The impact of diversity, equity, and inclusion (DEI) initiatives on employee relations in multinational and local companies in Vietnam: The mediating roles of leadership support and organizational culture

Tác động của các sáng kiến về đa dạng, công bằng và hòa nhập (DEI) đối với quan hệ lao động trong các doanh nghiệp đa quốc gia và doanh nghiệp trong nước tại Việt Nam: Vai trò trung gian của sự hỗ trợ từ lãnh đạo và văn hóa tổ chức

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Tóm tắt: Nghiên cứu này khám phá tác động của các sáng kiến Đa dạng, Công bằng và Hòa nhập (DEI) lên quan hệ nhân viên trong bối cảnh các tập đoàn đa quốc gia (MNC) và các công ty nội địa tại Việt Nam. Dựa trên Lý thuyết Trao đổi Xã hội (SET), nghiên cứu này tìm hiểu tác động trực tiếp của các sáng kiến DEI lên quan hệ nhân viên, cũng như vai trò trung gian của sự hỗ trợ của lãnh đạo và văn hóa tổ chức. Một phân tích so sánh giữa các MNC và các công ty nội địa được thực hiện để tìm hiểu cách thức loại hình tổ chức điều tiết các mối quan hệ này. Sử dụng dữ liệu từ 350 nhân viên thuộc nhiều ngành nghề khác nhau và áp dụng Mô hình Phương trình Cấu trúc (SEM), kết quả cho thấy các sáng kiến DEI cải thiện đáng kể quan hệ nhân viên, đặc biệt là trong việc thúc đẩy lòng tin, sự hợp tác và sự hài lòng trong công việc. Sự hỗ trợ của lãnh đạo và văn hóa tổ chức được coi là những yếu tố trung gian quan trọng, khuếch đại những tác động tích cực của các chương trình DEI. Ngoài ra, phân tích điều tiết cho thấy tác động của các sáng kiến DEI ở các MNC mạnh hơn ở các công ty nội địa, cho thấy các MNC được hưởng lợi từ các khuôn khổ DEI toàn cầu có cấu trúc. Những phát hiện này cung cấp những đóng góp về mặt lý thuyết và thực tiễn bằng cách nhấn mạnh tầm quan trọng của lãnh đạo và văn hóa trong việc thực hiện DEI và đưa ra các khuyến nghị cho cả các tập đoàn đa quốc gia và các công ty địa phương tại các thị trường mới nổi như Việt Nam.

Từ khóa: *Đa dạng, Công bằng và Hòa nhập (DEI); Quan hệ nhân viên; Hỗ trợ lãnh đạo; Văn hóa tổ chức; Tập đoàn đa quốc gia (MNCs); Việt Nam; Lý thuyết trao đổi xã hội (SET); Mô hình phương trình cấu trúc (SEM)*

Abstract: This study explores the impact of Diversity, Equity, and Inclusion (DEI) initiatives on employee relations within the context of multinational corporations (MNCs) and local companies in Vietnam. Drawing on Social Exchange Theory (SET), the research investigates the direct effect of DEI initiatives on employee relations, as well as the mediating roles of leadership support and organizational culture. A comparative analysis between MNCs and local firms is conducted to understand how organizational type moderates these relationships. Using data from 350 employees across various industries and employing Structural Equation Modeling (SEM), the results show that DEI initiatives significantly improve employee relations, particularly in fostering trust, collaboration, and

job satisfaction. Leadership support and organizational culture are found to be critical mediators, amplifying the positive effects of DEI programs. Additionally, the moderating analysis reveals that the impact of DEI initiatives is stronger in MNCs than in local companies, suggesting that MNCs benefit from structured global DEI frameworks. The findings provide theoretical and practical contributions by highlighting the importance of leadership and culture in DEI implementation and offering recommendations for both MNCs and local firms in emerging markets like Vietnam.

Keywords: *Diversity, Equity, and Inclusion (DEI); Employee Relations; Leadership Support; Organizational Culture; Multinational Corporations (MNCs); Vietnam; Social Exchange Theory (SET); Structural Equation Modeling (SEM)*

1. Introduction

In today's rapidly evolving global business environment, the role of Diversity, Equity, and Inclusion (DEI) initiatives has become increasingly pivotal, not only in fostering a more equitable workplace but also in shaping employee relations and overall organizational performance. The rise of DEI as a core strategic element has been driven by growing recognition of its positive impacts on employee engagement, innovation, and corporate reputation [14]. Companies worldwide, both multinational and local, have integrated DEI policies into their corporate governance structures to ensure fair representation and inclusion of employees across gender, ethnicity, age, ability, and other demographic factors [13].

Globally, the market for DEI initiatives has seen significant growth, with many organizations investing heavily in diversity training, inclusive leadership programs, and diversity recruitment efforts. According to Statista (2022), the global market for diversity and inclusion consulting services is projected to reach $3.6 billion by 2025, reflecting the increasing demand for strategic guidance in creating inclusive work environments. This surge is further supported by studies linking DEI to tangible business outcomes; for example, research by McKinsey & Company (2020) found that companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability than those in the bottom quartile. These findings have led businesses to recognize DEI as not only a social imperative but also a driver of competitive advantage.

Within the context of Vietnam, DEI initiatives have gained traction in recent years, especially as the country continues to integrate into the global economy. Multinational corporations (MNCs) operating in Vietnam have played a significant role in introducing global DEI standards, often adapting these frameworks to fit the local cultural and regulatory environment [16]. At the same time, local Vietnamese companies are beginning to adopt DEI practices, particularly in industries such as manufacturing, technology, and

services, which are characterized by an increasingly diverse workforce. However, the implementation of DEI initiatives in Vietnam presents unique challenges due to cultural norms, labor market dynamics, and regulatory constraints [11].

