Perceived discrimination: why applicants and employees expect and perceive discrimination

Abu Ghazaleh, N.

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THE EFFECT PERCEIVED SIMILARITY AND ETHICAL LEADERSHIP ON PERCEIVED WORKPLACE DISCRIMINATION JOB PERFORMANCE AND TURNOVER INTENTIONS [3]

Abstract

The current study investigated the relationship of leader – follower perceived similarity in work attitudes and values and ethical leadership with critical work outcomes. In line with the literature, we argue that perceived similarity and ethical leadership will affect job performance and turnover intentions. In addition, extending the literature, we argue that both similarity and ethical leadership will also affect perceived workplace discrimination. The results, based on dyadic employee - supervisor data gathered in different firms, demonstrate that deeper level similarity in attitudes and values among employee and supervisor as well as ethical leadership exerted by the supervisor relate negatively to discrimination perceptions. Employee and supervisor rated similarity both relate positively to job performance and perceived employee rated similarity and ethical leadership both relate negatively to turnover intentions. In addition, explorative research showed that only the effects of perceived supervisor rated similarity on perceptions of work discrimination is moderated by ethnicity, such that high perceived supervisor rated similarity decreases perceptions of discrimination for the minority group, but slightly increases discrimination for the majority group.

The workforce in many countries is becoming increasingly diverse. Diversity can lead to heterogeneity, which is defined as employees being different in relation to individual characteristics (Milliken & Martins, 1996). This dissimilarity in employee characteristics can create opportunities for organizations, such as increased creativity, productivity, and problem-solving capabilities that can help improve organizational performance (e.g. Cox 1993; Cox & Blake 1991; Ely 2004; Wiersema & Bantel 1992; Ensher, Grant-Vallone & Donaldson, 2001). However, diversity can also lead to challenges, such as

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lower levels of social integration, miscommunication, increased conflict, increased turnover, and employees perceiving workplace discrimination (e.g. Jackson, Brett, Sessa, Cooper, Julin & Peyronnin, 1991; Milliken & Martins, 1996; Riordan, 2001; Williams & O'Reilly, 1998; Gladstein 1984; Jehn 1995; Jehn, Northcraft & Neale, 1999; Avery, McKay & Wilson, 2008). Here we focus on several such potential problems to see how both perceived similarity between leader and follower and ethical leader behavior can mitigate these. Specifically we look at perceived discrimination, turnover intentions and job performance.

In line with theoretical arguments, research has established that being dissimilar to other members of the organization can affect different types of work outcomes (e.g., Goldman, Gutek, Stein & Lewis, 2006; Riordan, Schaffer & Stewart, 2005). For example, perceived similarity between leaders and subordinates was found to lead to higher ratings of subordinates' performance (Pulakos and Wexley,1983; Lekowitz, 2000;Turban and Jones, 1988). Demographic dissimilarity also decreased comfort of employees and increased the likelihood of turnover (Jackson et al. 1991; Wagner, Pfeffer, and O'Reilly 1984; Choi, 2008). In addition, research suggests that ethnic dissimilarity can result in more perceived work place discrimination. For example, Avery and colleagues (2008) show that employee - supervisor ethnic similarity is associated with less perceived discrimination than employee - supervisor ethnic dissimilarity.

However, not all studies show that ethnic (dis)similarity drives perceptions of discrimination. For example, Ensher and her colleagues (2001) did find that employees experienced supervisor discrimination, but there were no significant differences between ethnic groups in the amount of perceived supervisor discrimination. Not all employees perceived high levels of discrimination, but for those who did, there were negative outcomes, for example, on organizational commitment. Thus, besides demographic dissimilarities other, as yet unrecognized variables may also trigger perceptions of discrimination. In line with this, the broader research on the effects of demographic dissimilarity has found inconsistent results (see Riordan, 2000 for a review), which prompted researchers to explore dissimilarity in terms of deeper level, non visible traits such as values and attitudes in addition to surface level and more visible traits such as gender or ethnicity (Harrison, Price & Bell, 1998; Harrison et al., 2002; Liao, Chuang & Joshi, 2008). These studies have included broader general minority and majority groups but also more specifically studied the supervisor-subordinate dyad level (Wesolowski & Mossholder, 1997; Tsui, Porter & Egan, 2002). Here, we focus on deep level similarity between supervisor and subordinate in relation to job performance, turnover intentions, and perceived discrimination. We expect a positive relationship of perceived similarity between leader and follower with performance and negative ones with turnover intentions and perceived discrimination.

In addition to deep level similarity, we also expect ethical leadership to affect the supervisor subordinate relationship and with that also important outcomes such as perceived discrimination. Brown, Trevino and Harrison (2005) define ethical leadership as 'the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making' (Brown et al., 2005, p. 120). They suggest that ethical leadership is largely free from the 'similar to me' bias. Observed connections between ethical leadership and certain predictors and outcomes should not represent an artifact of the attraction-similarity process (i.e., Byrne, 1971), such that perceived similarity should not necessarily lead employees to see their supervisor as more ethical or completely wipe out the effects of ethical leader behavior on outcomes. Theoretically thus, ethical leader behavior should have a unique relationship with employees' job performance, turnover intentions and perceptions of discrimination, even when controlled for perceived similarity between leader and follower. This is important because if ethical leader behavior can have a positive role in outcomes such as lowered discrimination perceptions beyond similarity, developing ethical leadership in organizations may help decrease discrimination perceptions and yield other beneficial effects even when followers are ethnically or otherwise dissimilar from their leaders.

