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ENHANCING EMPLOYEE PERFORMANCE IN HOSPITALITY: THE IMPACT OF DIVERSITY-ORIENTED HRM, DIVERSITY CLIMATE, AND LEADERSHIP – MEMBER EXCHANGE

Chandrakant Varma*, Chandrahauns R. Chavan**

**Professor, IES's Management College and Research Centre, Mumbai, Maharashtra, India. Email: chandrakant81@gmail.com*

***Professor, Jamnalal Bajaj Institute of Management Studies, University of Mumbai, Maharashtra, India. Email: chandrahauns@gmail.com*

Abstract

The effect of diversity-oriented HRM policies on employee job performance in the hospitality sector is examined in this paper. It also investigates how the quality of leader-member interactions (LMX) controls the relationship between performance results and a supporting diversity climate. We assessed interactions using the Process Macro and a confirmatory factor analysis using data on 311 hospitality employees. The results show that diversity-oriented HRM practices greatly improve job performance, particularly in a favorable diversity climate. Moreover, strong leader-member ties magnify these results, thereby underlining the need for leadership in utilizing diversity projects. These findings underline how companies should support inclusive policies and develop strong leader-employee relations to maximize the advantages of diversity management. Our study presents a fresh contribution through an integrated model linking diverse climates, LMX, and employee performance, thereby providing organizational leaders in the hospitality industry with practical advice.

Keywords: *Employee Job Performance, Diversity-Oriented HRM, Leader-Member Exchange, Diversity Climate, Hospitality Industry*

Introduction

Diversity management is increasingly seen by the worldwide hospitality sector as a vital competitive advantage (Madera et al., 2018; Manoharan et al., 2019; Yang & Konrad, 2011). While many companies have progressed towards a diverse workforce, the sector lags behind other sectors in entirely reaching its diversity goals (Pitts, 2009; Sinha et al., 2020; Kalargyrou & Volis, 2014). Good diversity management promotes inclusion, good attitudes, and lessening of workplace discrimination (Ashikali & Groeneveld, 2015). More importantly, human resource (HR) policies stressing diversity foster a polite, cooperative, and efficient climate (Kunze et al., 2013). Social Exchange Theory (SET) holds that employees who feel appreciated are more inclined to reciprocate through more involvement, improved performance, and actions consistent with organizational goals (Blau, 1964; Aryee et al., 2002; Eisenberger et al., 2001).

Building on this, our study looks at how leader-member exchange (LMX) might improve the results of diversity-oriented HRM policies on employee performance. High-quality LMX relationships—defined by mutual trust, respect, and open communication—promote innovation, employee satisfaction, and improved job performance (Park et al., 2017; Martin et al., 2016). Strong leader-employee interactions can therefore be a catalyst, enhancing the favorable results of diversity projects through an inclusive and respectful culture (Wang et al., 2005; Sherony & Green, 2002).

A supportive diversity climate—employees' impressions of the organization's commitment to diversity—is largely created by diversity-oriented HRM practices (Kunze et al., 2013). Targeting recruitment, diversity training, and inclusive workplace policies, among other approaches, help staff members welcome diversity, fostering greater commitment and happiness (Rahman et al., 2021). Workers who believe their company appreciates diversity are more likely to be appreciated and, based on SET, respond with higher performance and involvement (Aryee et al., 2002; Eisenberger et al., 2001). Strong diversity has been demonstrated to enhance general staff performance (Oberfield, 2015).

Leader-Member Exchange (LMX) theory clarifies how leadership can control the effect of diversity-oriented HRM strategies. Good LMX

interactions improve HR practices' efficacy and offer the social and psychological support required to negotiate the demands of a diverse workplace (Park et al., 2017; Martin et al., 2016). Although a good diversity climate usually leads to better employee performance, the degree of these changes can be much influenced by the strength of leader-employee interactions. While high-quality LMX can strengthen the benefits of diversity-oriented HRM policies, low LMX quality may limit them (Haynie et al., 2014).

