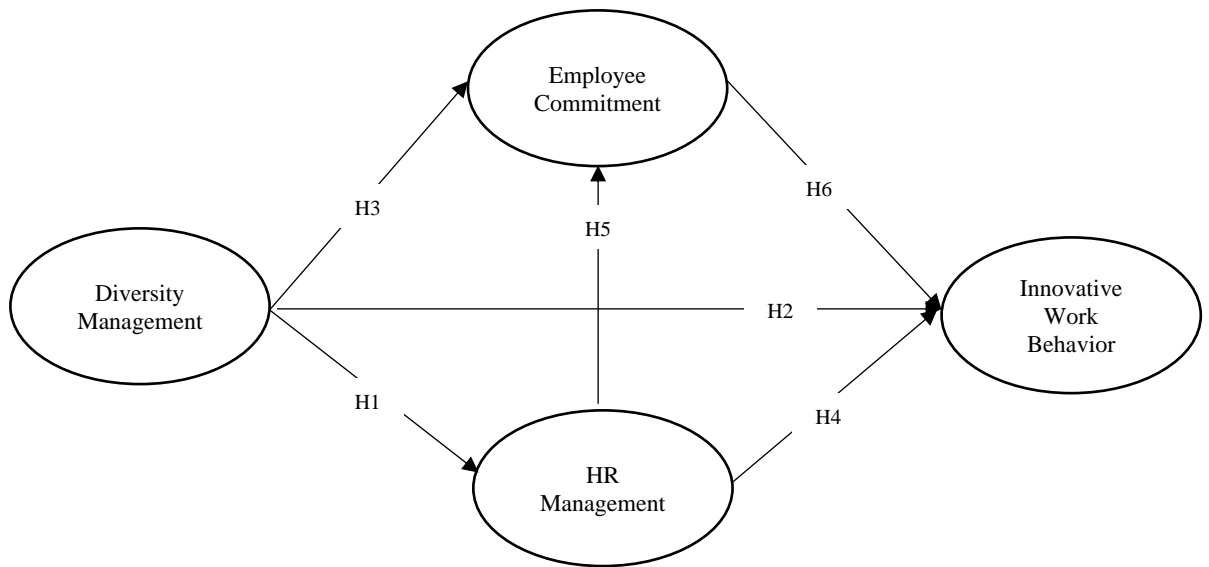


Fig1: Hypothesized Model

Table 1: Demographic information of the participants

| Characteristics      | Frequency | Characteristics | Frequency | Characteristics      | Frequency |
|----------------------|-----------|-----------------|-----------|----------------------|-----------|
| <b>Education</b>     |           | <b>Age</b>      |           | <b>Position</b>      |           |
| High School          | 23        | 18-25           | 28        | Top Manager          | 7         |
| Vocational Institute | 8         | 26-35           | 55        | Middle Level Manager | 20        |
| Bachelor Degree      | 59        | 36-45           | 13        | Expert/Supervisor    | 22        |
| Master Degree        | 10        | 46-55           | 4         | Employee             | 58        |
| <b>Gender</b>        |           | 56+             | 0         |                      |           |
| Male                 | 33        |                 |           |                      |           |
| Female               | 67        |                 |           |                      |           |