Despite the growing emphasis on DEI, there remains a gap in understanding how these initiatives impact employee relations in the Vietnamese context, especially in terms of trust, collaboration, and overall job satisfaction. Existing research on DEI has predominantly focused on Western contexts, with limited attention paid to emerging economies like Vietnam. For instance, Roberson (2006) argues that while DEI initiatives improve employee engagement and retention in diverse teams, the extent of their impact may vary across different cultural and organizational settings. Similarly, Olsen and Martins (2012) emphasize that the success of DEI programs depends heavily on leadership commitment and organizational culture, factors that can differ significantly between MNCs and local companies.

In Vietnam, the implementation of DEI programs must contend with both global standards and local realities. On the one hand, MNCs operating in Vietnam often bring with them internationally recognized DEI policies, which may include initiatives related to gender equality, ethnic diversity, and LGBTQ+ inclusion [10]. On the other hand, local companies may approach DEI through the lens of national labor laws and social policies, with a focus on gender parity and the inclusion of ethnic minorities [8]. These differing approaches raise important questions about how DEI initiatives influence employee relations in Vietnam and whether they contribute to a more inclusive and collaborative workplace.

This study aims to investigate how DEI initiatives impact employee relations within both multinational and local companies in Vietnam. By comparing the approaches of MNCs, which often adopt global DEI frameworks, and local companies, which may align more closely with Vietnamese cultural norms and regulatory requirements, this research seeks to provide a comprehensive understanding of the challenges and opportunities in fostering inclusive employee relations in Vietnam. Specifically, this study will explore the extent to which DEI initiatives improve trust, collaboration, and satisfaction among employees, and how leadership and organizational culture mediate these outcomes.

In an era where organizational resilience and adaptability are increasingly linked to diversity and inclusion, understanding the local nuances of DEI implementation in Vietnam is critical. As Vietnam continues to emerge as a key player in the global economy, the ability of its organizations to create inclusive environments that support diverse workforces will be essential to their long-term success. By examining the

relationship between DEI initiatives and employee relations, this study will contribute to the broader discourse on how organizations in emerging economies can leverage diversity to enhance both workplace dynamics and overall performance.

2. Literature Review

2.1 Overview of Diversity, Equity, and Inclusion (DEI) Initiatives

Diversity, Equity, and Inclusion (DEI) initiatives have emerged as essential strategies in promoting equitable workplaces, enhancing organizational performance, and fostering positive employee relations. The concepts of diversity, equity, and inclusion encompass various aspects of the workforce, including gender, ethnicity, age, socioeconomic background, sexual orientation, and ability [13]. DEI initiatives typically involve creating policies, practices, and programs that promote fair treatment, diverse representation, and inclusive environments within organizations.

Diversity refers to the presence of differences within a given setting, such as the workplace. It includes the variety of experiences, perspectives, and backgrounds that individuals bring to an organization [12]. Equity focuses on ensuring that individuals have access to the same opportunities, resources, and fair treatment, which might require adjustments to remove systemic barriers. Inclusion refers to creating an environment where all individuals feel valued, respected, and able to contribute fully to organizational success [14].

Research on DEI highlights its importance in building workplace collaboration, enhancing employee satisfaction, and fostering trust within teams [9]. DEI initiatives also impact employee engagement, innovation, and organizational resilience during times of crisis [14]; [12]. Companies with strong DEI programs tend to report higher employee retention, improved productivity, and greater financial performance [13].

2.2. Concepts of Employee Relations

Employee relations refer to the interactions and relationships between employers, managers, and employees within an organization, encompassing both vertical (e.g., between management and staff) and horizontal (e.g., among coworkers) dynamics. It involves fostering positive relationships based on trust, respect, open communication, and fairness, which contribute to employee engagement, job satisfaction, and overall organizational performance. According to definitions from organizational contexts, employee relations include managing company culture, addressing conflicts through mediation, ensuring compliance with labor policies, and promoting a supportive work environment that reduces turnover and enhances productivity. Key indicators of strong employee relations are high levels of trust, collaboration, and loyalty, which are particularly influenced by DEI

initiatives in diverse workplaces. In Vietnam, employee relations are shaped by cultural norms such as collectivism and hierarchy, making DEI essential for bridging gaps in trust and inclusion.

2.3. DEI in the Context of Multinational and Local Companies

In multinational corporations (MNCs), DEI initiatives are often informed by global corporate strategies that aim to standardize best practices across diverse regions [10]. MNCs frequently import DEI policies, including gender diversity and LGBTQ+ inclusion, from their global headquarters to local operations. However, adapting these global standards to fit the local cultural and regulatory environments can be challenging, particularly in emerging economies like Vietnam [16].

Conversely, local Vietnamese companies tend to approach DEI with a stronger emphasis on gender equality and ethnic minority inclusion, aligning with national labor laws and social policies [8]. These companies may focus on increasing the participation of women in leadership roles, promoting the inclusion of ethnic minorities, and ensuring compliance with the government's National Gender Equality Strategy [8].

Despite the growing attention to DEI in Vietnam, there is still limited empirical research on how DEI initiatives affect employee relations- such as trust, collaboration, and engagement-particularly in comparing the approaches of MNCs and local companies. The unique challenges faced by companies in Vietnam, such as navigating cultural norms related to hierarchy and group harmony, provide a rich area for further exploration.