Previous studies validate how well diversity management improves HR results, including work satisfaction, retention, and employee engagement (Madera et al., 2013, 2017; Rahman et al., 2021; Srivastava, 2015). While diversity is usually associated with better organizational performance (Richard et al., 2013), several research studies show contradicting opinions, especially regarding the difficulties of supervising different teams (Joshi & Roh, 2009). Notwithstanding significant initiatives to support diversity, disparities, and prejudices still exist in methods of diversity management (Nishii, 2013; Kaplan et al., 2014). These difficulties emphasize the need for leadership to optimize the possible advantages of diversity projects (Guillaume et al., 2017; Wang, 2022).

Focussing on the hospitality sector, where diversity management has been quite understudied, the present study pursues to close a noteworthy gap in the literature. Though considerable studies have focused on the direct consequences of diversity-oriented HRM practices, fewer studies have examined how leadership dynamics—especially LMX—moderate these impacts (Li et al., 2024; Choi, 2024; Nishii & Mayer, 2009). This study advances knowledge of how diversity projects could improve employee performance in hospitality by looking at the mediating effect of a diverse climate and the moderating influence of LMX. Our study presents a fresh approach that combines these elements, therefore giving organizational leaders striving to create inclusive, high-performance work environments (Ozbilgin & Tatli, 2008; Sinha et al., 2020; Manoharan et al., 2021) practical insights.

Literature Review

Diversity-Oriented HRM Practices and Employee Job Performance

Diversity management is realizing and valuing variances in traits, including age, sexual orientation, cultural background, and experience, to foster inclusiveness and creativity in the workplace (Dobbs, 1996; Cox & Blake, 1991). Particularly focused on developing policies and actions

promoting a diverse and inclusive work environment, diversity-oriented HRM practices (DOHP), Fair hiring policies, equitable promotions, and diversity training (Mckay & Avery, 2015), among other activities, have been demonstrated to improve employee happiness, engagement, and general job performance (Wu & Lee, 2020; Richard & Johnson, 2001).

The value of employees' varied abilities and viewpoints helps DOHP create a pleasant organizational environment (Aryee et al., 2012). On the other hand, inadequate application could cause communication problems, lower team cohesion, and interpersonal disputes (Jayne & Dipboye, 2004; Srivastava & Srivastava, 2018). Improving employee performance and creating a harmonic and efficient workforce depends on successfully implementing the DOHP (Nemetz & Christensen, 1996). Thus, we suggest based on the link between DOHP and employee outcomes, we propose:

H1: Diversity-oriented HRM practices are positively associated with employee job performance.

Diversity-Oriented HRM Practices and Diversity Climate

Reflecting employees' collective views of inclusivity and support for diversity inside the company, diversity-oriented HRM policies improve individual employee outcomes and help create a positive diversity climate (DC). Strong DC is directly impacted by HR practices that support justice and equity, defined by mutual respect, acceptance, and cooperation among employees from many backgrounds (Ashikali & Groeneveld, 2015).

Diversity-oriented HRM practices, according to research, can help to create a positive DC through policies that eliminate obstacles for employees from under-represented groups and hence generate equal chances (Acquavita et al., 2009; Gonzalez & DeNisi, 2009). A positive DC shapes employees' views of their workplace, influencing their involvement and general performance (Groeneveld, 2011). Hence, we suggest:

H2: Diversity-oriented HRM practices are positively correlated with diverse climates.

Diversity Climate and Employee Job Performance

Improving employee job performance depends on a positive diversity climate (DC), which promotes an inclusive and encouraging work environment whereby employees feel valued for their distinctive

contributions (Luijters et al., 2008). Workers in companies with good DC are more driven, involved, and dedicated to their roles, which improves their performance as well as the general success of the company (Hofhuis et al., 2016). Furthermore, diverse teams are more creative and imaginative because of the variety of viewpoints they offer for addressing problems (McKay et al., 2009).

A favorable DC can greatly increase job performance in the hospitality sector, where staff members contact different clients and teams (Ziegert & Hanges, 2005). However, more study is still required to appreciate how DC completely improves job performance in this industry. Moreover, the mediating function of DC is essential to grasp the link between job performance and diversity-oriented HRM strategies. By designing a workplace that improves employee well-being and motivation, a positive DC can magnify the effect of DOHP and result in greater job performance (Gonzalez & DeNisi, 2009). This informs us to suggest the following:

H3: Diversity climate is positively related to employee job performance.

H4: Diversity climate positively mediates the relationship between diversity-oriented HRM practices and employee job performance.

