

**Exploring the Second-Dimension of Diversity:  
Managing Veterans in the U.S. Federal Government**

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## **Abstract**

In this article we conceptualize military Veterans as a diverse group. Following research from the diversity management literature, we suggest public management scholars think about both the primary and secondary dimensions of diversity. Our review also suggests scholars should incorporate both individual- and organizational-level factors of diversity into their studies. Incorporating these points, using data from the 2013 Federal Employee Viewpoint Survey, we show that Veterans tend to report outcomes that are relatively worse than non-Veterans across two prominent organizational behavior outcomes. We also show that Veterans respond positively to diversity management practices as well as when they are working in organizations with higher proportions of military Veterans. These findings suggest that rather than focusing on whether Veterans are “good” or “bad”, public-sector managers and public management scholars should focus their attention on managing the diverse human capital in public-sector organizations.

*“The settled tradition of this country is to deal generously with those who have been required to risk their lives in defense of their country”* (White, 1944, p. 1)

## **Evidence for Practice**

1. Veterans are the largest diversity group in the United States Federal Government.
2. We provide a discussion of why Veterans are a diverse and unique group in organizations.
3. Beyond demographic diversity, compositional diversity also matters for management.
4. We present empirical evidence supporting the value of *managing* the human capital of military Veterans as a diverse group.

There are two significant tensions within the literature on military Veterans employed in the public-sector.<sup>1</sup> In the first, scholars have used different perspectives to understand Veterans as public-sector employees. One class of approaches includes those that focus on the legal aspects of Veterans preference, leading to questions of equality (Fleming & Shanor, 1977; Mani, 1999, 2001). The other approach is largely instrumental with a focus on questions of public-sector performance relative to Veterans preference (Johnson, 2014; Lewis, 2013). The second tension arises as a natural consequence of each of these perspectives and considers how we conceptualize Veterans as a group, and as individuals. In a very broad sense, the tension is over whether Veterans are “good” or “bad” (Institute for Veterans and Military Families, 2012; Lewis, 2013; MacLean & Elder Jr., 2007). In this article we reconsider these perspectives and narratives surrounding Veterans. Using research from the generic management literature that looks at the “second-dimension” of diversity, we build an argument for why we should consider

Veterans as a diverse group. We also discuss the value of the diversity management approach—which considers how organizations can *manage* diverse human capital—for reconciling questions of equity and performance.

Yet, the idea of how we should manage Veterans is not new. Near the end of World War II, U.S. military service members were beginning to return from theaters of operation around the world and many of these individuals sought work in public organizations. Writing about the challenges and opportunities of America's men and women returning from the largest war in its history, Leonard White used the language of the time to pit Veterans' civil service preferences against the aspiration to have a high-performing, neutrally competent bureaucracy. He stated, "The settled tradition of this country is to deal generously with those who have been required to risk their lives in defense of their country" (White, 1944, p. 1). While one could argue that these are points in tension, this was not so for White. Instead, he saw them as distinct and worthy traditions that were not mutually exclusive. White understood some of the historical and social forces inherent in the discussion. Because of this view, for White, the crux of the issue was not about equity or performance. Instead, the key to unlocking the Veterans' preference question involved the ability to *manage* the diverse human capital that military Veterans bring to the public-sector (White, 1944).

We believe scholars of public management have not yet given due diligence to the question of how to *manage* Veterans employed in the public sector. This is surprising because Veterans are overrepresented at all levels of public sector employment in the U.S. and are an important group within the federal civil service (Lewis & Pathak, 2014). And yet, questions posed by previous scholarship on Veterans in public-sector employment reflect a way of thinking in which

scholars largely conceptualize Veterans' civil service preferences in terms of Affirmative Action (AA) or Equal Employment Opportunity (EEO).

In this article, we argue that Leonard White hit on a key point that more recent scholarship on Veterans seems to have forgotten. Namely, we must also focus on how to *manage* the diverse human capital among veterans. In this article, we present an argument for why we should consider Veterans as a diverse group of employees. We also make a case to consider Veterans within a diversity management perspective. We then present evidence from the U.S. Federal Employee Viewpoint Survey (FEVS) demonstrating Veterans respond positively to work environments that they perceive as supporting cultures of diversity. We conclude with an argument for why they should be managed accordingly. More broadly, we call upon public management scholars to think of how public-sector organizations can manage a workforce with salient second-dimension identities. We also encourage future research to incorporate both individual and organizational-level factors into the study of diversity in the public-sector.

### **Veterans as a Unique Group**

There are several explanations for why students of public management could study Veterans in public-sector organizations. These explanations cover a range of conceptual, empirical, historical, legal, organizational, social, and theoretical reasons. In this section, we list and explain some of the specific motivations to study Veterans in public organizations. These provide a foundation for why students of public management should a) be interested in studying Veterans and b) conceptualize Veterans as a unique group.

The first reason to study Veterans is simple. Many U.S. governments (i.e. federal, state, and local) offer Veterans civil service benefits. These include, but are not limited to, a civil service

hiring preference (Lewis & Pathak, 2014). Originally established and formalized through the Veterans' Preference Act of 1944 (*VA History in Brief*), legal precedence for this policy dates back to 1865 (*History of Veteran Preference in Federal Employment: 1865-1955*, 1955). This led White to say, "The tradition of aid to veterans, indeed, is much older than the merit system" (1944, p. 1).

A second reason to study Veterans is that while they represent a small but important segment of the American population (*Profile of Veterans: 2012: Data from the American Community Survey*, 2014), they constitute a disproportionately large share of the U.S. civil service (Lewis & Pathak, 2014). For example, in 2013 Veterans represented just over 7% of the U.S. population but broached a rate of over 30% of the federal workforce the past few years. Lewis and Pathak (2014) show that in addition to being clearly overrepresented in terms of federal employment, Veterans also tend to be slightly overrepresented in state and local government employment as well.