Thus, in this multi-source study among employee - supervisor dyads we gathered employee ratings of ethical leader behavior and assessed perceived similarity between employee and supervisor from both the leader and follower (employee) perspective (see also Murphy & Ensher, 1999). We are especially interested in deep-level similarity between leader and follower, which is based on psychological characteristics such as values, personality, and attitudes (Harrison et al., 1998). We examine the influence of employee and supervisor rated similarity in work attitudes and values as well as the additional role of perceived ethical leadership in discrimination perceptions, job performance ratings, and turnover intentions. We try to extend current literature on supervisor - employee interaction by investigating both deep level similarity and ethical leader behavior in relation to our outcome variables.

Perceived similarity and perceived workplace discrimination

The concept of relational demography has received much attention in similarity research. Tsui and O'Reilly (1989) define relational demography as 'the comparative demographic characteristics of members of dyads or groups who are in the position to engage in regular interaction' (p.403). They argue that relational demography may influence outcomes through, for instance, attraction based on similarity in attitudes and values. This is in line with Byrne's (1961) similarity-attraction paradigm, which

posits that the more similar one person to another, the more that other person is liked. Considerable research has provided evidence for the similarity attraction paradigm (see Byrne, 1997, for a review). In the past, research from this paradigm has focused primarily on similarity in more easily observable demographic characteristic similarity, such as ethnicity, gender, and age and to a lesser extent perceived deeper level similarity, for example, similarity in terms of values. Nevertheless, similarity in deep-level characteristics may also imply being more likely to lead to interacting with one another and have greater potential to result in mutual liking (Lankeau et al, 2005).

As noted, research suggests that surface level ethnic dissimilarity often results in more perceived discrimination. For example, Jeanquart-Barone (1996) shows that ethnic minority employees with majority group supervisors experience more discrimination than ethnic minority employees with a supervisor with the same ethnicity. Recently, Avery and his colleagues (2008) also showed that employee-supervisor ethnic similarity leads to less perceived discrimination than employee-supervisor ethnic dissimilarity. Thus, for employees who have leaders of a different ethnic background, more perceived discrimination is likely.

Ragins (1997) mentions that when demographic dissimilarity arises in dyadic relationships this may activate a social categorization process that decreases liking and increases the use of stereotypes which may adversely impact a relationship between, for example, employee and supervisor (Ragins, 1997; Lankau, Riordan & Thomas, 2005). It is very likely to also expect this process to be activated when deeper level dissimilarities arise and consequently influence perceptions of discrimination.

As far as we know, perceptions of workplace discrimination have not been assessed in relation to deeper level similarity between employee and supervisor. Based on the similarity attraction paradigm and the social categorization process, we also expect deeper level dissimilarity experienced by the supervisor as well as the employee to be able to influence perceptions of discrimination. Whereas similarity will lead to an increase in mutual liking and a decrease of perceptions of discrimination, we argue that dissimilarity will lead to the activation of (negative) stereotypes and consequentially an increase of perceptions of discrimination. Thus, perceived dissimilarity not only in ethnicity, gender or age but also in more substantive dissimilarity in work attitudes and values between employee and supervisor will influence perceptions of workplace discrimination such that:

Hypothesis 1: The greater the dissimilarity in work attitudes and values between a supervisor and employee the more workplace discrimination will be perceived such that a) employee rated perceived similarity will have a negative relationship with

perceived workplace discrimination and b) supervisor rated perceived similarity will also have a negative relationship with perceived workplace discrimination experienced by the employee.

Perceived similarity and job performance ratings

The role of interpersonal similarity in demographics as well as deeper level similarity in job performance ratings has been established in previous research (e.g. Pulakos & Wexley, 1983; Lekowitz, 2000; Turban & Jones, 1988). Similarity in ethnicity can positively affect performance ratings. For example, research showed that same race ratees were consistently rated more favorably by their raters in terms of performance than different race ratees, albeit differences where small (Kraiger & Ford, 1985). The similar group was also rated as more effective by supervisors in supervisor - employee interaction (Tsui & O'Reilly, 1989). In addition, attitudes and value similarity can facilitate successful interaction and therefore enhance performance (Maierhofer, Griffin & Sheehan, 2000). For example, research shows that supervisor - subordinate similarities in attitudes and values are associated with subordinates' satisfaction and performance ratings (Turban & Jones, 1988). Research has also shown that supervisors' values can influence their ratings of employees' performance (Adkin & Russell, 1997).

Social learning theory and more specifically behavioral modeling (e.g., Bandura, 1971) can help explain the findings on employee - supervisor interaction and job performance ratings. Behavioral modeling in the workplace has shown supervisors' behavior to influence the behavior of their employees through their own behavior (Kristoff, 1996; Maierhofer et al., 2000). When the employee perceives the supervisor to be similar on important characteristics he or she is more likely to see them as a role model and behave in the manner the supervisor has modeled and would expect, thus also likely receiving higher job performance ratings from their supervisor. Based on previous research and theory, we therefore also expect deeper level similarity to result in higher job performance ratings. We hypothesize:

Hypothesis 2: The greater the similarity in work attitudes and values between a supervisor and employee the higher will be the job performance rating such that a) employee rated perceived similarity will have a positive relationship with job performance ratings and b) supervisor rated perceived similarity will have a positive relationship with performance ratings.

Perceived similarity and turnover intentions

Based on Byrne's (1961) similarity attraction paradigm, another consequence of the higher mutual liking of employees and supervisors may consist of a desire to maintain

a group connection, which may result in lower turnover intentions (Tsui, Egan & O' Reilly, 1992). Different studies have shown that demographic similarity leads to lower turnover intentions among employees because such similarity is accompanied by higher psychological attachment to the organization.