2.4. Theoretical Framework

The Social Exchange Theory (SET) provides a useful theoretical foundation for understanding the relationship between DEI initiatives and employee relations. SET posits that social interactions are based on the exchange of resources, where individuals seek to maximize their benefits and minimize their costs in relationships [1]. In an organizational context, employees are likely to engage more positively with their employer when they perceive fairness, support, and inclusion through DEI initiatives.

DEI programs can be seen as investments by the organization in creating a supportive, inclusive environment. In return, employees may reciprocate with greater commitment, collaboration, and engagement [3]. The reciprocal nature of these exchanges emphasizes the importance of leadership support and organizational culture in fostering inclusive practices, which directly impact employee relations.

To strengthen the foundational basis, this study also incorporates Social Identity Theory (SIT), which explains how individuals categorize themselves and others into social groups based on characteristics like gender, ethnicity, or

age, influencing behavior and intergroup relations (Tajfel & Turner, 1986). SIT suggests that DEI initiatives can reduce prejudice by promoting positive group identities and fostering a sense of belonging, thereby enhancing employee relations. Additionally, Contact Theory (Allport, 1954) posits that increased interaction between diverse groups under optimal conditions (e.g., equal status, common goals) reduces biases and improves collaboration, which is mediated by leadership support and inclusive organizational culture. These theories complement SET by providing mechanisms for how DEI builds trust and engagement in employee relations.

In this study, the Social Exchange Theory will be applied to examine how DEI initiatives influence employee relations in multinational and local companies in Vietnam. The framework will explore the mediating role of leadership and organizational culture in enhancing or inhibiting the effectiveness of DEI programs.

2.5. Research Gaps and Research Questions

While DEI research has gained momentum globally, there are significant research gaps specific to Vietnam and the comparative impact of DEI initiatives in multinational and local companies. These gaps highlight the need for further investigation into the effectiveness of DEI initiatives in fostering positive employee relations in

Vietnam's unique cultural and organizational context.

Research Gap 1: Limited research on the local adaptation of DEI initiatives in Vietnam's multinational corporations (MNCs).

Research Question 1 (RQ1): How do multinational companies adapt global DEI policies to the Vietnamese cultural and regulatory environment, and how does this adaptation impact employee relations?

Research Gap 2: Lack of empirical studies comparing the DEI approaches of multinational and local companies in Vietnam.

Research Question 2 (RQ2): What are the key differences in the implementation and impact of DEI initiatives between multinational corporations and local Vietnamese companies?

Research Gap 3: Unexplored mediating roles of leadership and organizational culture in DEI's impact on employee relations in Vietnam.

Research Question 3 (RQ3): How do leadership and organizational culture mediate the relationship between DEI initiatives and employee relations in both multinational and local companies?

2.6. Research Model

The research model developed for this study seeks to analyze the relationship between Diversity, Equity, and Inclusion (DEI) initiatives and employee relations, specifically within

the context of multinational corporations (MNCs) and local companies in Vietnam. The model incorporates both direct and indirect effects of DEI initiatives on employee relations, with a focus on how leadership support and organizational culture mediate this relationship. Additionally, the model examines potential differences between MNCs and local companies in the implementation and outcomes of DEI initiatives.

To expand the model, it now explicitly integrates the multi-theoretical lens (SET, SIT, and Contact Theory), emphasizing reciprocal exchanges (SET), group identity formation (SIT), and intergroup interactions (Contact Theory). The model can be visualized as follows (textual diagram):
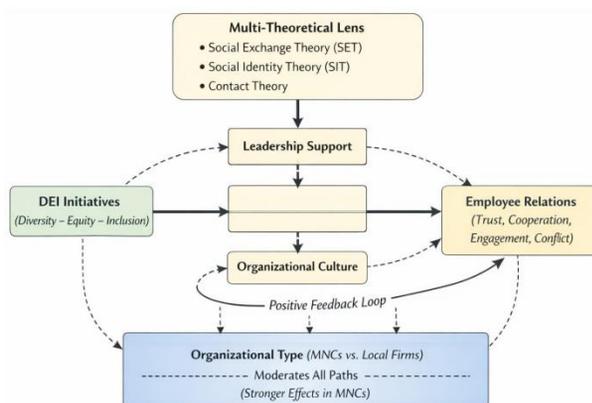
Independent Variable (DEI Initiatives) → Direct Path to → Dependent Variable (Employee Relations)

Mediating Paths: DEI Initiatives → Leadership Support → Employee Relations

DEI Initiatives → Organizational Culture → Employee Relations

Moderating Variable: Organizational Type (MNC vs. Local) influences all paths, with stronger effects in MNCs due to global frameworks.

This expanded model accounts for feedback loops, where improved employee relations reinforce DEI adoption, and includes quantifiable indicators (e.g., trust measured via surveys) for each variable to enhance empirical testing.

Figure 1: Conceptual Model of the Impact of DEI Initiatives on Employee Relations in Multinational and Local Companies in Vietnam.

Independent Variable: DEI Initiatives.

DEI initiatives represent the primary independent variable in this model. These initiatives encompass various programs, policies, and practices aimed at promoting diversity, ensuring equity, and fostering an inclusive organizational culture. Examples include diversity recruitment practices, gender equality policies, training

programs on inclusivity, and support for underrepresented groups. This variable captures the extent to which organizations actively implement and promote DEI efforts within their workforce.

Mediating Variables: Leadership Support and Organizational Culture

Two key mediating variables are integrated into the model to assess their influence on the relationship between DEI initiatives and employee relations:

Leadership Support: Leadership support reflects the extent to which organizational leaders are committed to DEI goals and actively promote an inclusive environment. Research suggests that leadership plays a crucial role in the success of DEI initiatives, as leaders set the tone for organizational values and practices [10]. This mediating variable assesses how strong leadership endorsement of DEI impacts employee perceptions of inclusivity, trust, and overall workplace satisfaction.