Table 2: Exploratory factor analysis

| Dimension                                     | Items | Loadings | Mean | S.D.  | Extraction | Explained Variance |     |
|---|-------|----------|------|-------|------------|--------------------|-----|
| Human Resources Management<br>$\alpha= 0.883$ | HRM1  | 0.579    | 3.59 | 1.187 | 0.595      | 18%                |     |
|   | HRM2  | 0.679    | 3.49 | 1.120 | 0.507      |                    |     |
|   | HRM3  | 0.695    | 3.47 | 1.178 | 0.622      |                    |     |
|   | HRM4  | 0.687    | 3.32 | 1.204 | 0.563      |                    |     |
|   | HRM5  | 0.723    | 3.47 | 1.124 | 0.605      |                    |     |
|   | HRM6  | 0.631    | 3.81 | 1.004 | 0.596      |                    |     |
|   | HRM7  | 0.543    | 3.69 | 1.037 | 0.546      |                    |     |
|   | HRM8  | 0.671    | 3.66 | 1.125 | 0.505      |                    |     |
|   | HRM9  | 0.576    | 3.77 | 1.092 | 0.552      |                    |     |
|   | HRM10 | 0.631    | 3.52 | 1.047 | 0.598      |                    |     |
|   | HRM11 | Dropped  |      |       |            |                    |     |
| Diversity Management<br>$\alpha= 0.903$       | DM1   | Dropped  |      |       |            |                    | 18% |
|   | DM2   | Dropped  |      |       |            |                    |     |
|   | DM3   | 0.571    | 3.81 | 1.055 | 0.553      |                    |     |
|   | DM4   | 0.729    | 3.86 | 1.004 | 0.622      |                    |     |
|   | DM5   | 0.694    | 4.04 | 0.953 | 0.647      |                    |     |
|   | DM6   | 0.722    | 3.91 | 0.994 | 0.636      |                    |     |
|   | DM7   | 0.698    | 3.71 | 0.996 | 0.565      |                    |     |
|   | DM8   | 0.748    | 3.75 | 1.083 | 0.628      |                    |     |
|   | DM9   | 0.726    | 3.77 | 1.185 | 0.613      |                    |     |
|   | DM10  | 0.610    | 3.89 | 1.092 | 0.665      |                    |     |
|   | DM11  | 0.691    | 3.84 | 1.15  | 0.644      |                    |     |
|   | DM12  | Dropped  |      |       |            |                    |     |
| Affective Commitment<br>$\alpha= 0.768$       | AC1   | 0.603    | 3.75 | 1.131 | 0.576      | 16%                |     |
|   | AC2   | 0.591    | 3.77 | 1.095 | 0.556      |                    |     |
|   | AC3   | 0.559    | 3.76 | 1.187 | 0.597      |                    |     |
|   | AC5   | 0.665    | 3.47 | 1.247 | 0.539      |                    |     |
|   | AC4   | Dropped  |      |       |            |                    |     |
| Innovative Work Behavior<br>$\alpha= 0.890$   | IWB1  | 0.622    | 3.02 | 1.248 | 0.542      | 11%                |     |
|   | IWB2  | 0.690    | 3.25 | 1.199 | 0.588      |                    |     |
|   | IWB3  | 0.636    | 3.34 | 1.196 | 0.543      |                    |     |
|   | IWB4  | 0.698    | 3.02 | 1.246 | 0.516      |                    |     |
|   | IWB5  | 0.701    | 3.34 | 1.244 | 0.563      |                    |     |
|   | IWB6  | 0.747    | 3.14 | 1.223 | 0.583      |                    |     |
|   | IWB7  | 0.826    | 3.25 | 1.211 | 0.741      |                    |     |
|   | IWB8  | 0.773    | 3.35 | 1.224 | 0.666      |                    |     |

Table 3: Convergent validity

| Item  | SL    | SSL   | SSSL  | NOI | AVE   | SQRT of AVE |
|-------|-------|-------|-------|-----|-------|-------------|
| AC1   | 0.742 | 0.551 | 2.056 | 4   | 0.514 | 0.717       |
| AC2   | 0.656 | 0.430 |       |     |       |             |
| AC3   | 0.722 | 0.521 |       |     |       |             |
| AC5   | 0.744 | 0.554 |       |     |       |             |
| DM3   | 0.687 | 0.472 | 4.641 | 9   | 0.516 | 0.718       |
| DM4   | 0.770 | 0.593 |       |     |       |             |
| DM5   | 0.758 | 0.575 |       |     |       |             |
| DM6   | 0.695 | 0.483 |       |     |       |             |
| DM7   | 0.692 | 0.479 |       |     |       |             |
| DM8   | 0.695 | 0.483 |       |     |       |             |
| DM9   | 0.719 | 0.517 |       |     |       |             |
| DM10  | 0.729 | 0.531 |       |     |       |             |
| DM11  | 0.713 | 0.508 |       |     |       |             |
| HRM1  | 0.614 | 0.377 | 5.022 | 10  | 0.502 | 0.709       |
| HRM2  | 0.770 | 0.593 |       |     |       |             |
| HRM3  | 0.729 | 0.531 |       |     |       |             |
| HRM4  | 0.788 | 0.621 |       |     |       |             |
| HRM5  | 0.759 | 0.576 |       |     |       |             |
| HRM6  | 0.621 | 0.386 |       |     |       |             |
| HRM7  | 0.698 | 0.487 |       |     |       |             |
| HRM8  | 0.693 | 0.480 |       |     |       |             |
| HRM9  | 0.697 | 0.486 |       |     |       |             |
| HRM10 | 0.696 | 0.484 |       |     |       |             |
| IWB1  | 0.692 | 0.479 | 4.115 | 8   | 0.514 | 0.717       |
| IWB2  | 0.731 | 0.534 |       |     |       |             |
| IWB3  | 0.664 | 0.441 |       |     |       |             |
| IWB4  | 0.671 | 0.450 |       |     |       |             |
| IWB5  | 0.738 | 0.545 |       |     |       |             |
| IWB6  | 0.691 | 0.477 |       |     |       |             |
| IWB7  | 0.771 | 0.594 |       |     |       |             |
| IWB8  | 0.771 | 0.594 |       |     |       |             |