Leader-Member Exchange (LMX) and Diversity Climate

Emphasizing the quality of relationships between leaders and staff, the Leader-Member Exchange (LMX) theory stresses how much these interactions affect the different environments inside an organization (Graen & Uhl-Bien, 1995). Trust, mutual respect, and honest communication define excellent LMX interactions and help to create a welcoming workplace (Wang et al., 2005). Promoting diversity and inclusion by leaders fosters an open and cooperative culture that helps build DC itself (Martin et al., 2016).

Studies show that when leaders actively support diversity by employing their contacts with staff, it improves employees' impressions of the organizational environment and motivates favorable actions consistent with diversity objectives. Moreover, LMX's quality helps to enhance the link between diversity-oriented HRM practices and DC by supporting the organization's dedication to diversity and inclusion under good leadership (Madera et al., 2017). Based on this understanding, we propose:

H5: LMX is positively associated with diverse climates.

H6: LMX improves the relationship between diversity-oriented HRM practices and diversity climate.

Leader-Member Exchange (LMX) and Employee Job Performance

Employee job performance is much influenced by the strength of LMX relationships since employees who feel high trust and support from their leaders are likelier to be engaged, motivated, and productive (Gerstner & Day, 1997). Strong LMX connections give staff members the tools, autonomy, and support they need to carry out their responsibilities (Tims et al., 2011). Moreover, leaders building a good rapport with their staff can improve team cohesiveness and encourage shared responsibility for reaching organizational goals (Thrasher et al., 2020). Furthermore, LMX can mediate the relationship between a diverse climate and job performance by raising employees' impressions of support and inclusivity, thereby improving their performance (Cheung & Wu, 2011; Rockstuhl et al., 2011; Sinha et al., 2020). Lastly, the combined benefits of LMX and diversity-oriented HRM practices can improve job performance by generating a supportive and inclusive environment where employees feel appreciated and empowered (Leroy et al., 2018; Alfes et al., 2013).

H7: LMX is positively associated with employee job performance.

H8: LMX improves the relationship between diversity climate and employee job performance.

H9: LMX positively moderates the relationship between diversity-oriented HRM practices and employee job performance.

Research Methodology

This paper explores in India's hospitality sector the relationships between Employee Job Performance (EJP), Diversity Climate (DC), Diversity-Oriented HRM Practices (DOHP), and Leader-Member Exchange (LMX). Along with LMX's regulating power, DC's bridge function between DOHP and EJP takes the front stage. The data gathered from front-line employees of eighteen hospitality companies reflected a diverse mix of age, gender, and geographical region. We aimed to combine demographic coverage with economics via option selection, assuring variance in the data to reduce biases. Users answered an online poll offering free, anonymous participation. Important for research on diversity management techniques, the group reflected the ethnic range of India's hospitality industry. The research followed ethical guidelines, and participants were given anonymity.

Five-point Likert scales drawn from reputable, proven techniques in the literature were used to rate the constructions: DOHP, LMX, DC, and EJP.

This guaranteed statistical accuracy and reliability. Using SPSS AMOS, Confirmatory Factor Analysis (CFA) was conducted to verify the variables so they satisfied internal consistency criteria and required dependability. Process Macro with bias-corrected bootstrapping after Preacher and Hayes (2008) was used for data analysis under Preacher's direction. The indirect influence of DC on the DOHP-EJP connection was gauged using Process Macro Model 4. Mediation was considered significant if the confidence intervals for the secondary effects from 5000 bootstrapped samples did not contain zero. Examining LMX's regulating function in DOHP, DC, and EJP relationships using Process Macro Model 59. This model quantified how LMX influences the strength of DC's mediation on the DOHP-EJP relationship by combining moderation with mediation effects. If the interaction term had a non-zero confidence range, moderation was said to be vital.

At last, the research incorporated control variables like age, gender, and tenure to guarantee the consistency of the data through potential confining elements. We rigorously adhered to ethical standards by obtaining informed consent and ensuring voluntary participation from all respondents. These actions guaranteed the correctness of the research findings and safeguarded the participants' anonymity.