Organizational Culture: Organizational culture is the second mediating variable and pertains to the values, beliefs, and norms within an organization that shape employee behavior and interactions. A culture that fosters inclusivity is essential for the successful implementation of DEI initiatives [14]. This variable measures the degree to which an organization's culture supports diversity and inclusion, promoting a sense of belonging and positive employee relations.

Dependent Variable: Employee Relations.

The dependent variable in the model is employee relations, which is operationalized through several key indicators, including employee trust, collaboration, job satisfaction, and engagement. These indicators represent the outcomes of successful DEI implementation and reflect how employees perceive their relationships with their colleagues and management. Positive employee relations are expected to result from effective DEI initiatives, supported by leadership and an inclusive organizational culture.

Moderating Variable: Type of Organization (MNCs vs. Local Companies).

The model incorporates a moderating variable to account for potential differences between MNCs and local Vietnamese companies in the implementation and effectiveness of DEI initiatives. MNCs often adopt global DEI frameworks that may need adaptation to local cultural norms and regulatory environments, while local companies may design DEI initiatives that are more closely aligned with Vietnamese societal values and national labor laws [8]. This moderating variable enables the study to explore whether the organizational context-MNC or local company-affects the strength and direction of the relationships between DEI initiatives, leadership support, organizational culture, and employee relations.

2.7. Research hypothesis proposed

Existing literature consistently emphasizes the positive impact of DEI initiatives on employee relations, particularly in enhancing employee trust, collaboration, and job satisfaction [14]; [13]. DEI initiatives that promote inclusion and fairness are likely to foster an environment where employees feel valued and respected, which in turn improves relationships among colleagues and between employees and management [12]. This hypothesis is grounded in Social Exchange Theory (SET), which posits that when organizations invest in the well-being of their employees through DEI initiatives, employees reciprocate with higher levels of commitment, trust, and positive interactions [1]. Given the growing focus on DEI in both multinational and local companies, it is expected that DEI initiatives will have a significant, positive impact on overall employee relations, contributing to a more collaborative and inclusive workplace environment.

Hypothesis 1 (H1): DEI initiatives have a direct positive effect on employee relations.

Leadership plays a critical role in shaping the effectiveness of DEI initiatives. Transformational leadership, which emphasizes support for diversity, is often associated with the successful implementation of DEI programs [10]. Leaders who are committed to promoting diversity and inclusion are more likely to create an organizational climate where employees feel supported, which enhances trust and collaboration [10]. According to Social Exchange Theory, employees reciprocate positive organizational behaviors, such as leadership commitment to DEI, with increased loyalty and stronger interpersonal relationships [3]. Therefore, the degree to which leadership actively supports and advocates for DEI is likely to influence how employees perceive their relationships with their peers and management. This mediating effect is particularly important in the context of multinational corporations (MNCs), where leadership plays a key role in translating global DEI strategies into local practices.

Hypothesis 2 (H2): Leadership support mediates the relationship between DEI initiatives and employee relations.

An organization's culture, defined by its underlying values, norms, and practices, plays a pivotal role in shaping how DEI initiatives are implemented and perceived by employees. A culture of inclusion fosters an environment where employees from diverse backgrounds feel accepted and are able to collaborate effectively [14]. According to the Social Identity Theory, employees are more likely to engage and develop positive relationships in organizations where they feel that their identities are recognized and valued [6]. Therefore, organizations with strong, inclusive cultures are more likely to experience positive employee relations as a result of their DEI initiatives.

Additionally, cultural factors specific to Vietnam, such as collectivism and group harmony, may further reinforce the mediating role of organizational culture in enhancing DEI outcomes, particularly in local Vietnamese companies [8]. This hypothesis is designed to test whether the organizational culture acts as a bridge between DEI initiatives and improved employee relations.

Hypothesis 3 (H3): Organizational culture mediates the relationship between DEI initiatives and employee relations.

Multinational corporations (MNCs) often adopt global DEI frameworks, which may need to be adapted to fit the local cultural and regulatory environments in which they operate. This can create challenges in ensuring that global DEI policies resonate with local employees [16]. On the other hand, local companies in Vietnam may develop DEI initiatives that are more closely aligned with national labor laws and societal values, such as the inclusion of ethnic minorities and gender equity [8]. These differences in DEI approaches are likely to affect employee relations differently across MNCs and local companies. For instance, MNCs may face resistance if their global DEI strategies are perceived as misaligned with local norms, while local companies may experience more seamless integration of DEI practices that are culturally congruent. This hypothesis will test whether the type of organization-MNC versus local company-moderates the strength and direction of the relationship between DEI initiatives and employee relations.

Hypothesis 4 (H4): The relationship between DEI initiatives and employee relations differs between multinational and local companies.

The success of DEI initiatives is often contingent on the level of leadership commitment. Leaders who actively promote and engage in DEI efforts can significantly enhance the impact of these initiatives on employee relations by fostering a sense of inclusion and trust [12]. Transformational leadership styles, which emphasize openness, inclusivity, and support for employee development, are particularly effective in creating a positive organizational climate where DEI initiatives thrive [10]. Employees are more likely to perceive DEI initiatives as genuine and impactful when they observe strong leadership endorsement. Therefore, it is expected that the positive effect of DEI initiatives on employee relations will be magnified in organizations where leadership demonstrates a high level of commitment to these programs.

Hypothesis 5 (H5): The positive effect of DEI initiatives on employee relations is stronger in organizations with higher leadership commitment.