Third, since 2009 the percentage of Veterans working in federal civilian employment experienced a year-on-year increase from 25.8% in fiscal year (FY) 2009 to a rate of 30.9% in FY 2015.<sup>2</sup> This increase reflects the fact that Veterans represented a year-on-year increase in the share of new hires to the federal civil service between Fiscal Year (FY) 2009 and (FY) 2015. One reason for this trend is that military service members have been returning home from operations in support of the Global War on Terror for more than a decade, thereby creating more Veterans (Johnson, 2014). Relatedly, in 2009 President Obama signed Executive Order 13518, the Veterans Employment Initiative (VEI). The VEI is noteworthy for two reasons. First, the VEI was a deliberate effort to make the U.S. federal government a leader in the employment of Veterans. Second, the VEI is the closest the U.S. federal government has come to acknowledging Veterans as a diverse group and addressing their needs within a diversity management framework.

Fourth, from an organizational perspective, at least in terms of federal employment, Veterans are unevenly dispersed throughout U.S. federal agencies and departments.<sup>3</sup> Understandably, Veterans tend to be overrepresented in the agencies and departments where the primary missions of those organizations pertain to national security. Thus, from an organizational perspective, the distribution of the composition of Veterans across agencies represents an interesting opportunity to understand the influence of demographics on organizations as well as any organizational effects on Veterans.

Fifth, empirically, in 2012, the Office of Personnel Management began asking a question about military service in its annual Federal Employee Viewpoint Survey (FEVS). We now have a source of publicly available data with which to study this group in the context of public organizations, as individuals, and relative to other individuals within their organization. This is in line with a growing movement of public management scholars to utilize FEVS to better understand the practice and theory of public management (Fernandez, Resh, Moldogaziev, & Oberfield, 2015).

Competing narratives about the human capital of Veterans represent a sixth reason to study this group. Two classes of arguments begin with assumptions about the knowledge, skills, and abilities that Veterans bring to their organizations. On one hand, Veterans are thought to be diligent leaders who can fight through and overcome adversity (Institute for Veterans and Military Families, 2012). In this view, Veterans are thought to bring certain intangibles to the organizations for which they work that can significantly affect—in a positive way—not just their individual contributions but the larger organization and its performance. Empirical evidence from the U.S. federal government that falls in this camp suggests Veterans hold positions higher than (or

statistically indistinguishable from) non-Veterans in the first 24 years of their employment with the federal government (Johnson, 2014).

On the other hand, some argue that Veterans might come with a collection of issues or baggage related to their service (MacLean & Elder Jr., 2007). For example, Veterans might suffer from post-traumatic stress disorder or have chronic injuries or pain related to their military service, which might have deleterious consequences on their ability to perform. Previous research in this area has largely focused on the implications of a hiring preference for veterans on the performance of the federal government. One piece suggests Veterans' preference diminishes public sector performance because, from a human capital perspective, veterans are older and less educated than comparable nonveterans (Lewis, 2013). On a similar point, Mani's scholarship shows how individuals who are not Veterans might lose out in potential federal career opportunities because of Veterans preference (Mani, 1999, 2001). In some, these studies suggest some caution in the values we use to conceptualize and assess Veterans' preference and the relative proportion of Veterans in public-sector employment in the U.S. (Lewis & Pathak, 2014).

As of now, it is altogether unclear if Veterans—as individuals or taken together—help or harm the public-sector workforce. The approach we suggest in this article provides a way to move away from this discussion—surrounding the character and quality of Veteran human capital—to one of how managers can harness the human capital that Veterans bring to their organizations.

### **Veterans as a Diverse Group**

When it comes to public management research, what is the best way to conceptualize Veterans? The general outlook seems to be that Veterans may be unique but they are not diverse, at least in the ways we traditionally construe diversity. A significant body of research suggests

that demographic characteristics—known to exist on the primary dimension of diversity (i.e., age, gender, and race)—garner the majority of research attention from public management scholars (Blank, 1985; Choi, 2009, 2010, 2011, 2013; Choi & Rainey, 2010; Choi & Rainey, 2014; Groeneveld, 2011; Groeneveld & Verbeek, 2012; Kellough, 1990; Kellough & Naff, 2004; Lewis & Oh, 2009; Naff & Kellough, 2003; Nicholson-Crotty, Nicholson-Crotty, & Fernandez, 2016; Perry & Porter, 1982; D. Pitts, 2009; D. Pitts, Marvel, & Fernandez, 2011; D. W. Pitts, 2006; D. W. Pitts, Hicklin, Hawes, & Melton, 2010; Smith, 1975; Wise & Tschirhart, 2000). In this sense, it is easy to understand that Veterans may be female, mature workers, or minorities but not themselves a diverse group.

Yet, research on diversity management suggests a different perspective. Namely, there is another level of diversity beyond which public management scholars commonly employ. This other level of diversity has many names—second-level (Loden & Rosener, 1991), deep-level (Harrison, Price, & Bell, 1998), and skill- or knowledge-based dimensions (Milliken & Martins, 1996). Ultimately, this general approach boils down to the fact that other-than-primary dimensions of diversity influence individuals through their identity. These similar identifications lead them to have similar attitudes and values because of in-group relationships *and* that this diversity leads these individuals to be qualitatively “different” from those who do not share that diversity identification (Tsui & Gutek, 1999).