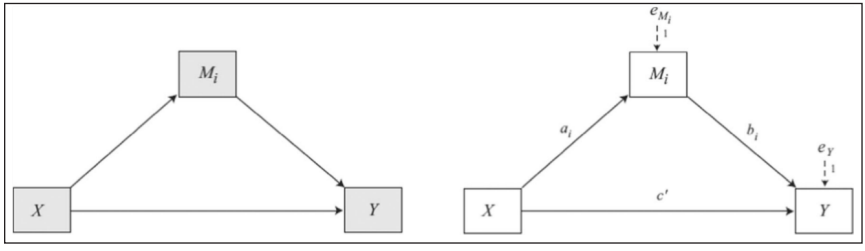


Fig. 1: Theoretical and Statistical Diagram of Process Macro Model 4

Conceptual and Statistical Diagram of Model 4. The indirect effect of X on Y through $M_i = a_i b_i$ Direct effect of X on Y = c'. Source: Hayes, A. F. 2017.

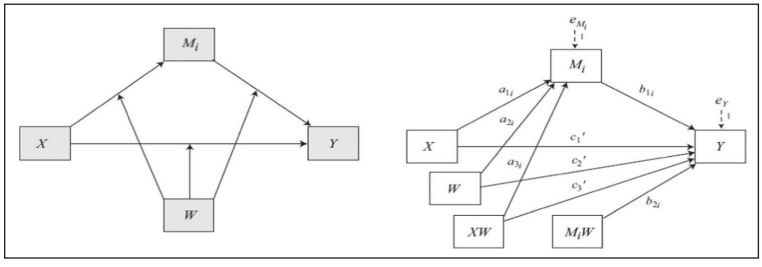


Fig. 2: Theoretical and Statistical Diagram of Process Macro Model 59

Conceptual and Statistical Diagram of Model 59. The conditional indirect effect of X on Y through $M_i = (a_{1i} + a_{3i}W)(b_{1i} + b_{2i}W)$. Conditional direct effect of X on Y = $c_1' + c_3'W$ Source: Hayes, A. F (2017).

Measures

DOHP is evaluated using a 13-item scale first developed by Shen et al. (2010). The suggested aspects were equal employment opportunities in recruitment, equality in training and development, and pay and reward without discrimination. Cronbach's alpha attained was 0.862 (Considered reasonable are values higher than 0.70 or 0.80.). A three-item scale created from past studies on the effectiveness of diversity management helped DC to be evaluated (Choosei, 2009; Pitts, 2009). Cronbach's alpha being 0.837. An 11-item scale developed and used by Liden and Maslyn (1998) evaluates LMX. This multidimensional LMX scale looks at the nature of interactions between respondents and their leaders. Three aspects define the scale: professionalism, engagement, and trustworthiness. There was 0.844 Cronbach's alpha. The EJP was assessed using a scale developed by Pearce and Porter (1986) and then used by Black and Porter (1991). Its five components are general performance, interpersonal skills, punctuality, quality of work, and achieving work goals. Cronbach's alpha came at 0.800.

Results

The study's respondents were frontline middle and lower-level workers directly executing organizational policies and procedures. A convenience sample strategy was employed to guarantee that various people were contacted while keeping ethical concerns for respondents' privacy and anonymity (Spector, 2006). From the total number of responses received, 311 completed responses were analyzed. Regarding demographics, 58.8% of the male respondents and 41.2% were women. The age range was 18 to 56 years or older, with the majority (64%) lying between the ages of 26 and 45. Furthermore, 70% of the workers had 3 to 10 years of work experience inside their organizations, demonstrating a high level of expertise among participants.

The study started with descriptive statistics, such as mean, standard deviation, and correlation scores for the major variables: Diversity-Oriented HRM Practices (DOHP), Diversity Climate (DC), Leader-Member Exchange (LMX), and Employee Job Performance (EJP). Table 1 displays these data, indicating the correlations between the variables being studied. The correlation

analysis found a substantial correlation between the interest variables, demonstrating considerable interdependence between DOHP, DC, LMX, and EJP. The independent variables (DOHP, DC, LMX) and the dependent (EJP) exhibit a strong positive connection. This implies that improving diversity-oriented HRM practices, diversity climate, and leader-member interchange improves employee job performance. These results back up the study's presented assumptions, demonstrating that diversity management techniques and leader-member interchange are critical contributors to improving employee job performance in the hospitality business. Further research will look at the mediating role of DC and the moderating influence of LMX on these connections.