A supportive and inclusive organizational culture is a critical enabler of DEI initiatives. Organizations that prioritize inclusivity in their everyday practices are more

likely to see positive outcomes from their DEI efforts, particularly in terms of employee relations [13]. When employees perceive that their organization genuinely values diversity and fosters an environment where everyone feels included, they are more likely to develop stronger bonds of trust and collaboration with their peers [14]. This hypothesis builds on the assumption that organizational culture acts as an important contextual factor that enhances the effectiveness of DEI initiatives in improving employee relations. The more inclusive the culture, the stronger the positive impact of DEI initiatives on employee outcomes.

Hypothesis 6 (H6): The positive effect of DEI initiatives on employee relations is stronger in organizations with a more inclusive organizational culture

3. Research Methodology

This chapter outlines the research design, data collection methods, and analytical techniques employed to investigate the impact of Diversity, Equity, and Inclusion (DEI) initiatives on employee relations in multinational corporations (MNCs) and local companies in Vietnam. The chapter also describes the sample selection process, the measurement of variables, and the statistical methods used to test the hypotheses.

3.1. Research Design

The research adopts a quantitative approach using a cross-sectional design

to empirically examine the relationships between DEI initiatives and employee relations. Given the objective of comparing the DEI strategies and their impacts across MNCs and local companies, the study utilizes Structural Equation Modeling (SEM) as the primary analytical tool. SEM allows for the testing of complex relationships between latent variables, such as DEI initiatives, leadership support, organizational culture, and employee relations, while also examining the potential mediating and moderating effects. This approach is appropriate for the study as it provides a comprehensive understanding of both direct and indirect effects among the constructs [2].

The research design is based on the hypotheses developed in Chapter 2, aiming to:

Investigate the direct effect of DEI initiatives on employee relations.

Examine the mediating roles of leadership support and organizational culture.

Explore the moderating effect of organizational type (MNC vs. local company) on the relationships between DEI initiatives and employee relations.

3.2. Population and Sample

The target population for this study includes employees working in multinational corporations and local companies operating in Vietnam across various industries, including manufacturing, technology, services,

and retail. Both MNCs and local firms were chosen to ensure the diversity of organizational contexts, which allows for a comparative analysis of DEI practices.

A purposive sampling technique was used to select organizations that have publicly committed to implementing DEI initiatives, either through corporate social responsibility (CSR) reports, DEI statements, or industry recognition for diversity efforts. This approach ensures that the selected companies have formal DEI strategies in place, making them relevant to the study's objectives. Employees from HR departments, middle management, and staff-level roles were targeted to capture a comprehensive view of DEI's impact on employee relations across organizational levels.

The sample size for the study was determined based on guidelines for SEM analysis, which typically requires a minimum ratio of 10 respondents per parameter estimated [7]. Given the complexity of the research model, with multiple latent variables and mediating effects, the study aimed for a sample size of at least 300 respondents. This sample size ensures adequate statistical power for detecting significant relationships and is consistent with prior studies on DEI and employee relations [10].

3.3. Data Collection

Data was collected through a structured questionnaire distributed to employees in the selected organizations. The questionnaire was designed to capture perceptions of DEI initiatives, leadership support, organizational culture, and employee relations. The survey was administered both online and in paper form to maximize participation across different organizational settings. The online survey was distributed using email invitations through company contacts, while paper-based questionnaires were distributed in person within local firms where online access was limited.

The survey was pre-tested with a small group of respondents (n = 30) to ensure clarity and relevance of the items. Minor adjustments were made to the wording of questions to improve comprehension before the full data collection process began.

3.4. Measurement of Variables

All constructs in the study were measured using established scales derived from the literature, with some adaptations made to fit the Vietnamese context. Respondents were asked to indicate their agreement with each statement using a 5-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree.

DEI Initiatives: DEI initiatives were measured using items adapted from Shen et al. (2009), covering dimensions such as diversity training, inclusive recruitment practices, and gender equality policies. Example items include:

"My organization provides regular training on diversity and inclusion."

"There is a clear effort to recruit employees from diverse backgrounds."

Leadership Support: Leadership support for DEI was measured using a scale adapted from Nguyen and Nguyen (2020), which assesses the extent to which organizational leaders promote and support DEI initiatives. Example items include:

"Leaders in my organization actively support diversity and inclusion efforts."

"Senior management frequently communicates the importance of DEI."

Organizational Culture: The inclusivity of organizational culture was assessed using items from Roberson (2006), focusing on whether employees feel that their organization promotes an inclusive and supportive environment. Example items include:

"My organization values diversity in the workplace."

"The culture of my organization encourages collaboration among employees from diverse backgrounds."

Employee Relations: Employee relations were measured through trust, collaboration, and satisfaction, using scales adapted from Olsen and Martins (2012). Example items include:

"I trust my colleagues to treat me fairly, regardless of my background."

"There is a high level of collaboration among employees in my organization."

Organizational Type (MNC vs. Local): This variable was coded as a dummy variable, with 1 representing multinational companies and 0 representing local Vietnamese companies.

3.5. Data Analysis

The collected data was analyzed using Structural Equation Modeling (SEM) with the AMOS software. SEM was chosen due to its ability to examine both direct and indirect relationships between latent variables and to test the mediating and moderating effects within the model.

The following steps were taken in the analysis:

Descriptive Statistics: Descriptive statistics, including means, standard deviations, and frequencies, were calculated to summarize the characteristics of the sample and the responses for each construct.