Social identity theory (Tajfel & Turner, 1979) suggests that individuals derive personal meaning from their group membership. Individuals with a high group identity tend to incorporate aspects of that group in their self-concepts and thus tend to be more similar to other same group members. Consequently, they tend to have more positive feelings about their group (Goldman et al., 2006; Operario & Fiske, 2001). Assuming that colleagues from a similar organization are members of the same group implies such identification processes are activated. Research has shown that homogeneous groups are more likely to be socially integrated and thus will tend to be more satisfied and less likely to turnover (e.g., O'Reilly, Caldwell, and Barnett, 1989; Jackson, Brett, Sessa, Cooper, Julin & Peyronnin, 1991; Tsui et al., 1992). Zatzick, Elivra and Cohen (2003) showed that as the proportion of employees in a job with the same race increases in an organization, individuals are less likely to leave the organization and this holds especially for minority group employees. In general, the few available studies that have investigated the result of similarity in attitudes and values have indeed found that attitudinal similarity was associated with higher group cohesiveness (e.g. Terborg, Castore, & DeNinno, 1976) and thus consequently we would argue this would likely also mean lower turnover intentions. Therefore, we expect similarity in deep level characteristics, perceived from the side of both supervisor and employee, to increase employees' psychological attachment and thus decrease their intentions to leave the organization. We hypothesize:

Hypothesis 3: The greater the dissimilarity in work attitudes and values between a supervisor and employee the higher turnover intentions such that a) employee rated perceived similarity will have a negative relationship with turnover intentions and b) supervisor rated perceived similarity will also have a negative relationship with turnover intentions.

Ethical leadership and perceived workplace discrimination

Ethical leadership is based on trust and fairness and research has shown that employee trust and fairness are related to many positive attitudes, behaviors, and outcomes in organizations (Brown, 2007). These are likely to include the outcomes we focus on. Previous work also notes that ethical leadership is not fully explained by perceived similarity with the supervisor (Brown et al., 2005). Therefore, we expect ethical leadership to uniquely influence perceived workplace discrimination, job

performance ratings and turnover intentions beyond similarity effects.

As mentioned previously, ethical leadership has been defined as: 'the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making' (Brown et al., 2005, p. 120). Drawing on this definition, Brown and colleagues describe ethical leaders as honest, trustworthy, fair and caring. Ethical leaders keep their promises, treat followers with respect and care, do not practice favoritism, allow voice and input in decisions, and clarify expectations (e.g., De Hoogh & Den Hartog, 2008; Den Hartog & De Hoogh, 2009; Kalshoven et al., 2011). Such leaders also make fair and principled decisions, consider ethical consequences of decisions and have an open communication style (De Hoogh & Den Hartog, 2008; Treviño, Brown, & Hartman, 2003).

In line with the theoretical ideas available, research suggests that ethical leaders affect both employees' behaviors and attitudes (for a review, see Brown, & Treviño, 2006). For example, studies show that ethical leadership relates positively to top management team effectiveness (e.g., De Hoogh & Den Hartog, 2008), commitment and trust (e.g., Kalshoven et al., 2011), and follower organizational citizenship behavior (e.g., Piccolo, Greenbaum, Den Hartog, & Folger, 2010; Walumbwa, & Schaubroeck, 2009). To explain these effects, Brown and colleagues (2005) take a social learning perspective (cf., Bandura, 1986) and suggest that ethical leaders are role models. Followers will come to behave similar to their leader through imitation and observational learning as well as reward and punishment. In addition, others take a social exchange approach and argue that followers are willing to reciprocate the good treatment, fairness and respect received from ethical leaders (e.g., Mayer et al., 2009).

Fairness and a just treatment of subordinates is seen as a key dimension of ethical leadership (Brown et al., 2005; De Hoog & Den Hartog, 2008; Kalshoven & Den Hartog, 2009) and is especially important for employees' interpretation of supervisor behavior, as they are the less powerful ones in the interaction between employee and supervisor (Wesolowski & Mossholder, 1997; cf. Tyler, 1990). We expect that ethical leaders' fair, consistent, and respectful treatment of subordinates which includes not showing favoritism will diminish perceptions of work place discrimination.

Like Brown, Treviño and Harrison (2005), we expect employees' perceived similarity with their supervisor to be distinct from their perceptions of ethical leader behavior. In other words, the role of the ethical leader is not (fully) explained by perceived similarity. We expect both ethical leadership and perceived deeper level similarity to affect perceived workplace discrimination. When supervisors are not perceived to display ethical leadership, employees are more likely to develop perceptions of unfair treatment and may also more easily feel discriminated against. The more supervisors are seen to

behave in an ethical way, treat employees with respect, and equality and be fair in the decisions they make, the less likely perceptions of workplace discrimination will come to mind. We hypothesize:

Hypothesis 4a: The more ethical the supervisor is perceived to be, the less workplace discrimination is perceived by the employee.

Hypothesis 4b: Ethical leadership, will have a negative relationship with discrimination perceived by the employee, even when controlled for similarity.