Table 1: Descriptive Statistics and Correlation

Descriptive Statistics				Correlations			
	Mean	**Std. Deviation**	**N**	**DOHP**	**DC**	**LMX**	**EP**
DOHP	4.3344	.75182	311	1			
DC	4.3280	.73297	311	.781**	1		
LMX	4.0772	.86537	311	.893**	.726**	1	
EJP	4.2462	.70634	311	.758**	.891**	.860**	1

***. Correlation is significant at the 0.01 level (2-tailed).*

Source (s): The authors.

Cronbach's alpha calculates reliability scores; the variable interest values found are more than 0.7. The reliability scores observed were DOHP (0.862), DC (0.837), LMX (0.844), and EJP (0.800). The scores realized were within the minimum range of 0.70 (Anderson & Gerbing, 1988). Table 2 presents items for each construct and Cronbach's alpha scores.

Table 2: Internal Consistency Reliability Results

Variables	Cronbach's Alpha	N of Items
DOHP	0.862	13
DC	0.837	3
LMX	0.844	11
EJP	0.800	5

Source (s): The authors.

Multicollinearity

The study examined multicollinearity to see whether tolerance and VIF (variance inflation factor) (Table 3) were within the required statistics. The results suggest that the multicollinearity criterion is adequate. The tolerance value is less than 1.0, and the predictor variable VIF value is below 5. No violation of multicollinearity is observed (Yu et al., 2015).

Table 3: Multicollinearity

Model	Sig.	Collinearity Statistics	
		Tolerance	VIF
(Constant)	.000		
DOHP	.000	.102	2.790
DC	.000	.167	1.973
LMX	.000	.329	3.035
a. Dependent Variable: EJP.			

Source (s): The authors.

Confirmatory Factor Analysis (CFA)

The CFA results validated the empirical backing for additional research on the suggested model. Table 4 displays the values that came from the model fit. Table 4 (X2 /df = 1.944, Goodness-of-fit index (GFI) = 0.915, Normed Fit Index (NFI) = 0.903, comparative fit index (CFI) = 0.950, Tucker-Lewis Index (TLI) = 0.946. The RMSEA PClose value of 0.048 (just below 0.05) suggests a marginally close fit, which is acceptable given other robust fit indices (CFI = 0.950, SRMR = 0.037). The RMSEA PClose value is below the acceptable 0.05, indicating a close fit (Hu & Bentler, 1999). All three of the recommended model's excellent fit indices (GFI = 0.915, CFI = 0.950, and TFI = 0.903) are above 0.9. The study's results are acceptable.

Table 4: Model Fit Measures

Measure	Estimate	Threshold	Interpretation
CMIN	721.102	--	--
DF	371	--	--
CMIN/DF	1.944	Between 1 and 3	Excellent
CFI	0.950	>0.95	Acceptable
SRMR	0.037	<0.08	Excellent
RMSEA	0.055	<0.06	Excellent
PClose	0.048	>0.05	Acceptable

Source (s): The authors.

Department of Management Studies, BIT-Mesra, Ranchi-835215

The internal consistency of the construct's components is evaluated by the Discriminant and Convergent Validity (DV, CV), as well as the Composite Reliability (CR) (Hair et al., 2017). Table 5 presents the obtained result. Anderson and Gerbing (1988) proposed an upper limit of 0.7 (CR> 0.7). CR value obtained exceeded the (0.7) cut-off (Table 5). It indicates a high degree of internal consistency. Strong relationships between items contained within the same constructions suggest a high CV.

The results show that the tested constructions and items are valid when (CV > 0.7 and AVE > 0.5) as recommended by Fornell and Larcker (1981) and Hair et al. (2010) (Table 5). Discriminant validity (DV) is also proven when the square root of the AVE is higher than the correlation between the constructs. Compared to AVE scores, the squared correlations between the interest variables are lower (Table 5) (Malhotra & Dash, 2011; Hu & Bentler, 1999). No reliability and validity issues were observed in the proposed model.

Table 5: Reliability and Validity

Constructs	No of Items	CR	AVE	DOHP	LMX	DC	EJP
DOHP	13	0.959	0.661	0.813			
LMX	11	0.944	0.587	-0.083	**0.766**		
DC	3	0.939	0.836	-0.066	0.481***	0.914	
EJP	5	0.868	0.622	0.029	0.041	0.012	0.788

Source (s): The authors.