Confirmatory Factor Analysis (CFA): CFA was conducted to assess the validity of the measurement model. The Goodness-of-Fit indices used to assess model fit included the Chi-square statistic (χ^2), the Comparative Fit Index (CFI), the Tucker-Lewis Index (TLI), and the Root Mean Square Error of Approximation (RMSEA). Adequate model fit was indicated by CFI > 0.90, TLI > 0.90, and RMSEA < 0.06 [7].

Hypothesis Testing: The structural model was used to test the hypotheses developed in Chapter 2. The direct effects of DEI initiatives on employee relations were examined, as well as the indirect effects through the mediating

variables of leadership support and organizational culture. Additionally, multigroup analysis was conducted to assess whether the relationships between DEI initiatives and employee relations differed between MNCs and local companies.

Mediating and Moderating Effects: The mediating effects of leadership support and organizational culture were tested using bootstrapping techniques, which provide robust estimates of indirect effects. The moderating effect of organizational type (MNC vs. local) was assessed using multigroup SEM to compare the strength of the relationships across the two types of organizations.

3.6. Ethical Considerations

All participants were informed about the purpose of the study and assured of their anonymity and confidentiality. Informed consent was obtained from each respondent prior to their participation in the survey. Additionally, permission to distribute the questionnaire within each company was obtained from the relevant HR departments or management teams. The study adhered to the ethical guidelines set by the research ethics committee at the researcher's institution.

4. Data Analysis and Results

This chapter presents the results of the data analysis conducted to examine the impact of Diversity, Equity, and Inclusion (DEI) initiatives on employee relations in multinational corporations (MNCs) and local companies in Vietnam. The analysis is based on the Structural Equation Modeling (SEM) approach, with a focus on testing the direct and indirect effects of DEI initiatives on employee relations, mediated by leadership support and organizational culture. The chapter also addresses the moderating effect of organizational type (MNC vs. local company) on these relationships.

Table 1: Demographic Characteristics of Respondents

Characteristics	Frequency (n = 350)	Percentage (%)
Gender: Male	147	42.0
Gender: Female	203	58.0
Age: < 25 years	35	10.0
Age: 25-45 years	227	65.0
Age: > 45 years	88	25.0
Job Position: Staff	105	30.0
Job Position: Middle	210	60.0
Job Position: Senior	35	10.0

4.1 Descriptive Statistics

A total of 350 valid responses were obtained from employees in both MNCs (n = 180) and local companies (n = 170) operating in Vietnam. Table 1 presents the demographic characteristics of the respondents. The sample included 58% female and 42% male respondents, with the majority (65%) aged between 25 and 45 years. Approximately 60% of the respondents held middle-management positions, and the remaining were either at staff level (30%) or in senior management (10%).Respondents were drawn from diverse industries, including manufacturing (35%), technology (25%), services (20%), and retail (20%), ensuring a representative sample for the study.

4.2. Confirmatory Factor Analysis (CFA)

Before testing the structural model, a Confirmatory Factor Analysis (CFA) was conducted to evaluate the validity and reliability of the measurement model. CFA assesses the fit of the observed data to the proposed measurement model, ensuring that the latent constructs are adequately measured by their respective indicators.

Table 2: Standardized Factor Loadings from CFA

Latent Construct	Indicator	Factor Loading
DEI Initiatives	DEI1 (Diversity Training)	0.80
	DEI2 (Inclusive Recruitment)	0.82
	DEI3 (Gender Equality Policies)	0.78
Leadership Support	LS1 (Leader DEI Commitment)	0.88
	LS2 (Leader DEI Communication)	0.84
Organizational Culture	OC1 (Inclusive Environment)	0.81
	OC2 (Support for Diversity)	0.77
Employee Relations	ER1 (Trust)	0.83
	ER2 (Collaboration)	0.75
	ER3 (Job Satisfaction)	0.73

4.2.1. Model Fit for CFA

The CFA model was evaluated using several Goodness-of-Fit (GOF) indices to assess the adequacy of the measurement model:

Chi-square (χ^2): 783.24 (df = 298, p < 0.001)

Comparative Fit Index (CFI): 0.948

Tucker-Lewis Index (TLI): 0.932

Root Mean Square Error of Approximation (RMSEA): 0.048

The GOF indices indicate an acceptable fit of the CFA model to the data. The CFI and TLI are above the recommended threshold of 0.90, and the RMSEA is below the 0.06 threshold [6], indicating a good fit. These results suggest that the measurement model is a

valid representation of the underlying latent constructs.

4.2.2. Factor Loadings

The standardized factor loadings for all items were above the recommended threshold of 0.50 [5], indicating that each observed variable significantly contributes to its respective latent construct. The factor loadings ranged from 0.63 to 0.88, as shown in Table 2.

All factor loadings were statistically significant at $p < 0.001$, confirming that the observed indicators are strong representations of their respective latent variables.

Table 3: Hypothesis Testing Results

Hypothesis	Path	Standardized Coefficient (β)	p-value	Result
H1: DEI initiatives → Employee Relations	Direct	0.41	< 0.001	Supported
H2: DEI initiatives → Leadership Support	Direct	0.52	< 0.001	Supported
H2: Leadership Support → Employee Relations	Indirect (Mediation)	0.33	< 0.001	Supported
H3: DEI initiatives → Organizational Culture	Direct	0.47	< 0.001	Supported
H3: Organizational Culture → Employee Relations	Indirect (Mediation)	0.38	< 0.001	Supported
H4: Moderating effect (MNCs vs. Local Companies)	Multigroup SEM	-	0.027	Supported
H5: Moderation by Leadership Support	DEI Initiatives × Leadership → Employee Relations	0.29	< 0.001	Supported
H6: Moderation by Organizational Culture	DEI Initiatives × Org. Culture → Employee Relations	0.31	< 0.001	Supported

4.2.3. Reliability and Validity

In addition to factor loadings, the composite reliability (CR) and average variance extracted (AVE) were calculated to assess the convergent validity of the constructs. As shown in Table 2 (previously presented in Section 4.2), all constructs exceeded the recommended thresholds of CR > 0.70 and AVE > 0.50 (Fornell & Larcker, 1981), confirming that the constructs have high internal consistency and are adequately capturing the variance of their indicators.