Ethical leadership and job performance ratings

Ethical leadership relates to employee job performance (Brown & Treviño, 2006). One reason for this seems to be the trust these leaders engender. Trust lead subordinates to reciprocate trust by, for example, increasing job performance. In line with this, trusting ones' leader has also been shown to be associated with job performance (Dirks & Ferrin, 2002). Thus, we expect a positive relationship between perceived ethical leadership and the job performance of followers. Social exchange theory suggests that employees will reciprocate the fair and consistent treatment and role modeling of the leader with showing high effort and such increased effort should result in better performance (e.g. Mayer et al 2009). Thus, the fair and caring treatment and trust in the relationship between leader and follower are likely to enhance job performance. If that is the case, the effect of ethical leadership on employee job performance should not be explained fully by perceived similarity in values between supervisor and employee. However, this has not yet been tested. Here, we propose that ethical leadership will increase job performance ratings and we argue that in addition to perceived similarity, ethical leadership will relate to job performance ratings:

Hypothesis 5a: The more ethical leadership is perceived by the employee the higher the job performance ratings will be.

Hypothesis 5b: Ethical leadership will have a positive relationship with job performance ratings, even when controlled for similarity.

Ethical leadership and turnover intentions

Ethical leaders stimulate favorable attitudes amongst employees through the way they exert ethical values, show concern for employees and to look out for fair treatment (Brown & Treviño, 2006; Treviño et al., 2000, 2003). Appealing to the ethical values of employees, also known as inspirational appeal, plays an important role in eliciting

favorable attitudes such as commitment (Yukl & Tracey, 1992) and consequently decreasing turnover intentions. In contrast, when an employee perceives the ethical values of their leader to be very different from their own values, discomfort and the intent to leave the organization might grow. It has, indeed been shown that being different from one's supervisor or other employees may lead to turnover intentions (Tsui & Gutek, 1999). Brown et al. (2005) also found that ethical leadership was positively related to employees being dedicated to their job. Moreover, De Hoogh en Den Hartog (2008) found that ethical leadership was related to employees' optimism about their future. Employees being dedicated and being optimistic about ones' future, will very likely decrease turnover intentions. We thus expect a negative relationship between ethical leadership and turnover intentions.

Our expectation is also in line with related work. Leader-member exchange (LMX) theory (Graen & Scandura, 1987) suggests that leaders develop a different type of relationship or exchange with each employee rather than having the same exchange or relationship with all employees (Liden, Wayne & Stidwell, 1993). This theory suggests that the quality of the relationship between a leader and subordinate influences, for example, subordinate satisfaction, supervisor satisfaction, performance, commitment and turnover intentions (Yukl, 2002). Indeed, research has generally shown that turnover intentions are higher for those employees who perceive lower quality LMX relationships with their leader than those with higher LMX quality (Bauer, Erdogan, Liden &Wayne, 2006). This highlights the important role of the supervisor in preventing turnover. When the supervisor exerts consideration and provides a supportive environment (as ethical leaders tend to do), an employee is less likely to have turnover intentions (Mobley, 1982). This supports our expectation that ethical leadership will decrease intentions to leave the organization. Again, we expect that this relationship is in part based on the similar values leader and employee may come to have, but that it also goes beyond similarity as the ethical leader also shows consideration and fair treatment, which should affect turnover intentions beyond similarity. Therefore we expect this relationship also holds when controlling for perceived similarity such that:

Hypothesis 6a: The more ethical leadership is perceived by the employee the lower the turnover intentions will be.

Hypothesis 6b: Ethical leadership will have a negative relationship with turnover intentions, even when controlled for similarity.

As mentioned , research has shown that when looking at similarity, subjects initially perceive greater attitudinal dissimilarity between themselves and a subject from a

different race (Byrne & Wong, 1962). Thus, being part of an ethnic minority group may influence deeper level similarity traits and values and ethical leadership and our outcome variables. As we certainly recognize the influence of ethnicity , we will conduct a regression analysis to exploratively study the moderating effect of ethnicity. We thus take the surface level ethnicity into account, and investigate whether there is a difference between minority and majority group employees in deeper level similarity and its' influence on our outcome variables. We decided to study this moderating effect of ethnicity since this may influence the employee supervisor interaction.

Method

Sample and Procedure

To increase the representativeness of the study, we aimed for a diverse sample of employees from different industries and professional backgrounds. Participants were asked to voluntarily participate in a university study on diversity and ethics in the workplace. We sent 294 questionnaires with stamped return envelopes to employees or supervisors who were all personal contacts provided by graduate students of the Business School of the University. The voluntary nature participation and confidentiality of responses were stressed in an accompanying letter. Besides filling out a questionnaire themselves, we asked participants to give an additional questionnaire with a separate letter and stamped return envelope to either their supervisor if they were an employee or their employee if it was the supervisor who was the original contact. In the questionnaires, we asked the supervisor to rate the employee's job performance and perceived similarity and the employee to rate perceived similarity, ethical leadership style, perceptions of workplace discrimination and turnover intentions. Responses were sent directly to the researchers at the university in the separate stamped return envelopes that were provided to all participants. The researchers could be contacted and were available to answer questions.

Only questionnaires that were completely filled out and for which a matching colleague evaluation was obtained were included in the analyses. One hundred and forty eight matched employees and colleagues (i.e., the sample consisted of 148 complete employee-colleague dyads) returned the questionnaires out of the original 294 sets that were sent out (i.e. the response rate for complete dyads is approx. 50%). All respondents participated voluntarily and anonymously and did not receive anything in return for participation. Of the respondents, 49 % were men; mean age was 33 years old. Approximately 60% of the sample, had finished higher professional or university education.

Measures

Ethical leadership was measured with the Ethical leadership scale (ELS) developed by Brown and colleagues (2005). The ELS assesses overall ethical leadership with 10 items (α =.91). A sample item is: "Listens to what employees have to say". Only employees filled out this scale.