Thus, a final reason we believe Veterans represent an intriguing group to study is that the aggregation of their individual and shared experiences in the military may allow us to look at them through a diversity management perspective. We believe that public management scholarship has not adequately utilized the research from generic management as it pertains to diversity, demography, and diversity management. While we are not the first to suggest this, it is only very

recently that public management scholarship has begun to acknowledge the research on non-traditional measures of diversity that is common in the generic management literature (Andersen & Moynihan, 2016).

### **Veterans Preference and Diversity Management**

The VEI is but the latest in a long line of laws and statutes that provide benefits to Veterans. To be sure, the eligibility of Veterans' benefits has expanded over time (Mettler & Milstein, 2007). Today, the U.S. federal government, primarily through the Department of Veterans Affairs (VA), offers several benefits to a wide range of former service members and their families (e.g. disability compensation, educational benefits, survivor benefits, etc.). One important set of benefits offered to American Veterans, not distributed through the VA, are a collection of federal policies giving preference to veterans in regard to federal civilian employment (*Part 211-Veteran Preference*, 1995). As with other Veterans' benefits, these benefits offer former service members opportunities for economic and social advancement they might 1) not have otherwise had or 2) have missed due to their time in service (Mettler, 2002; Mettler & Milstein, 2007; Mettler & Welch, 2004).

The most well-known of these advantages might be the policy that gives Veterans a preference over non-Veterans in the hiring process. But, that is not the only civil service preference for Veterans. Rather, in its present form, the idea of Veterans' preference in U.S. federal civil service employment applies to several facets of personnel administration. For example, the Office of Personnel Management's policy page for the Veterans Employment Initiative lists the following preferences afforded to Veterans: credit for military service (i.e. toward leave and retirement), hiring appointments, reduction in force, restoration of position after uniformed service, special hiring authorities, a variety of miscellaneous provisions applicable to Veterans under certain

conditions, as well as special redress and appeals against a variety of personnel actions. It should also be noted that these preferences are not necessarily limited to the U.S. federal government because similar preferences exist across most U.S. states (Lewis & Pathak, 2014). Though, the granting of the preferences for state civil service systems is up to the individual states.

### *The VEI*

Increases in both the number and share of Veterans employed by the U.S. federal government in recent years is one effect of President Obama's Executive Order 13518, the VEI. Notwithstanding its emphasis on increasing Veteran hiring in the federal civil service, in the larger context of diversity, the VEI stands out as being somewhat in line with Pitts' (2006) three components of diversity management in the public-sector: recruiting and outreach, building cultural awareness, and promoting pragmatic management policy.

The VEI orders the federal government to set the example in promoting Veterans' employment. It also established the Council on Veterans Employment. This is an interagency council with a three-pronged mission: 1) "advise and assist the President and the Director of OPM in establishing a coordinated Government-wide effort to increase the number of veterans employed by the Federal Government by enhancing recruitment and training"; 2) "serve as a national forum for promoting veterans' employment opportunities in the executive branch"; and 3) "establish performance measures to assess the effectiveness of ... the Veterans Employment Initiative". A third component requires agencies to promote Veteran employment opportunities, establish Veterans Employment Program Offices, provide mandatory annual training to their human resource personnel regarding matters pertaining to Veterans employment, and coordinate with the Departments of Defense and Veterans Affairs to assist transitioning service members.

Beyond this framework, the VEI gave additional responsibilities to the Director of the Office of Personnel Management (OPM) as well as the Secretaries of Defense, Labor, Veterans Affairs and Homeland Security to develop and implement a government-wide plan to improve Veteran employment opportunities in the U.S. federal government. In short, the VEI is the closest the U.S. federal government has come to understanding Veterans as a diverse group and addressing their needs within a diversity management framework.

## **Theory**

In this section of the article we discuss the literature relevant to our argument. Our goal is to marry the literatures on diversity management and Veterans. We review each topic separately. Then, we synthesize the key points of each before proceeding to our analysis.

### **Diversity and Diversity Management**

The first writings on managing diversity—the distinct idea that organizations can improve performance outcomes through the management of diverse human capital—appeared in the research of scholars focused on the private sector (T. Cox, 1994; T. H. Cox & Blake, 1991; Loden & Rosener, 1991; Thomas, 1990). By the turn of the 21<sup>st</sup> century, scholars of public management began to turn their attention to this topic as well (Golembiewski, 1995; Riccucci, 2002; Wise & Tschirhart, 2000). There is now evidence of an effort to better understand diversity, diversity management, and their effects in regard to public sector employment (Choi, 2009, 2010, 2011, 2013; Choi & Rainey, 2014; Ewoh, 2013; Kellough & Naff, 2004; Ospina, 2001; Ospina & O'Sullivan, 2003; D. Pitts, 2009; D. W. Pitts, 2006; D. W. Pitts et al., 2010; Riccucci, 2002; Wise

& Tschirhart, 2000). Especially in regard to the U.S. federal civil service, scholars have made some progress in better understanding diversity management (Fernandez et al., 2015).

As we frame Veterans within a diversity management perspective, it is important to discuss how scholars conceptualize diversity and its related elements. Specifically, there are three aspects of diversity wherein some nuance informs how scholarship on Veterans employed in the public sector can proceed: a level-of-analysis approach (e.g. individual or organization), diversity management as a distinct phenomenon from Equal Employment Opportunity and Affirmative Action legislation, and diversity management as a set of practices organizations can implement to better harness the human capital of employees.