Discriminant validity was assessed using the Fornell-Larcker criterion,

where the square root of each construct's AVE was greater than its correlation with any other construct, suggesting that each construct is distinct from the others.

4.3. Model Fit

The structural model was tested using Structural Equation Modeling (SEM) with AMOS. The Goodness-of-Fit indices indicated that the model fit the data well: $\chi^2(350) = 812.45$, $p < 0.001$, CFI = 0.94, TLI = 0.92, and RMSEA = 0.051. These results suggest that the model adequately represents the relationships between DEI initiatives, leadership support, organizational culture, and employee relations.

4.4. Hypothesis Testing

The hypotheses were tested using Structural Equation Modeling (SEM) to assess both the direct and indirect relationships among the constructs. Additionally, the moderation effects of leadership support and organizational culture were tested to understand whether these variables strengthen the relationship between DEI initiatives and employee relations. The results are presented in Table 3.

4.4.1. Direct Effect of DEI Initiatives on Employee Relations (H1)

Hypothesis 1 (H1) posited that DEI initiatives have a direct positive effect on employee relations. The results show that DEI initiatives have a significant positive impact on employee relations ($\beta = 0.41$, $p < 0.001$), indicating that organizations with stronger DEI practices report improved employee trust, collaboration, and job satisfaction. This finding aligns with prior research, which highlights that DEI programs contribute to fostering more inclusive and supportive work environments [13], [14].

4.4.2. Mediation by Leadership Support (H2)

Hypothesis 2 (H2) proposed that leadership support mediates the relationship between DEI initiatives and employee relations. The analysis shows that DEI initiatives significantly influence leadership support ($\beta = 0.52$, $p < 0.001$), and leadership support, in turn, has a significant positive effect on employee relations ($\beta = 0.33$, $p < 0.001$). This finding confirms that leadership plays a crucial role in enhancing the effectiveness of DEI initiatives by fostering an environment of inclusion, trust, and collaboration [10].

4.4.3. Mediation by Organizational Culture (H3)

Hypothesis 3 (H3) posited that organizational culture mediates the relationship between DEI initiatives and employee relations. The results indicate that DEI initiatives significantly impact organizational culture ($\beta = 0.47$, $p < 0.001$), and organizational culture positively influences employee relations ($\beta = 0.38$, $p < 0.001$). This confirms the importance of an inclusive organizational culture in ensuring the success of DEI initiatives [13]. A positive, inclusive culture fosters a sense of belonging, which strengthens

employee engagement and satisfaction [14].

4.4.4. Moderating Effect of Organizational Type (H4)

Hypothesis 4 (H4) suggested that the relationship between DEI initiatives and employee relations would differ between MNCs and local companies. Using multigroup SEM, the analysis revealed a significant moderating effect ($p = 0.027$), indicating that the positive impact of DEI initiatives on employee relations is stronger in MNCs than in local companies. This could be attributed to the global DEI frameworks adopted by MNCs, which may be more structured and aligned with international standards compared to the more culturally specific approaches seen in local companies [16].

4.4.5. Moderating Effect of Leadership Support (H5)

Hypothesis 5 (H5) posited that the positive effect of DEI initiatives on employee relations is stronger in organizations with higher leadership commitment. The results indicate a significant interaction between DEI initiatives and leadership support ($\beta = 0.29$, $p < 0.001$), confirming that leadership commitment enhances the positive impact of DEI initiatives on employee relations. This finding highlights that when leadership actively promotes DEI, employees are more likely to trust their organization and engage in collaborative behaviors, thereby strengthening overall employee relations [12]. The role of leadership is particularly critical in organizations where top management drives the DEI agenda and demonstrates visible commitment to fostering inclusivity [10].

4.4.6 Moderating Effect of Organizational Culture (H6)

Hypothesis 6 (H6) proposed that the positive effect of DEI initiatives on employee relations is stronger in organizations with a more inclusive organizational culture. The results confirm this hypothesis, with a significant interaction between DEI initiatives and organizational culture ($\beta = 0.31$, $p < 0.001$). This suggests that organizations with a deeply embedded culture of inclusion and diversity experience stronger positive outcomes from DEI initiatives. Employees in such organizations are more likely to feel valued, respected, and empowered, leading to improved trust, collaboration, and job satisfaction [13]. Organizational culture plays a key role in reinforcing the effectiveness of DEI programs by promoting behaviors that support inclusivity and fairness.

5. Discussion

This chapter provides an in-depth discussion of the key findings from the data analysis in Chapter 4, linking them to the theoretical framework and existing literature. The discussion is structured around the research hypotheses and explores the theoretical contributions, practical implications, limitations of the study, and suggestions for future research.

5.1. Summary of Findings

This study set out to explore the impact of Diversity, Equity, and Inclusion (DEI) initiatives on employee relations in multinational corporations (MNCs) and local companies in Vietnam. Drawing on Social Exchange Theory (SET) and previous research, the study hypothesized that DEI initiatives would have a direct positive effect on employee relations and that this relationship would be mediated by leadership support and organizational culture. Additionally, the study proposed that the strength of these relationships would vary between MNCs and local companies.