Perceived Similarity was taken from the mentoring relationship literature and was measured with 5 items. Both supervisors and employees filled out these items, which were slightly altered to fit either the supervisor questionnaire or the employee questionnaire (see also Ensher & Murphy, 1997). The items were especially focused on perceived similarity in values and behavior. For example: "My supervisor/employee and I see things in much the same way," and "My supervisor/employee is similar in terms of our outlook, perspective, and values," and "My supervisor/employee and I thought alike in terms of coming up with a similar solution for a problem". Alpha for employee rated perceived similarity was .94 and for supervisor rated perceived similarity .92.

Perceptions of workplace discrimination was measured with 6 items developed by Slaughter, Bulger and Bachiochi (2005), e.g.: "There is discrimination where I work". Only employees filled this out and this scale had an alpha of .82.

Turnover intentions was measured from employees with 3 items (α = .84) from Colarelli (1984) An example item is: "I frequently think of quitting my job".

Job Performance was rated by the supervisor on a five-item scale developed by Grant, Parker and Collins (2009). The items were introduced with the statement, "Thinking about the overall performance of the employee you are rating, please indicate how you would rate them relative to others in the same/similar jobs on a percentage basis". The items, which used a 9-point scale anchored at 1 =*bottom 10%* and 9 =*top 10%*, included "overall performance" and "achievement of work goals" (α= .87).

Ethnicity and Controls. Employee gender and ethnicity as well as age and frequency of contact with the supervisor were included in our questionnaire and added as control variables. Demographic variables collected included gender and ethnicity. Gender was rated as 0 = *male* and 1 = *female*. Following Van Hooft and De Jong (2009), Ethnicity was measured by asking the participants to which ethnic group(s) they considered themselves to belong to. Response options were Dutch, Surinamese, Antillean, Turkish, Moroccan, and Other. Respondents could select more than one option. Ethnicity was then coded as: 0 = *ethnic minority* (i.e. respondents who considered themselves as belonging to one or more ethnic minority groups). and 1 = *Dutch majority* (i.e. respondents who indicated they considered themselves Dutch only). All items in both the employee and supervisor questionnaires were administered in Dutch and responses, unless stated differently, were given on a 7-point scale (1 =

"completely disagree" to 7 = "completely agree").

Frequency of contact may influence the relationship between leader and follower, for example, by allowing more chances for developing perceptions of similarity and was thus also included as a control variable. It was measured as 1 = "daily", 2 = "weekly" and 3 = "monthly". Women, ethnic minority groups, and older applicants may generally perceive more workplace discrimination, and because supervisors were all from the majority group may differ in perceived similarity. Thus, these demographic variables are also included as controls.

Results

Table 1 presents descriptive statistics and intercorrelations for the entire sample. Perceived similarity from the side of employees had a significant negative relationship with perceived workplace discrimination (r =-0.38, n = 129, p= 0.00). Perceived supervisor rated similarity also had a negative significant correlation (r =-0.24, n = 117, p= 0.01), albeit lower. Thus, the more an employee as well as a supervisor perceived the other as similar, the less workplace discrimination was perceived by the employee, which is in line with our first hypothesis. In addition, ethnicity and age were significantly correlated with perceived discrimination in the expected direction (that is there were lower discrimination perceptions for majority group members and for younger employees). However, employee gender was not correlated with their discrimination perception.

Table 1 | *Means, standard deviations and correlations of the variables used in the study*

	M	SD	1	2	3	4	5	6	7	8	9	10
1 Perceived workplace discrimination	2.21	.90										
2 Job performance	7.18	.93	-.32**									
3 Turnover intentions	3.05	1.77	.43**	-.28**								
4 Perceived supervisor rated similarity	4.46	1.19	-.24**	.60**	-.16							
5 Perceived employee rated similarity	4.38	1.30	-.38**	.42**	-.43**	.57**						
6 Ethical leadership	4.94	1.12	-.33**	.17	-.36**	.34**	.63**					
7 Ethnicity [a]	.53	.50	-.20*	.15	-.02	.11	.07	-.04				
8 Age	32.98	12.05	-.24**	.19*	-.28**	-.07	.12	.02	.14			
9 Gender [b]	.52	.50	.01	.04	-.02	.07	.02	.02	-.13	.01		
10 Frequency of contact	1.47	.63	.04	-.01	.07	-.12	-.10	-.20*	-.10	.08	-.11	

Note. Due to incidental missing values N varies between 107 and 148. [a] 0 = non-Dutch (*n* = 56). 1 = Dutch (*n* = 62) [b] 0 = male (*n* = 63). 1 = female (*n* = 67) * *p* < .05. ** *p* < .01.

When looking at perceived similarity and job performance ratings we also found a significant relationship in the expected direction. Both employee rated perceived similarity (r =0.42, n = 115, p= 0.00) as well as supervisor rated perceived similarity (r =0.60, n = 134, p= 0.00) had a positive significant correlation with performance. This is in line with our second hypothesis, the more perceived similarity between supervisor and employee the higher the job performance ratings. Perceived employee rated similarity and turnover intentions had a negative and significant relationship (r = - 0.43, n = 129, p = 0.00). The more similarity is perceived by the employee, the lower their turnover intentions, as expected in hypothesis 3a. However, perceived supervisor rated similarity was not significantly related to turnover intentions, which is not in line with hypothesis 3b.

Ethical leadership had a significant negative correlation with perceived workplace discrimination (r = -0.33, n = 130, p = 0.00). This is in line with hypothesis 4a and implies the more employees perceived their supervisor as exerting ethical leadership, the less they perceived workplace discrimination.