***Diversity: A Levels-of-Analysis Approach.*** One way that scholars conceptualize diversity pertains to the level-of-analysis at which they wish to undertake their research. More specifically, regarding diversity, scholars are most often interested in the organizational and individual levels. When referring to organizations, the term *demography* is often used in conjunction with diversity (Tsui & Gutek, 1999). In regard to the demography of organizations, diversity has been defined as “the degree to which a unit (e.g., a work group or organization) is heterogeneous with respect to demographic attributes” (Pelled, Eisenhardt, & Xin, 1999). Another definition suggests diversity is “the collective, all inclusive, mixture of human differences and similarities, including educational background, geographic origin, sexual preference, profession, culture, political affiliation, tenure in an organization, and other socioeconomic, psychographic, and ethnic-racial characteristics” (T. Cox, 1994 [as cited in Ewoh, 2013, p. 109]). Beyond these definitions, there are three categories of organizational diversity: business diversity (i.e. different products or services), structural diversity (e.g. managers vs. front-line employees), and workforce diversity

(Gentile, 1998). Workforce management can be thought of as similar to Loden and Rosener's (1991) dimensions of diversity framework, which we believe is an advantageous approach for thinking about Veterans as a diverse group in the workplace (Ospina & O'Sullivan, 2003). In short, workplace diversity gets at heterogeneity and homogeneity between and across individuals within an organization.

Loden and Rosener suggested that diversity has both primary and secondary dimensions. The first group, or the "primary dimensions", involves those "immutable human differences that are inborn and/or that exert an important impact on our early socialization and an ongoing impact throughout our lives" (Loden & Rosener, 1991, p. 18). They thus represent the core of an individual's identity. They suggest the primary dimensions of diversity are: age, ethnicity, gender, physical abilities/qualities, race, and sexual/affectual orientation. These dimensions play the most important role regarding who we are and how we see ourselves. Naturally, then, they go a long way in shaping how an individual might approach her work as well as the organization in which she works.

"Secondary dimensions" represent another aspect of an individual's diversity (Loden & Rosener, 1991, pp. 19-21). Examples of the secondary dimensions of diversity include: educational background, geographic location, income, marital status, *military experience*, parental status, religious beliefs, and work experience (emphasis our own). They argue these secondary dimensions are less salient than the primary dimensions. Thus, rather than being foundational aspects of an individual's identity, the "secondary dimensions add contour and breadth to our self-definition" (Loden & Rosener, 1991, p. 20). Pertinent to our argument, they mention that military experiences may have profound effects for Veterans.

At the individual level, several pieces of scholarship on the public-sector in the diversity management tradition either explicitly or implicitly use Loden and Rosener's (1991) dimensions of diversity as a framework for understanding diversity in the workplace. The presence of public management scholarship using this framework should be noted (Gade & Wilkins, 2012; Ospina, 2001; Ospina & O'Sullivan, 2003; Riccucci, 2002).

Yet, while Veterans come from and represent every section of U.S. society, Veterans' preference is not viewed with the same need to correct historical and social injustices as other groups who receive preference regarding civil service employment. This makes sense when we understand diversity management as an extension of Equal Employment Opportunity or Affirmative Action legislation. Thus, when it comes to Veterans, and regarding diversity, there is relatively little empirical evidence exploring the extent to which Veteran status produces meaningful differences in the workplace (Gade & Wilkins, 2012; Jackson et al., 1991; Olmstead, 2011). Of note, Gade and Wilkins mention the value of moving beyond "three identities—race, ethnicity, and gender—all three of which are tied to immutable and visible demographic characteristics" (2012, p. 267). Acknowledging that institutional socialization can play a stronger role in shaping attitudes than social origin (Meier & Nigro, 1976), they use the logic of Loden and Rosener's dimensions of diversity (but don't explicitly cite that framework) to study if Veteran status influences bureaucratic decision making.

We argue there are conceptual reasons to consider Veterans as a "diverse" group among public-sector employees. We believe that evidence of the influence of this diversity would manifest itself in the form of Veterans thinking and acting differently in the workplace. For example, we might find that Veterans respond differently than non-Veterans across a variety of work-related outcomes. Specifically, we believe Veterans will have lower organizational behavior

outcomes than non-Veterans. Taking this view of Veterans, we also predict that individuals in agencies with higher proportions of Veterans will also experience lower organizational behavior outcomes. But, we also argue that Veterans in agencies with higher proportions of their fellow Veterans will experience better organizational behavior outcomes.

***Equal Employment Opportunity, Affirmative Action, and Diversity Management.*** Managing diversity is at the heart of modern management (Choi, 2009). Over the last 25 years management scholars have given increased attention to not only the idea of diversity but also to the topic known as diversity management. Scholars understand diversity management as a movement growing out of Equal Employment Opportunity (EEO) and Affirmative Action (AA) movements (Ewong, 2013; Kelly & Dobbin, 1998; Mathews, 1998; D. Pitts, 2009; Riccucci, 2002). For example, one scholar suggests that “managing and valuing diversity can be viewed as a movement away from legal approaches and toward a productivity and resource maximization method” (Ewong, 2013, p. 111). It almost goes without saying but, today, managing diversity is an important organizational skill (Ewong, 2013). This is especially true in the public sector.

Diversity management is an intellectually intriguing area of research because, beyond the need of organizations to adjust to a changing workforce and the desire to better utilize human capital, students of diversity management suggest opposing theoretical explanations for the effects of diversity. One argument suggests diversity increases the exchange of different, new ideas such that it improves decision making and other organizational outcomes (T. Cox, 1994). The second, coming out of scholarship on in-group/out-group relationships and social identity theory suggests that diversity increases conflicts (Karen A. Jehn, Northcraft, & Neale, 1999; Tajfel & Turner, 1979), decreases collaboration and, thus, performance in organizations.

Because of its emphasis on managing Veterans as a human resource within the organizational context, diversity management represents a potential avenue for approaching the study of Veterans because of its interest in looking for the strategic advantages this unique group provides to the public-sector (Ewoh, 2013; Riccucci, 2002). Thus, rather than looking at the benefits and consequences of legal preferences for Veterans, we're interested in how public managers can strategically manage Veterans as a human resource.