Hypothesis Testing

We performed regression analysis using the SPSS Process Macro in many combinations of the research variables to investigate the given hypotheses. With a 95% Confidence Interval (CI), we bootstrapped up to 5000 samples to estimate direct and indirect effects, hence determining significance. The findings are significant if neither the lower confidence interval (LLCI) nor the upper confidence interval (ULCI) contains 0. The findings revealed a noteworthy positive correlation for Hypothesis 1: Diversity HRM Practices (DOHP) are favorably linked with Employee Job Performance (EJP—). Supporting Hypothesis 1, the study found a 95% CI of B (0.403), SE (0.567), t (7.101), p (0.000), LLCI-ULCI (0.291–0.504).

Testing Hypothesis 2—which suggested a favorable connection between DOHP and Diversity Climate (DC)—the findings were also favorable. The study produced a 95% CI of B (0.5107), SE (0.519), t (9.8442), p (0.000), LLCI-ULCI (0.4086-0.6126), therefore validating Hypothesis 2. The third hypothesis put up a favorable link between DC and EJP. With a 95% CI of B (0.2870), SE (0.519), t (5.523), p (0.000), LLCI-ULCI (0.1847–0.3892), the results validated this theory. This favorable correlation backs with Hypothesis 3.

The results were interesting for Hypothesis 4, which looked at DC's mediating function in the link between DOHP and EJP. When one considers the mediating component DC, the direct influence of DOHP on EJP lost relevance (95% CI B (-0.0712), SE (0.0543), t (-1.3111), p (0.1908), LLCI-ULCI (-0.178-0.36%). However, the indirect impact of DOHP on EJP via DC was notable; a 95% CI B (0.1465), SE (0.0460), LLCI-ULCI (0.065–0.2451) clearly shows total mediation. Consequently, Hypothesis 4 is validated by showing that DC mediates the interaction between DOHP and EJP. These results underline the important roles of DOHP and DC and their interactions in affecting employee performance; DC is a significant mediator in this dynamic.

Table 6: Diversity Climate Mediation Results

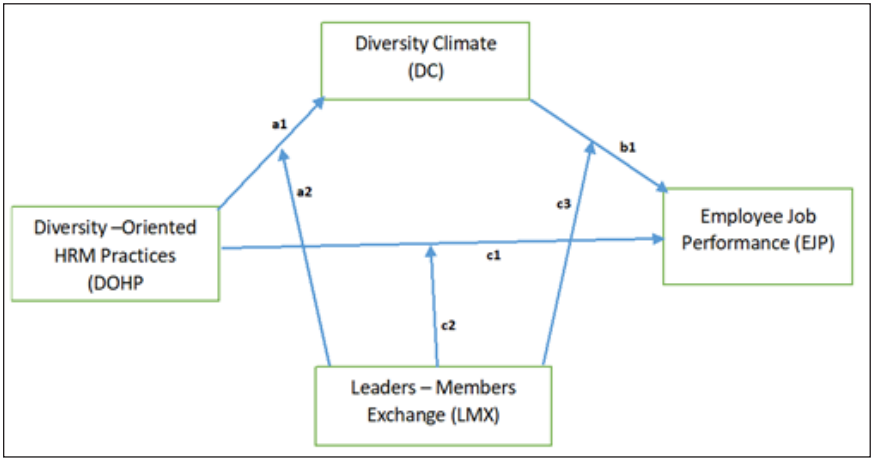
Variables	B	SE	T	p	95 % Confidence Interval (CI)		
					LLCI	ULCI	Hypothesis
DOHP - EJP	0.403	0.567	7.100	0.000	0.291	0.514	H1 accepted
DOHP – DC	0.511	0.052	9.844	0.000	0.409	0.613	H2 accepted
DC - EJP	0.287	0.052	5.524	0.000	0.185	0.389	H3 accepted
Mediation Test							
DOHP - EJP	-0.071	0.054	-1.311	0.191	-0.178	0.036	
DOHP-DC-EJP	0.147	0.046			0.070	0.245	H4 accepted

Note. CI = Confidence interval; LL = lower limit; UL = upper limit.

Source (s): The authors.