To assess whether this relationship also holds when taking perceived similarity into account, a regression analyses was performed. Step1 shows that 6% of the variance in perceived workplace discrimination is explained by the control variables. Of the control variables only ethnicity produced a statistically significant coefficient in the model (β = -.20, p = .05), showing that majority group people perceive less discrimination. In Step 2, the increase in explained variance by adding the predictor variables employees' perceived similarity and perceived supervisor similarity is significant (ΔR^2 = .14**). However, besides ethnicity (β = -.19, p = .05), only the effect for employee rated perceived similarity was significant (β = -.36, p = .00), not that for supervisor rated similarity. In Step 3, next to ethnicity (β = -.22, p = .02), only ethical leadership was significant (β = -.25, p = .03) resulting in an additional 4% of the variance being

Table 2 | *Regressions of perceived workplace discrimination on age, gender, frequency of contact, perceived supervisor rated similarity, perceived employee rated similarity and ethical leadership*

| | Perceived Workplace Discrimination | | |
	Step1	Step2	Step3
Age	-,19	-,14	-,15
Gender	-,04	-,04	-,04
Frequency of Contact	,05	-,11	-,15
Ethnicity	-,20*	-,19*	-,22*
Perceived supervisor rated similarity		-,02	-,03
Perceived employee rated similarity		-,36*	-,21
Ethical Leadership			-,25*

explained ($\Delta R^2 = .04^{**}$), supporting our hypothesis that ethical leadership relates to lower workplace discrimination perceptions even when controlled for perceived similarity between leader and follower.

In contrast to Hypothesis 5a, ethical leadership did not significantly correlate with job performance ratings (see table 1). In line with this, the regression analyses show that Hypothesis 5b was also not supported, ethical leadership did not add a significant amount of explained variance over and above perceived similarity. Results of this analysis are reported in Table 3.

Step1 shows that 5% of the variance in job performance is explained by the control variables. None of the control variables produced a statistically significant coefficient in the model in the first step. In Step 2, the increase in explained variance by adding the predictor variables employees' perceived similarity and perceived supervisor similarity is significant ($\Delta R^2 = .32^{**}$).Age is now significant ($\beta = .22$, $p = .01$), showing that older employees have higher job performance ratings. Also, in line with hypothesis 2b but not 2a, the effect for supervisor rated perceived similarity was significant ($\beta = .55$, $p = .00$), but not that for employee rated similarity. The more supervisors rated the employee as similar to themselves, the higher the employee's job performance ratings were. In Step 3, next to age ($\beta = .22$, $p = .01$), only supervisor rated perceived similarity was significant ($\beta = .55$, $p = .00$) but not ethical leadership and the additional 0,4% of the variance being explained is not significant ($\Delta R^2 = .00$). Thus, our hypothesis 5b that ethical leadership relates to high job performance even when controlled for perceived similarity between leader and follower, is not supported.

Ethical leadership did have a significant negative correlation with turnover intentions, ($r = -0.36$, n = 130, $p = 0.00$) in line with Hypothesis 6a that proposed that the more ethical leadership is perceived by employees the lower their turnover intentions would be. Hypothesis 6b is also supported. Results in Table 4 show that in Step 1, 7% of the variance is explained in turnover intentions is explained by the control variables.

Table 3 | *Regressions of job performance on age, gender, frequency of contact, perceived supervisor rated similarity, perceived employee rated similarity and ethical leadership*

| | Job Performance | | |
	Step1	Step2	Step3
Age	,19	,22*	,22*
Gender	,07	-,00	-,00
Frequency of Contact	-,10	-,02	-,03
Ethnicity	,17	,07	,06
Perceived supervisor rated similarity		,55*	,55*
Perceived employee rated similarity		,05	,10
Ethical Leadership			-,08

In Step 1, of the control variables, only age produced a statistically significant coefficients in the regression ($\beta = -,32$, $p = .00$), showing that older people have less strong turnover intentions. When looking at Step 2, the increase in explained variance by adding the predictor variables employees' perceived similarity and perceived supervisor similarity is significant ($\Delta R^2 = .16$). Besides age, ($\beta = -.25$, $p = .01$), in Step 2, the effect of employees' perceived similarity was significant ($\beta = -.45$, $p = .00$). In Step 3, however, next to age ($\beta = -.27$, $p = .00$) and employees' perceived similarity ($\beta = -.30$, $p = .02$), ethical leadership also had a significant effect ($\beta = -.25$, $p = .03$). Step 3 resulted in an additional 4% of the variance being explained ($\Delta R^2 = .04$). Thus, as hypothesized in Hypothesis 6b ethical leadership relates to lower turnover intentions even when controlling for perceived similarity.

Table 4 | *Regressions of turnover intentions on age, gender, frequency of contact, perceived supervisor rated similarity, perceived employee rated similarity and ethical leadership*

	Turnover Intentions		
	Step1	Step2	Step3
Age	-,32*	-,25*	-,27*
Gender	,06	,06	,06
Frequency of Contact	,04	-,02	-,06
Ethnicity	,02	,01	-,02
Perceived supervisor rated similarity		,07	,06
Perceived employee rated similarity		-,50*	-,30*
Ethical Leadership			-,25*

To assess whether there is a moderating effect of ethnicity on perceived employees similarity, perceived supervisor similarity and ethical leadership on our outcome variables job performance, turnover intentions and perceived workplace discrimination, we conducted another regression analysis with ethnicity as an interaction variable. In Step 1, each of our outcome variables was regressed on the control variables gender, age and frequency of contact. In step 2, ethnicity was entered in the equation. Next, the predictor variables (perceived employees similarity, perceived supervisor similarity and ethical leadership) were also entered, followed by the two way interaction terms (predictor variable * ethnicity) in our final step. These moderated regressions allowed testing whether differential impact of perceived similarity and ethical leadership is found for the different groups (i.e. minority and majority employees).