Note: SL: standardized loadings; SSL: squares of standardized loadings; SSSL: sum of squares of standardized loadings; NOI: number of items; AVE: average variance extracted; SQRT of AVE: square root of average variance extracted

Table 4: Discriminant validity

| Constructs                     | Diversity Management | HR Management | Affective Commitment | Innovative Work Behavior |
|--------------------------------|----------------------|---------------|----------------------|--------------------------|
| Diversity Management (DM)      | 0.717 <sup>a</sup>   |               |                      |                          |
| HR Management (HRM)            | 0.668 <sup>b</sup>   | 0.718         |                      |                          |
| Affective Commitment (AC)      | 0.697                | 0.697         | 0.709                |                          |
| Innovative Work Behavior (IWB) | 0.431                | 0.555         | 0.608                | 0.717                    |

Note: <sup>a</sup> square root of average variance extracted; <sup>b</sup> correlation values

Table 5: Direct effects

| Hypothesis  | Dependent variable |   | Independent variable | Estimate | P      | Result    |
|---|--------------------|---|----------------------|----------|--------|-----------|
| H1  | HRM                | ← | DM                   | 0.668    | ***    | Supported |
| H2  | IWB                | ← | DM                   | -0.089   | P>0.05 | NS        |
| H3  | AC                 | ← | DM                   | 0.419    | ***    | Supported |
| H4  | IWB                | ← | HRM                  | 0.287    | ***    | Supported |
| H5  | AC                 | ← | HRM                  | 0.417    | ***    | Supported |
| H6  | IWB                | ← | AC                   | 0.470    | ***    | Supported |
| SMC <sub>HRM</sub> = 45%<br>SMC <sub>AC</sub> = 58%<br>SMC <sub>IWB</sub> = 41% |                    |   |                      |          |        |           |

Note: HRM (Human Resource Management), Affective Commitment (AC), Diversity Management (DM), Innovative Work Behavior (IWB)

Table 6: indirect effects

| Hypothesis | Indirect Path  | Unstandardized Estimate | Lower | Upper | P-Value | Standardized Estimate |
|------------|----------------|-------------------------|-------|-------|---------|-----------------------|
| H7         | DM → AC → IWB  | 0.173                   | 0.076 | 0.35  | 0.002   | 0.131**               |
| H8         | HRM → AC → IWB | 0.218                   | 0.1   | 0.386 | 0.002   | 0.180**               |
| H9         | DM → HRM → IWB | 0.277                   | 0.128 | 0.46  | 0.001   | 0.209**               |
| H10        | DM → HRM → AC  | 0.345                   | 0.256 | 0.467 | 0.001   | 0.312***              |

Note: \*P<0.05; \*\* P < 0.010; \*\*\*P <0.01; P >0.05 (not significant)

Table 7: Direct and Indirect effects

| Dependent variable |   | Independent variable | Direct effect               | Indirect Effect |
|--------------------|---|----------------------|-----------------------------|-----------------|
| HRM                | ← | DM                   | 0.668***                    | -               |
| IWB                | ← | DM                   | -0.089 <sup>p&gt;0.05</sup> | 0.209**         |
| AC                 | ← | DM                   | 0.419***                    | 0.312***        |
| IWB                | ← | HRM                  | 0.287***                    | 0.180**         |
| AC                 | ← | HRM                  | 0.417***                    | -               |
| IWB                | ← | AC                   | 0.470***                    | -               |