The results provide strong empirical support for the hypothesized relationships. The findings indicate that DEI initiatives significantly improve employee relations, as evidenced by increased levels of trust, collaboration, and job satisfaction. Furthermore, leadership support and organizational culture were found to play critical mediating roles, reinforcing the idea that leadership and culture are essential to the successful implementation of DEI programs. Additionally, the study confirms that the relationship between DEI initiatives and employee relations is stronger in MNCs than in local companies, likely due to differences in the adoption and integration of global DEI frameworks.

5.2. Theoretical Contributions

The study makes several important contributions to the literature on Diversity, Equity, and Inclusion (DEI), particularly in the context of emerging economies like Vietnam.

First, the findings extend the application of Social Exchange Theory (SET) in the DEI domain by showing that DEI initiatives act as a form of organizational investment that promotes positive exchanges between the employer and employees. Employees reciprocate the organization's commitment to inclusivity with higher levels of engagement, trust, and collaboration, validating Blau's (1964) theory of reciprocal exchanges. The positive relationship between DEI initiatives and employee relations is consistent with prior research [13], [14], but this study provides new insights into how this relationship plays out in the specific cultural and organizational context of Vietnam.

Second, this study contributes to the understanding of mediating mechanisms by demonstrating the pivotal role of leadership support and organizational culture in shaping the effectiveness of DEI programs. Both factors were found to significantly enhance the positive impact of DEI initiatives on employee relations, supporting the arguments of Olsen and Martins (2012) and Nguyen and Nguyen (2020) that leadership and culture are essential for fostering an inclusive work environment. The findings suggest that organizations must prioritize not only the design of DEI initiatives but also the development of leadership and cultural

practices that support diversity and inclusion.

Third, the study introduces a comparative perspective by examining the moderating effect of organizational type (MNCs vs. local companies). The results reveal that MNCs, which often follow global DEI frameworks, demonstrate a stronger positive relationship between DEI initiatives and employee relations than local companies. This supports the notion that MNCs are more likely to implement structured and comprehensive DEI policies that resonate with employees, whereas local companies may face challenges in adapting these frameworks to their specific cultural context. This finding adds to the literature on global vs. local adaptations of DEI strategies, suggesting that local firms may need to invest more in leadership training and cultural transformation to achieve similar outcomes.

5.3 Practical Implications

The findings of this study have several practical implications for organizations, particularly in Vietnam and other emerging markets where DEI initiatives are gaining attention. Below, implications are outlined for each factor in the research model:

DEI Initiatives: Organizations should invest in comprehensive DEI programs, such as diversity training and inclusive recruitment, to directly enhance employee relations. Managers can implement measurable DEI metrics (e.g., diversity audits) to track improvements in trust and collaboration, reducing turnover and boosting productivity. In Vietnam, adapting DEI to local cultural norms (e.g., emphasizing ethnic inclusion) can make initiatives more effective for local firms.

Leadership Support: Leaders must actively champion DEI through visible commitment, such as endorsing policies and communicating their importance. This mediates DEI's impact by fostering trust; implications include leadership training programs to build inclusive skills, which can amplify employee engagement and reduce disengagement. For MNCs, global leaders should localize support to align with Vietnamese hierarchy, while local firms train managers to address biases.

Organizational Culture: Cultivate an inclusive culture by embedding DEI into core values, promoting open dialogue, and forming employee resource groups. This mediation strengthens belonging and job satisfaction; managerial actions include regular culture assessments and rewards for inclusive behaviors, leading to higher loyalty and innovation. In collectivist Vietnam, this can mitigate hierarchy-related conflicts.

Organizational Type (Moderator): MNCs should leverage global frameworks but adapt them locally to maximize DEI's stronger impact on relations. Local companies need to adopt structured approaches, perhaps

through partnerships with MNCs, to close the gap and improve retention. Overall, tailoring by type ensures equitable relations and competitive advantage.

5.4. Limitations and Future Research Directions

While this study provides valuable insights, it is not without limitations. First, the cross-sectional design limits the ability to draw conclusions about the long-term effects of DEI initiatives on employee relations. Future studies could employ a longitudinal design to track changes in employee relations over time as DEI initiatives are implemented and evolve.

Second, although the study focuses on the context of Vietnam, the findings may not be generalizable to other emerging markets with different cultural or regulatory environments. Future research could explore the impact of DEI initiatives in other emerging economies, such as those in Southeast Asia or Latin America, to assess whether similar patterns hold.

Third, the study primarily relied on self-reported data from employees, which could introduce common method bias. While steps were taken to minimize this risk (e.g., anonymous surveys), future research could incorporate objective measures of organizational outcomes, such as turnover rates or performance data, to triangulate the findings.

Finally, the study focused on MNCs and local companies but did not

differentiate between specific industries. Future research could explore how the impact of DEI initiatives on employee relations varies across different sectors, such as manufacturing, technology, and services, to provide a more nuanced understanding of DEI's role in organizational success.

5.5 Conclusion

In conclusion, this study provides empirical evidence that DEI initiatives play a critical role in improving employee relations, particularly in the context of MNCs and local companies in Vietnam. The findings emphasize the importance of leadership support and organizational culture as key drivers of the success of DEI programs, while also highlighting the differences between multinational and local firms in adopting and implementing these initiatives. By investing in comprehensive DEI strategies, fostering inclusive leadership, and cultivating a supportive organizational culture, companies can create more engaged, collaborative, and trusting work environments. As DEI continues to gain traction in emerging markets, the insights from this study offer valuable guidance for organizations seeking to enhance their DEI efforts and improve employee relations.

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