To test the hypothesis involving the moderating role of Leader-Member Exchange (LMX), we employed PROCESS Model 59, which integrates moderation and mediation analyses. The hypotheses tested were as follows: H5 (LMX is positively associated with Diversity Climate [DC]), H6 (LMX moderates the relationship between Diversity-Oriented HRM Practices [DOHP] and DC), H7 (LMX is positively associated with Employee Job

Performance [EJP]), H8 (LMX moderates the link between DC and EJP), and H9 (LMX moderates the relationship between DOHP and EJP).



Source (s): The authors.

Fig. 3: Moderation Model

Table 7: LMX Moderation Results

Variables	B	SE	t	p	95 % Confidence Interval (CI)		
					LLCI	ULLCI	Hypothesis
Model 1							
DOHP - DC	0.817	0.097	4.378	0.000	0.623	1.752	
LMX - DC	0.303	0.104	9.844	0.000	0.099	0.507	H5 accepted
DOHP*LMX	-0.084	0.025	-3.361	0.401	-0.134	0.035	H6 rejected
Model 2							
DOHP - EJP	0.403	0.567	7.100	0.000	0.291	0.514	
DC-EJP	0.413	0.078	5.319	0.000	0.260	0.565	
LMX-EJP	0.541	0.042	13.048	0.000	0.460	0.623	H7 accepted
DOHP*LMX-EJP	0.033	0.013	2.495	0.0131	0.007	0.058	H8 accepted
DC*LMX-EJP	0.073	0.018	4.068	0.000	0.108	0.038	H9 accepted

Note. CI = Confidence interval; LL = lower limit; UL = upper limit.
Source (s): The authors.

The study of Hypothesis 5 (H5) revealed that LMX had a noteworthy positive correlation with DC. LMX clearly influences DC (B = 0.302, S.E. = 0.104, p = 0.000, t = 9.884, LLCI/ULCI = 0.099 to 0.507), therefore supporting H5. Hypothesis 6 (H6), which postulated that LMX moderates the link between DOHP and DC, was not supported. LMX does not notably modify the interaction impact of DOHP on DC via LMX (B = -0.084, S.E. = 0.025, p = 0.401, t = -3.361, LLCI/ULCI = -0.134 to 0.035).

Hypothesis 7 (H7) analysis showed LMX favorably correlated with EJP. LMX clearly had a considerable favourable impact on EJP (B = 0.541, S.E. = 0.042, p = 0.000, t = 13.048, LLCI/ULCI = 0.460 to 0.617), therefore supporting H7. Hypothesis 8 (H8) was investigated to see if LMX influences the DC to EJP correlation. The results revealed that LMX had a noteworthy moderating impact (B = 0.033, S.E. = 0.013, p = 0.000, t = 2.495, LLCI/ULCI = 0.007 to 0.058), supporting H8. At last, for Hypothesis 9 (H9), we investigated whether LMX influences the DOHP to EJP link. The findings showed a notable moderating impact of LMX (B = 0.073, S.E. = 0.018, p = 0.000, t = 4.068, LLCI/ULCI = 0.038 to 0.108), therefore supporting H9 using LMX's influence on EJP.

LMX does not regulate the connection between DOHP and DC, even if it greatly affects the interaction between DOHP, DC, and EJP. The paper emphasizes the need for LMX to improve the impact of diversity-oriented HR practices and the diverse climate on employee performance in the hospitality industry.

Discussion

This study investigates the subtle links between Leader-Member Exchange (LMX), Diversity Climate (DC), Diversity-Oriented HRM Practices (DOHP), and Employee Job Performance (EJP) in the hospitality industry. The study provides significant insights into these dynamics using Process Macro Models 4 and 59 with 5000 bootstrapped data. Our results support the positive impacts of DOHP on EJP (Hypothesis 1), suggesting that effective diversity management strategies improve employee performance. This finding is consistent with recent research by Zacher et al. (2018) and Nowak (2020), highlighting the importance of using diverse HRM techniques to improve employee outcomes.

The positive relationships found between DOHP and DC (Hypothesis 2), as well as DC and EJP (Hypothesis 3), support previous results by Inegbedion

et al. (2020) and Gerpott et al. (2021). These studies demonstrate how diversity-related HRM policies promote employee satisfaction and workplace harmony. Our findings support the mediating role of DC in the DOHP-EJP relationship (Hypothesis 4), which is consistent with McKay and Avery (2015) and shows that a positive diversity climate enhances the influence of diversity-oriented practices on job performance.