## APPENDIX A

Table 8: Survey Questionnaire

|   |
|---|
| <b>Human Resource Management (HRM)</b>  |
| HRM1: We have a fair personnel recruitment and selection  |
| HRM2: We have sufficient training   |
| HRM3: We have effective performance evaluation system   |
| HRM4: We have performance-based compensation (wage) system  |
| HRM5: Team working is encouraged  |
| HRM6: We have clearly defined job descriptions  |
| HRM7: We can use initiative   |
| HRM8: Employees have social security  |
| HRM9: Employees are not dismissed without a righteous reason  |
| HRM10: We have effective human resource management  |
| HRM11: We have fair promotions and career development opportunities (dropped)   |
| <b>Diversity Management (DM)</b>  |
| DM1: Policies and programs promote diversity in the workplace (for example, recruiting minorities and women, training in awareness of diversity issues, mentoring) (dropped)    |
| DM2: Supervisors/team leaders in my work unit are committed to a workforce that is representative of all segments of society (Belongs to different social identities) (dropped) |
| DM3: Managers/supervisors/team leaders work well with employees of different backgrounds  |
| DM4: In our organization we think positively about cultural differences of colleagues   |
| DM5: In our organization we understand and accept different cultures  |
| DM6: In our organization we recommend working with people with culturally different backgrounds   |
| DM7: Differences in cultural backgrounds are discussed openly in our organization   |
| DM8: In our organization there is no discrimination based on gender.  |
| DM9: In our organization there is no discrimination based on cultural background.   |
| DM10: In our organization there is no discrimination based on age.  |
| DM11: In our organization there is no discrimination based on education level.  |
| <b>Affective Commitment (AC)</b>  |
| AC1: I would be very happy to spend the rest of my career with this organization  |
| AC2: I enjoy discussing about my organization with people outside it  |
| AC3: I really feel as if this organization's problems are my own  |
| AC4: I do not feel 'emotionally attached' to this organization. (R) (dropped)   |
| AC5: This organization has a great deal of personal meaning for me  |
| <b>Innovative Work Behavior</b>   |
| IWB1: Creating new ideas for improvements   |
| IWB2: Searching out new working-methods, techniques, or instruments   |
| IWB3: Generating original solutions for problems  |

|  |
|--|
| IWB4: Mobilizing support for innovative ideas                                    |
| IWB5: Acquiring approval for innovative ideas                                    |
| IWB6: Making important organizational members enthusiastic for innovative ideas  |
| IWB7: Transforming innovative ideas into useful applications                     |
| IWB8: Introducing innovative ideas into the work environment in a systematic way |

#### Response to Editor and Reviewer Comments

| Comments          | Our Response |
|-------------------|--------------|
| Editor's Comments |              |



|  |  |
|--|--|
| - full professional proofreading as the manuscript still contains typos and minor grammatical errors which should be addressed before final acceptance.  | Thank you for your valid comment. The paper has been professionally proofread. |
| - redraft the abstract to make it easy for the reader.   | Thank you for your comment. Done!  |
| - In the Diversity Management subsection of the Theoretical Background and Hypotheses Development section, there is scope to ensure the additions better fit here, perhaps rephrasing the text following the additions to reduce repetition and improve the narrative flow.  | Valid point. We have revised the paper and tried to get rid of repetitions.    |
| - outline some further details about the 12 SMEs.  | Updated in Literature view (page 4, paragraph 3) and in Methodology (Page 12). |
| <b>Reviewer 1</b>  |  |
| Substantial improvements have been made to the paper which have greatly improved the quality and clarity of the paper. A final check and edit are still required to ensure that all minor typographical errors and inconsistencies have been addressed (there are still some outstanding from the first submission). | Thank you for your comment. Done!  |
| <b>Reviewer 2</b>  |  |
| • There is still scope to enhance the readability of the abstract – in particular, there is scope to ensure that the findings section is clearer to the reader.  | The paper has been well improved!  |
| • Some scope to polish the writing in order to improve the narrative flow of the manuscript – especially in the introduction. The first research question presented on page three would benefit from some rephrasing.  | The paper has been well improved!  |