Results of our regression analyses showed that ethnicity only turned out to be significant for the ethnicity by perceived supervisor similarity interaction ($\beta = .39$, $p = 0.02$). In other words, supervisor rated perceived similarity had a different effect for

ethnic minority and majority employees on perceptions of workplace discrimination. The graphic depiction of this interaction (see figure 1) shows high perceived supervisor rated similarity decreases perceptions of discrimination for the minority group. Supervisors seeing their ethnic minority employee as similar, leads to a decrease in perceptions of discrimination experienced by the minority employees.

Figure 1 | *Graphic depiction of the two-way interaction between ethnicity and supervisor rated perceived similarity on perceived workplace discrimination*
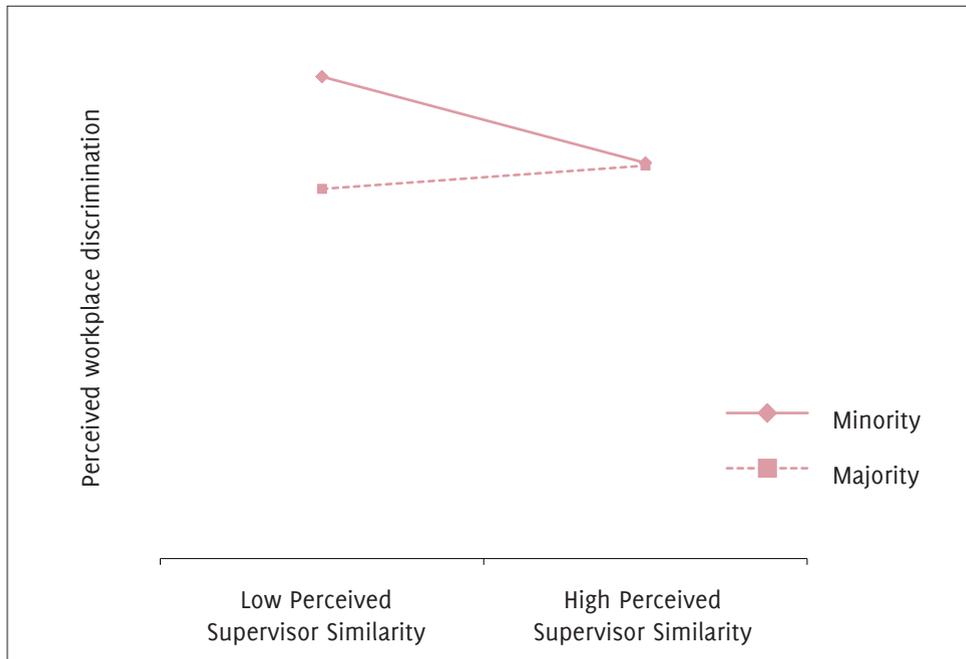
Discussion

This multi-source study investigated both the role of perceived similarity between leader and follower in terms of perceived deeper level similarity in work attitudes and values, and that of ethical leadership in the critical work outcomes of perceived workplace discrimination, job performance and turnover intentions. Our research extends research on relational demography as well as that on ethical behavior of leaders by investigating the joint impact of deep level similarity between leaders and followers and ethical leadership on outcomes. Our main result is that both these similarities in deeper level attitudes and values and the ethical leadership exerted by the supervisor indeed play a role in several critical work outcomes, most notably perceived workplace discrimination

and that the effects of ethical leadership are not only due to perceived similarity between leader and follower. However, our exploratory analyses showed that these relationships are not necessarily different for minority and majority group employees.

In line with our first hypothesis, the correlations suggest that both employee and supervisor rated perceived similarity decreases employee perceptions of work discrimination. Our results are in line with Riordan's (2000) work showing that deeper level similarity is worth exploring as we find that the more similar one feels to one's leader, the less discrimination is perceived. The regression analysis showed that it is mainly employee perceptions of similarity that play a role. Ethnicity and age were also correlated with perceiving workplace discrimination, thus ethnic minority and older employees are still more likely to perceive that they are the victim of workplace discrimination. However, in the regression only the role of ethnicity was significant. Thus, minority group members feel more discriminated against at work, even when deep level similarity with the leader and ethical leadership are taken into account. Additionally, our explorative analyses showed that perceived supervisor similarity did affect minority and majority group differences in perceiving workplace discrimination. When the supervisor did not perceive similarity with their employees, minority group employees felt the most workplace discrimination. In line with the similarity attraction paradigm and the social categorization process (where similarity will lead to mutual liking and a decrease of perceptions of discrimination and dissimilarity will lead to the activation of stereotypes and an increase in discrimination), this shows that additional to the more visible ethnicity differences, deeper level differences are also related to perceived workplace discrimination.

Both employee and supervisor rated perceived similarity are positively correlated with job performance ratings, although the regressions suggest that the supervisor's perceptions of similarity are key here. Supervisors gave higher job performance ratings to employees whom they perceive as similar. Of our more visible traits only age was positively related to job performance such that the older an employee the higher their job performance ratings. We did not find a difference in ethnicity. This is not in line with literature on performance appraisal where it has been shown that both minority and majority group raters gave significantly higher ratings to members of their own race (Kraiger & Ford, 1985). Whereas previous research did show that greater attitudinal dissimilarity was perceived between oneself and another person from a different race (Byrne & Wong, 1962). Future research should further investigate this and investigate whether deeper level similarity is shaped by ones' cultural background which would change outcomes between minority and majority group employees.