*The Practice of Diversity Management.* Pitts (2006) provided a theoretical framework for studying diversity management with three components. The first involves recruitment programs. It might seem strange to be interested in the recruitment of Veterans into the U.S. civil service (esp. the U.S. federal government) because of longstanding Veterans' preference policies that aid Veterans in their attempt to acquire a civil service position. Yet, specifically with regard to the federal government, it is very clear that Veterans are not evenly represented across agencies. Table 1 shows the variation between Executive Branch Agencies in regard to Veteran employment in fiscal year 2014 (*Employment of Veterans in the Federal Executive Branch: Fiscal Year 2014*). The right-hand column shows the percentage of Veterans employed in the agency as a share of the entire agency.

[Table 1 here]

The second component of diversity management is the inclusion of programs aimed to increase cultural awareness. Pitts (2006) suggests this can influence organizational outcomes depending upon whether an organization has built a culture of valuing and managing diversity. In organizations that value diversity, individuals should be able to navigate that diversity toward better work outcomes. On the other hand, individuals in organizations that don't value diversity or have not built a culture that values diversity may find it difficult to overcome those points of diversity and may be prone to greater, more frequent levels of conflict.

The third component involves the inclusion of pragmatic management policies. This component potentially allows an organization to provide a better work environment to employees across a wide number of diversities. Pitts (2006) suggests scholars be mindful that there may be organizational variation in terms of the feasibility of instituting policies pertaining to this component. We expect Veterans who perceive their organization as that are better at incorporating diversity management practices will experience improved organizational behavioral outcomes.

Organizations trying to manage their diversity will attempt to comprehensively engage with their employees by instituting each of the three elements. As it pertains to Veterans, Pitts' (2006) framework can help scholars understand the way(s) that organizational factors influence employee responses on questions of diversity. This framework can also help scholars understand more general outcomes and responses to organizational behavioral variables we might expect to be influenced by the Veteran's status as a Veteran.

***Veterans.*** Affirmative Action and Equal Employment Opportunity policies form the foundation of previous research on Veterans working in public organizations. These studies predominantly cover two areas of intellectual inquiry. The first deals with what scholars in this area of research

refer to as “equity” concerns (Fleming & Shanor, 1977; Mani, 2001). In short, research in this area explores the questions of equity that arise from giving military Veterans legal preferences for public-sector employment.

A second area of focus in the Veterans research program concerns performance. Research on the relationship between Veterans and performance extends questions of equity and explores the quality of human capital that Veterans bring to the public sector vis-à-vis non-Veterans. One question at the center of this area of research is the extent to which Veterans’ preference might (negatively) influence public-sector performance. Lewis (2013) argues Veterans’ preference allows Veterans with relatively weaker levels of human capital, compared to non-Veterans, to become employed (i.e. in the case of hiring) or remain employed (i.e. in the case of furloughs) in the public sector. Because of this, the study suggests Veterans’ preference may have deleterious consequences for public-sector performance. Johnson (2014) provides a different view. He found many of Lewis’s conclusions are less clear or go away entirely when you control for more factors.

The focus of previous Veterans scholarship on equity and performance is understandable. Yet, in line with White (1944), we believe that these perspectives miss a key point, which is that “Diversity deals with the issue of how society wants organizations to look.” (Ewoh, 2013, p. 109). More to the point, when talking about any group employed in public-sector organizations, we cannot only talk about diversity issues nor can we only focus on the question of performance. Rather, we must find a way to strike a balance between performance and other organizational outcomes in line with an understanding of the society’s values regarding diversity. This is the fundamental aim of the diversity management approach.

*Organizational Behavioral (Outcomes)*. In line with traditional management research, public management scholars study organizational behavior. In a general sense, organizational behavior research is interested in the way that individuals act within organizational settings in the workplace. We already mentioned a significant research program has developed around the use of the FEVS to study the U.S. federal bureaucracy (Fernandez et al., 2015). We leverage this considerable body of evidence on the role of organizational behavior variables in understanding the U.S. federal bureaucracy.

Instead of building the article around a single dependent variable of interest—an effect—instead we chose to design this project around antecedents to these effects. Our independent variables of interest are Veteran status and diversity management practices. For this reason, rather than focusing on one, we use two organizational behavior variables prominent in the management literature as our dependent variables of interest. The first variable is job satisfaction (Caillier, 2012; Choi, 2013; Fernandez, 2008; Fernandez & Moldogaziev, 2013; Kim & Min Park, 2014; Lee, Cayer, & Lan, 2006; D. Pitts, 2009; D. Pitts et al., 2011; Rubin, 2009; Ting, 1997; Yang & Kassekert, 2010). We also include workgroup performance as a dependent variable as well because of the emphasis on performance in recent Veterans research as well as the importance of understanding the relationship between workgroup structures and performance (Jayne & Dipboye, 2004; Karen A Jehn & Bezrukova, 2004; Karen A. Jehn et al., 1999).

Our focus is the way that Veteran status and features of workplace organizations—especially diversity management practices—in U.S. federal government agencies influence organizational behavioral outcomes. We acknowledge the empirical setup for this article is a bit unorthodox but we think it works for what we're trying to accomplish. Namely, to demonstrate

the value of incorporating a diversity management perspective to understand Veterans—and other second-dimension diversities—working in the U.S. federal government.

## **Methods**

### **Data**

Data come from the 2013 Federal Employee Viewpoint Survey (FEVS). The Office of Personnel Management included a demographic question about Veteran status for the first time in the 2012 and has continued to include this question in all subsequent surveys. Empirically, we use the term Veteran to indicate anyone who responded in the 2013 FEVS that they served on active duty in the U.S. armed forces.