Examining LMX's moderating effects, carried out utilizing Process Macro Model 59, yielded inconsistent results. Hypothesis 5, which proposed a positive relationship between LMX and DC, was confirmed, suggesting that effective LMX creates a diverse climate. However, Hypothesis 6, which states that LMX moderates the connection between DOHP and DC, was not supported, indicating that LMX has no significant effect on this specific link.

Hypotheses 7, 8, and 9 were supported, indicating that LMX positively regulates EJP and moderates the linkages between DOHP, EJP, and DC and EJP. This suggests that, although LMX does not change the DOHP-DC relationship, it does play an important role in improving employee performance by affecting how a diverse climate and diversity-oriented policies affect work performance. The findings emphasize the significance of leadership in shaping diversity management outcomes. Although LMX did not significantly moderate the DOHP-DC link, its beneficial influence on EJP and its moderating role in the DOHP-EJP and DC-EJP interactions highlight the significance of good leadership in creating an inclusive work environment. Satisfied and engaged individuals are likelier to flourish in such conditions, strengthening LMX's positive impact on productivity (Acquavita et al., 2009; Tims et al., 2011; Zou et al., 2015).

Theoretical Implications

This study builds sizeable theoretical advances by investigating the complex interaction between Diversity-Oriented HRM Practices (DOHP), Diversity Climate (DC), Leader-Member Exchange (LMX), and Employee Job Performance (EJP) in the hospitality sector. By clarifying these links, the research contributes to our knowledge of leadership, diversity management, and organizational behavior. The findings emphasize the importance of equal opportunity and cultural competence in creating a good, diverse climate and improving employee performance. This discovery builds on the work of Jayne and Dipboye (2004) and Ogbonna and Harris (2006). It is consistent with Cox and Blake's (1991) meta-analysis, which emphasizes the influence of diversity management on organizational results.

Furthermore, our findings highlight LMX's critical role in magnifying the impacts of diversity-oriented HRM policies on employee performance, relying on the work of Graen and Uhl-Bien (1995) and recent insights from Thrasher et al. (2020). The research contributes to our knowledge of leadership's role in diversity management by illustrating how leadership dynamics affect organizational success and employee well-being. The positive association between DOHP, DC, and EJP lends credence to social exchange theory, emphasizing the importance of a favorable diversity climate in improving employee performance (McKay & Avery, 2015). The research also adds to diversity-related leadership theories by investigating LMX's moderating effect, highlighting the importance of good leader-member connections in maximizing the advantages of diversity-oriented activities. This fusion of LMX and transformational leadership theories (Bass & Riggio, 2006) demonstrates how leadership behaviors may improve the success of diversity management initiatives, reflecting Gerpott et al.'s (2021) findings.

Practical Implications and Future Scope

This study has tremendous pragmatic consequences for companies trying to boost employee performance while supporting diversity and inclusion. Understanding the impacts of diversity climate and LMX on these interactions can help companies implement targeted strategies to build a varied culture, strong leadership, and improved staff performance. Future research should focus on turning these findings into practical approaches to support different behaviors and effective leadership in numerous sectors. Finding the long-term effects of diversity management and leadership on employee performance and organizational success might be notably helped by longitudinal research.

Limitations

The study acknowledges limitations, including natural prejudices, and focuses on the current corporate environment, neglecting changing circumstances. It is limited to the hospitality industry; future research might benefit from looking at different industries and integrating more general traits. While examining the impact of these factors on overall employee satisfaction and attrition might offer a better awareness of probable negative consequences, gathering data via focus groups can yield greater insights.

Conclusions

Finally, this study provides an overall theoretical framework based on Social Exchange Theory and analyses the complex interconnections among

LMX, DOHP, and DC and their impact on employee performance. Social Exchange Theory (Blau, 1964) posits that reciprocal incentives and the quality of social relationships within an organization drive employee behavior. Those who advocate diversity-oriented HR policies create environments where employees feel valued and involved, improving job happiness and productivity. The findings underscore the need for solid team relationships and leadership support for diversity because they indicate that effective HR policies may improve employee performance by raising job happiness. A company that welcomes diversity and inclusion creates a good employee trust and well-being cycle, benefiting the employees and the company.

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