Results indicate that the more employee perceived similarity with the supervisor, the less they had turnover intentions. However, supervisor rated perceived similarity

was not significantly related to employee turnover intentions. Thus, supervisor perceptions of perceived deeper level similarity will not have employees staying or leaving the company. The similarity attraction paradigm of Byrne (1961) in combination with turnover intentions may thus only hold when employees feel similar to their supervisor and not vice versa. Also,, the positive correlation between the two suggests that higher perceptions of discrimination may increase turnover intentions. Future research could investigate perceived discrimination as an antecedent of turnover or a mediator. Perhaps the supervisors' influence on turnover intentions is mediated by perceptions of discrimination. It should also be noted that in the regression the role of age was significant. Thus, older employees have lower intentions to leave the company, even when deep level similarity with the leader and ethical leadership are taken into account.

We also investigated perceptions of ethical leadership in relation to these critical work outcomes. If the employee perceived his or her supervisor to be ethical, less discrimination was perceived. However, ethical leadership did not relate significantly to job performance ratings. Unexpectedly, ethical leadership, unlike similarity, did not have an effect on employees performing better and consequentially get higher job performance ratings. Perhaps, employees are less concerned to go above and beyond what is necessary to get higher job performance ratings if the leader is ethical; an ethical leader is less susceptible for rating an employee on more than what is in the job description and employees are not afraid of being rated unfairly.

Ethical leadership did relate to lower perceptions of workplace discrimination and less turnover intentions amongst employees. Employees feel more comfortable and are less likely to perceive discrimination or leave the organization when their supervisor has an ethical leadership style. As noted, when looking at perceptions of workplace discrimination, besides ethical leadership also ethnicity was related. Ethnic minority employees still seem to experience or perceive more work place discrimination. In this study, all leaders were majority group members and that may play a role in this. Theory suggests that differences may exist in what employees consider important and appropriate ethical leadership (Trevino et al., 2003) and based on social identity theory (Tajfel & Turner, 1986; Turner, 1987), we expect there may also be differences between minority and majority employees in what they consider ethical leadership exerted by their supervisor. Future research should investigate this difference in ethnicity between supervisor and employee and its' effects on perceived workplace discrimination.

Our results also show that ethical leadership relates to less workplace discrimination even when controlled for perceived similarity. When looking at turnover intentions, it also shows that ethical leadership relates to lower turnover intentions even when

controlling for perceived similarity. Both outcomes are line with Brown et al., (2005) notion that ethical leadership is distinct from perceived similarity with ones' leader.

Limitations

Although a strength of the study is that it was done in the field and focused on actual employees and supervisors using multi source data, a limitation of this study is that we do not consider ethnic minority supervisors in this study and thus do not know whether perceived supervisor similarity from an ethnic minority supervisor changes our results. Moreover, because we did not have sufficient numbers for different groups, we did not distinguish between different ethnic minority group employees. In the Netherlands, there is a difference in culture between, for example, ethnic minority groups from Surinam who have a historical tie with the Netherlands or minority groups from Turkey or Morroco. It is conceivable that values and attitudes of the Dutch majority group and the Suriname minority group are more similar to one another than between the Dutch majority group and minority group members from Turkish or Moroccan descent. We could not test this. Also as noted, we did not have ethnic minority supervisors in this study and thus do not know whether perceived supervisor similarity from an ethnic minority supervisor changes our results (especially for ethnic minority employees).

Furthermore, although we have two sources, for some of the hypotheses the relevant data is self reported and although such variables could not be measured in another way (e.g. perceived discrimination), this does introduce the possibility common source variance influencing some of our results (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). It is also clear that the source of the rating of perceived similarity is important as the main relationships with work outcomes are same source – performance ratings were driven by supervisor rated similarity, whereas perceived discrimination and turnover intentions related most strongly to employee rated similarity. Similarity research thus needs to take both sides into account.

Another important limitation is that it is not possible to infer causality due to the correlational nature of the data. Thus direction of causality here is theoretically assumed, but needs to be tested in experimental and longitudinal work. Also, when interpreting the results of ethical leadership, it should be taken into account that both perceived discrimination and turnover intentions are measured by the employee (same source) and job performance is measured by the supervisor (different source).

Although it has benefits to have a broad sample, as Avery and his colleagues (2008) mention, additionally investigating these relationships in several specific organizations is also of interest, because even if our findings should be able to generalize across organizations, findings could differ when looking at organizations where minority

and majority group employees differ in percentage and, for example, when companies explicitly value diversity.

Implications and Conclusion

Our results suggest that the influence of the perceived similarity in attitudes and values is present in some critical work outcomes such as perceived workplace discrimination. The influence of deeper level values should be considered when in an organizational context. Supervisors as well as employees should notice their influence on each other on decreasing perceptions of discrimination and turnover intentions and increasing job performance. Since these deeper level similarities can have a positive influence, perhaps organizations should focus on highlighting this by, for example, organizing (more) group outings that focus on these similarities so that employees as well as supervisors can recognize the similarities and have this advantage when working together. Thus, perceived similarity not only in demographics but also in deeper level values and attitudes influence work outcomes and its impact should be noted by both supervisors and employees. In addition, ethical leader behavior can add to several important outcomes beyond similarity. However, our results do still suggest (perceived) discrimination problems in the work place as even beyond perceived similarity and ethical behavior of leaders, employees' ethnicity still relates to perceived discrimination.