***Dependent Variables.*** We include the following dependent variables: job satisfaction and workgroup performance. For *job satisfaction* we used a single question (Q69): “Considering everything, how satisfied are you with your job?” We use Q28 for *workgroup performance*: “How would you rate the overall quality of work done by your work unit?” The question captures respondent’s perceptions of work quality in the work unit, which we interpret as an indicator for workgroup performance. Table 2 shows the descriptive statistics of all variables used in the study.

***Independent Variables.*** *Veteran status* is a binary variable coded as 1 if the respondent reported that they served on Active Duty in the US Armed Forces (Air Force, Army, Coast Guard, Marine Corps or Navy). In the context of the U.S. federal government, Veterans are the largest diversity group in terms of demographics and constitute roughly one-third of the federal workforce. Veterans constitute 28 percent of the respondents in our sample, and 34 percent of the U.S. federal

workforce (using weights on the FEVS 2013 sample). Further, moving beyond categorical measures of diversity to conceptualize diversity based on composition at the agency level, we construct a measure for the *proportion of Veterans in the agency* by dividing the weighted (i.e.; estimated) number of veterans and the weighted (i.e.; estimated) number of total employees in each agency in the 2013 FEVS data. This leaves us with 38 federal agencies, with proportion of Veterans ranging from 8 percent to 60 percent.<sup>4</sup>

We construct a factor variable for *diversity management practices* in the workplace. The factor consists of three questions from FEVS: Q34 “Policies and programs promote diversity in the workplace”; Q45: “My supervisor/team leader is committed to a workforce representative of all segments of society”; and Q55: “Managers/supervisors/team leaders work well with employees of different backgrounds”. All three variables loaded on a single factor and the Cronbach’s alpha was 0.79. As a factor variable, it has a mean of 0.00 with a range of -2.53 to 1.26 with a standard deviation of 0.85.

### ***Controls.***

Following Pitts (2009), we construct a variable that measures the respondents’ perceived organizational resource supply; *resources*: Q9: “I have sufficient resources (for example, people, materials, budget) to get my job done”; Q10: “My workload is reasonable”; Q14: “Physical conditions (for example, noise level, temperature, lighting, cleanliness in the workplace) allow employees to perform their jobs well”; Q21: “My work unit is able to recruit people with the right skills”; Q68: “How satisfied are you with the training you receive for your present job?”; and Q70: “Considering everything, how satisfied are you with your pay?”. The Cronbach’s alpha for these items was 0.76.

In addition, we include the following demographic and human capital indicators: minority, gender, age, disability, supervisor status, pay category, and tenure with the federal government. *Minority*, *gender*, *disability*, and *supervisory status* are binary variables indicating 1 for non-white, male, disability as indicated by the respondent, and supervisor (manager or team leader) status, and 0 otherwise. *Age* breaks out into the following four ordinal categories: (1) “Under 40”, (2) “40-49”, (3) “50-59”, (4) “60 or older”. *Pay category* breaks out into the following response options: (1) “GS 7-12”, (2) “GS 13-15”, and (3) “Other”. *Tenure with the Federal Government* is an ordinal variable taking the values: (1) "5 or fewer years", (2) "6-14 years", (3) "15 or more years".

[Table 2 here]

***Estimation Procedure.*** In order to examine the associations between diversity management practices, and the demographic and compositional diversity of veterans on organizational behavioral outcomes in the federal workforce, we ran multiple models using an ordinary least squares (OLS), and ordered logit and probit specifications. We present and discussed ordered logit results for job satisfaction and workgroup performance through six models. For each dependent variable, we iteratively build the models as follows: model 1 only includes Veteran status as an independent variable, and estimates aggregate difference in the outcome variable between Veterans and non-Veterans. Model 2 includes all controls, and models 3 through 6 add the main independent variables in the following order: diversity management practices, the interaction

between Veteran status and diversity management practices, the proportion of Veterans in the agency, and the interaction between Veteran status and the proportion of Veterans in the agency, respectively. This allows us to look at the conditional associations between diversity management practices and veteran diversity measures in greater detail.

## **Results**

This section of the article discusses empirical findings from the study. We present two tables in this section, one for each of the dependent variables.

Table 3 shows the results for overall job satisfaction. The findings for this variable are in the expected direction and significant. The negative association of Veteran status variable in models 1 and 2 shows that Veterans, on aggregate, have lower levels of job satisfaction than non-Veterans. Controlling for diversity management practices, models 3 and 4 show that the difference between Veterans and non-Veterans is lowered and is now statistically insignificant. The positive and statistically significant association between diversity management practices and job satisfaction suggest the importance of diversity management on job satisfaction. Models 5 and 6 show that the proportion of Veterans in the agency negatively influences overall job satisfaction but Veterans react positively to higher percentages of their fellow Veterans in their organization.

[Table 3 here]

Table 4 shows the results for workgroup performance. Workgroup performance is an important outcome because of the attention that performance receives in the public management literature. As with job satisfaction, the negative association of Veteran status variable in models 1 and 2 shows that Veterans, on aggregate, express lower levels of workgroup performance than non-Veterans. Controlling for diversity management practices in models 3 and 4, lowers the association between Veteran status and workgroup performance and suggests that Veterans react positively to diversity management practices (interaction term in model 4). Further, models 5 and 6 show that the proportion of Veterans in the agency negatively influences workgroup performance and that Veterans in agencies with a larger proportion of fellow Veterans report higher workgroup performance than Veterans in agencies with a lower proportion of Veterans.

[Table 4 here]

## **Discussion**

In this section we provide a discussion of the implications of this article. Collectively, the results provide evidence in support of our expectations that 1) Veterans express lower organizational behavior outcomes than non-Veterans, 2) Veterans respond positively to diversity management practices, 3) having a higher proportion of Veterans in an agency lowers organizational behavior outcomes for all employees, on average, and 4) Veterans in agencies with larger proportions of Veterans have better organizational behavior outcomes than Veterans in agencies with lower proportions of Veterans.

We believe our results should interest both practitioners and scholars alike. Public-sector managers who manage Veterans, as well as those who manage individuals who have other second-dimension diversity identities, could use these findings to institute diversity management systems that can speak to a broad number of diversities. Additionally, scholars can use these findings in a number of ways. First, they might study other second-dimension diversity groups in the public-sector. Second, they can incorporate individual *and* organizational (i.e., compositional) measures of diversity into their studies. Third, they can think about the implications for other topics that might be of interest to public management researchers and easily studied with the FEVS. Finally, they can incorporate this research into future scholarship on military Veterans.

We also want to discuss the robustness of this study. The models include several control variables for demographic and human capital measures but we do not present them in our final tables. Additionally, we also tested numerous other organizational behavior outcomes of interest in public management research: employee empowerment, innovative behavior, group member exchange, leader member exchange, performance culture, relationship with coworkers, relationship with supervisor, and workplace attitudes. These variables all provided similar results (and are available upon request). We interpret these associations as the salience of the second-dimension of diversity in (public) organizations, and the U.S. federal government in particular.

## **Conclusion**

The motivation for this study was a tension in the literature about how to best categorize military Veterans in the workplace—are Veterans “good” for organizations or are they a group that comes with a lot of “baggage”? Instead of engaging in this debate we sought to look for how we could address these issues with greater nuance. In this way, we liked Leonard White’s approach to the Veteran question. Specifically, White suggested the importance of trying to manage the unique human capital that Veterans bring to post-military civilian employment. Our evidence here suggests some value in this approach.

Using data from the 2013 Federal Employee Viewpoint Survey, we show that Veterans report lower organizational behavior outcomes than non-Veterans. But, we then show that when Veterans hold positive perceptions of diversity management practices this positively moderates (in a normative sense) organizational behavioral outcomes for Veterans. We also show that Veterans tend to react positively to working in organizations with higher percentages of Veterans. We acknowledge these data do not permit us to look at the work group level but these findings provide significant support for the value of thinking about how to manage groups that maintain an identity on the second-dimension of diversity.

There are two ways scholars of public management can use Veteran status in their research. The first is to think of Veteran status being important at the individual level. This, for example, would be in line with Loden and Rosener’s (1991) conceptualization of the two dimensions of diversity. The second is at the organizational level where we can look at demographic attributes

at the aggregate-level, rather than at the individual level (Lawrence, 1997). This is in line with research on organizational demography which involves the how the members of a social entity (e.g. an organization) constitute it (Tsui & Gutek, 1999).

The aim of this study was to demonstrate gaps in organizational behavioral outcomes for Veterans versus non-Veterans. Future research should look into the antecedents of variation on organizational behavioral outcomes for Veterans. Other research could explore if these findings hold for other identity groups on the second-dimension of diversity.

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<sup>1</sup> We follow the example of Gade and Wilkins (2012) who capitalize “Veterans” when referring to those who served in the military. Specifically, they say, “a Veteran bureaucrat is one who served in the military at some point, whereas a veteran bureaucrat is one who has served as a bureaucrat for an extended period of time” (i.e. but the latter never served in the military) (Gade & Wilkins, 2012, p. 268). This usage is in line with the capitalization of other demographic identifiers (e.g. Black, Latino, White, etc.).

<sup>2</sup> FY2009: 25.8%; FY2010: 26.3%; FY2011: 27.3%; FY2012: 29.7%; FY2013: 30.1%; FY2014: 30.8%; FY2015: 30.9%. These data come from the OPM reports titled Employment of Veterans in the Federal Executive Branch for FY2009 through FY2015.

<sup>3</sup> See table 1. It shows the percentage of Veterans in each agency or department. The agencies are sorted by the proportion of Veterans in the agency, in descending order.

<sup>4</sup> Similar computations at the sub-agency level resulted in 136 sub-agencies with proportion of veterans ranging from 6 percent to 89 percent. All analyses presented in this article were replicated at the sub-agency level resulting in similar results, and are available from the authors upon request.

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**TABLES**

<b>Table 1 - Veterans Employed in the U.S. Federal Government (by agency, FY 2014)</b>			
	<i>All Employees</i>	<i>Veterans</i>	<i>% Veterans</i>
<b>Total Executive Branch Agencies</b>	<b>1,990,033</b>	<b>612,661</b>	<b>30.8%</b>
<b>Executive Order Agencies</b>			
Air Force	141,847	80,707	56.9%
Army	225,249	111,982	49.7%
Defense	668,964	313,881	46.9%
Navy	193,293	82,453	42.7%
Transportation	54,776	19,914	36.4%
Defense Activities	108,575	38,739	35.7%
Veterans Affairs	348,724	114,740	32.9%
Justice	113,240	31,892	28.2%
Homeland Security	189,341	52,732	27.9%
Office of Personnel Management	4,977	1,173	23.6%
Energy	14,992	3,426	22.9%
General Services Administration	11,501	2,492	21.7%
Nuclear Regulatory Commission	3,871	825	21.3%
Labor	15,940	3,316	20.8%
State	12,694	2,516	19.8%
Small Business Administration	4,549	756	16.6%
Interior	69,955	11,572	16.5%
Housing and Urban Development	8,444	1,239	14.7%
Agency for International Development	1,698	248	14.6%
Social Security Administration	64,684	9,127	14.1%
Agriculture	95,917	11,450	11.9%
Commerce	45,380	5,384	11.9%
National Aeronautics and Space Administration	17,691	2,091	11.8%
Treasury	92,619	10,523	11.4%
Education	4,195	444	10.6%
National Science Foundation	1,425	123	8.6%
Environmental Protection Agency	15,852	1,267	8.0%
Health and Human Services	84,588	6,054	7.2%
<b>Total Executive Order Agencies</b>	<b>1,946,017</b>	<b>607,185</b>	<b>31.2%</b>
<b>Source:</b> <a href="http://www.fedshirevets.gov/hire/hrp/reports/EmploymentOfVets-FY14.pdf">http://www.fedshirevets.gov/hire/hrp/reports/EmploymentOfVets-FY14.pdf</a>			

<b>Table 2: Descriptive Statistics</b>					
<b>Variable</b>	<b>Mean</b>	<b>Std. Dev. / Std. Err</b>	<b>Min</b>	<b>Max</b>	<b># Obs</b>
<i>Dependent Variables</i>					
Job Satisfaction (Ordinal)	3.65	1.08	1	5	357,338
Work Group Performance (Ordinal)	4.24	0.81	1	5	374,621
<i>Independent Variables</i>					
Veteran Status	0.28	0.45	0	1	348,585
Veteran Status ( <i>Weighted</i> )	0.34	0.00			348,585
Proportion of Veterans in the Agency	0.27	0.14	0.08	0.60	373,690
Diversity Mgmt. Practices (Factor Score)	0	0.85	-2.53	1.26	306,975
<i>Control Variables</i>					
Resource Supply (Factor Score)	0	0.87	-2.34	1.85	336,472
Minority (Binary)	0.34	0.47	0	1	331,394
Male (Binary)	0.52	0.50	0	1	341,382
Age (Ordinal)	2.42	0.98	1	4	337,251
Disability (Binary)	0.13	0.34	0	1	347,982
Supervisory Status (Binary)	0.20	0.40	0	1	345,087
Pay Category (Ordinal)	1.78	0.75	1	3	349,902
Tenure with Federal Government (Ordinal)	2.21	0.80	1	3	350,413
<b>Notes:</b> Reported are descriptive statistics (mean, standard deviation, minimum, maximum, and number of observations) of variables used in the study, with one exception. Veteran status (Weighted) reports weighted mean and standard error of the Veterans status variable across all federal agencies surveyed in 2013 FEVS.					

**Table 3: Association between Job Satisfaction, Diversity Management Practices, and Veteran Status in U.S. Federal Agencies**

<b>Variables</b>	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>	<b>Model 6</b>
Veteran Status	-0.022**	-0.038***	-0.006	-0.003	0.015	-0.137***
	(0.010)	(0.013)	(0.014)	(0.014)	(0.015)	(0.031)
Diversity Mgmt. Practices			1.086***	1.077***	1.075***	1.074***
			(0.010)	(0.011)	(0.011)	(0.011)
Veteran * Diversity Mgmt. Practices				0.026	0.028*	0.029*
				(0.016)	(0.016)	(0.016)
Proportion of Veterans in the Agency					-0.209***	-0.333***
					(0.038)	(0.046)
Veteran * Prop. Of Vets in Agency						0.402***
						(0.082)
Covariates Included	No	Yes	Yes	Yes	Yes	Yes
Log Likelihood	- 2272316.6	- 1614580.4	- 1299982.5	- 1299966.2	- 1299835.4	- 1299730.3
N	346,137	296,716	257,126	257,126	257,126	257,126

**Notes:** Reported are the coefficients from an ordinal logit regression. Dependent variable for models 1 through 6 is an ordinal variable on a five-point Likert scale on the survey question Q69: Considering everything, how satisfied are you with your job? Although not presented in the above table, models 2 through 6 include controls for respondents' perceived organization resource supply, minority status, gender, age, disability status, supervisory status, pay grade and tenure with the federal government. Alternative estimations using Q71: Considering everything, how satisfied are you with your organization? and rowmean of Q69 and Q71 as dependent variables in OLS and logit regressions produced similar results and are available from the authors upon request. All models are estimated with sample weights and robust standard errors are in parentheses; \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

**Table 4: Association between Workgroup Performance, Diversity Management Practices, and Veteran Status in U.S. Federal Agencies**

<b>Variables</b>	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>	<b>Model 6</b>
Veteran Status	-0.125***	-0.128***	-0.104***	-0.098***	-0.096***	-0.180***
	(0.010)	(0.013)	(0.014)	(0.014)	(0.015)	(0.031)
Diversity Mgmt. Practices			0.904***	0.884***	0.883***	0.883***
			(0.010)	(0.011)	(0.011)	(0.011)
Veteran * Diversity Mgmt. Practices				0.056***	0.057***	0.057***
				(0.016)	(0.016)	(0.016)
Proportion of Veterans in the Agency					-0.026	-0.096**
					(0.038)	(0.046)
Veteran * Prop. Of Vets in Agency						0.223***
						(0.081)
Covariates Included	No	Yes	Yes	Yes	Yes	Yes
Log Likelihood	- 1862980.4	- 1465259.6	- 1203355.6	- 1203279.8	- 1203277.8	- 1203245.5
N	347,962	297,974	258,206	258,206	258,206	258,206

**Notes:** Reported are the coefficients from an ordinal logit regression. Dependent variable for models 1 through 6 is an ordinal variable on a five-point Likert scale on the survey question Q28: "How would you rate the overall quality of work done by your work unit?" Although not presented in the above table, models 2 through 6 include controls for respondents' perceived organization resource supply, minority status, gender, age, disability status, supervisory status, pay grade and tenure with the federal government. Alternative estimations using OLS regressions produced similar results and are available from the authors upon request. All models are estimated with sample weights and robust standard errors are in parentheses; \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.