

# Workplace Diversity: Is National or Organizational Culture Predominant?

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With increasing attention directed at the importance of workplace diversity, organizations are faced with the daunting task of effectively managing the diversity they have. For a variety of reasons, diversity and diversity management practices have become more prevalent in workplaces across the globe. Effective diversity management is even more important for multinational companies (MNCs) which not only have to manage the diversity of their workforce across geographic regions, but also do so with consideration for the history and traditions that are unique to each country within their corporate umbrella. To understand how diversity can be better managed in a global setting, we set out to study the effect of organizational culture and national culture on employee's perceptions of how their organization is managing diversity.

## Diversity Management

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There are a number of activities that an organization can engage in to manage the diversity of their workforce. Various researchers studying diversity in the workplace have consistently found that organizations that emphasize collectivism in the work environment see more benefits of workplace diversity than organizations that emphasize individualism (e.g., Chatman & Spataro, 2005; Dwyer, Richard, & Chadwick, 2003). It has also been found that an emphasis on teamwork fosters better relationships within a department and can promote identity within the department or organization that moves beyond surface level differences (Jayne & Dipboye, 2004). Based on this literature, we hypothesized that departments that developed a strong culture of Involvement, one in which all employees were developed, empowered, and encouraged to work as a team, would be perceived as managing workplace diversity better than departments that had a weak Involvement culture.

We were also interested in whether the national culture of the country where employees were from would affect the relationship between Involvement culture and diversity management perceptions. Hofstede's (1980) research has categorized countries based on being low or high in masculinity, individualism, uncertainty avoidance, and power distance. According to Hofstede, the two dimensions of national culture that could impact diversity management are power distance and individualism. Countries high in power distance are characterized by a general understanding that power differentials are "normal and legitimate." We reasoned that the effect of Involvement culture on the perceived management of workplace diversity would be stronger in countries characterized as low power distance and high collectivism. Low power distance countries, such as Australia, Canada, Germany, New Zealand, Sweden, United Kingdom, or the United States, would see stronger effects of Involvement on workplace diversity perceptions than high power distance countries, because there would be less barriers present in the workplace that would interfere with integrating diverse employees.

It is believed that people from individualist societies primarily focus on their own best interests and the interests of their immediate family. At the opposite end, collectivistic societies are characterized by a loyalty to one's own in-group and, as a consequence, are more tightly integrated. Countries high in collectivism, such as Brazil, Chile, Ecuador, Hong Kong, Malaysia, Pakistan, South Korea, or Thailand, should see stronger effects of Involvement on diversity perceptions than individualistic countries because of the emphasis on team work and inclusion.

## Research Method

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We collected data from a large, consumer goods company with headquarters in Europe. Data was collected from over 7,500 employees across 60 different countries. Employee's responses were grouped together to form 354 work groups and data was analyzed at the work group level.

We measured perceptions of diversity management in the survey using the following four items:

- ◆ My company promotes a management style that accepts and appreciates the unique differences in individuals.
- ◆ My company has a work environment that is free from discrimination.
- ◆ My company has a work environment with no barriers (e.g., communication, promotional opportunities, working relationships, etc.) created by cultural differences among individuals.
- ◆ My company provides opportunities to develop and grow at all levels without barriers or discrimination.

Countries were also assigned values on power distance and collectivism based on Hofstede's (2001) research.

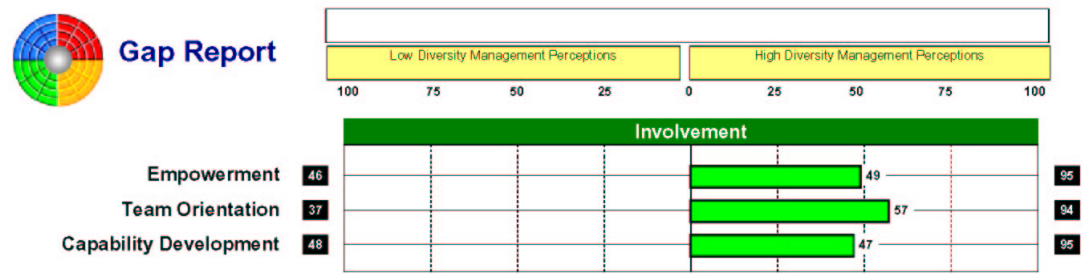
## Results

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We used a technique called Hierarchical Linear Modeling (HLM; Bryk & Raudenbush, 1992) which allows us to simultaneously analyze relationships between data at the individual, department, and country level. Results of our analyses supported the link between Involvement culture and diversity management perceptions. Employees in high Involvement culture departments also perceived the company to be effectively managing workplace diversity.

Figure 1 compares Involvement culture scores for departments on the item "My Company promotes a management style that accepts and appreciates the unique differences in individuals." Departments with low diversity management perceptions (where employees rated "Disagree" or "Strongly Disagree" to that item) scored much lower than departments with high diversity management perceptions (where employees rated "Agree" or "Strongly Agree" to the above item). Referring to Figure 1, we see that departments with high diversity management perceptions outperformed departments with low diversity management perceptions by an average of 51 percentile points. This gap is especially high for Team Orientation which previous research has indicated is important to the effective management of workplace diversity (e.g., Chatman & Spataro, 2005; Jayne & Dipboye, 2004).

Figure 1



Secondly, we also ran analyses to determine if national culture would act as a moderator on the relationship between Involvement culture and perceptions of diversity management by making that relationship stronger in collectivistic and low power distance cultures. Our hypotheses were not supported. In fact, we found that neither aspect of national culture had any effect on people’s diversity management perceptions of their organization.

## Conclusion

Results of our analyses indicated that departments with a strong culture of Involvement were also perceived as effectively managing workplace diversity by their employees. This was true regardless of whether employees were from countries high in power distance or low in power distance, individualistic or collectivistic. There are a few conclusions that we can draw from this research:

### 1. Involvement culture may be important for managing workplace diversity.

Having an organizational culture that encourages employee involvement and creates a sense of ownership and responsibility appears to be important for the management of workplace diversity. This suggests that a feeling that all employees are being developed and empowered within the workplace, not just those employees who contribute to diversity, is needed for the effective management of workplace diversity. Incorporating or considering the current organizational culture when designing a diversity management program could be one avenue for improving perceptions of diversity management by all employees and achieving the most positive outcome for workplace diversity.

### 2. Organizational culture may be the key to uncovering positive effects of diversity on workplace performance.

Proponents of workplace diversity have long touted the benefits of group diversity for a number of organizational outcomes however, the relationship has not been consistently found (e.g., Webber & Donahue, 2001). From a research perspective, the strong relationship that Involvement had with perceptions of diversity management identifies organizational culture as a potential moderator of the often elusive diversity-performance relationship. Organizational culture has been shown to have consistent relationships with organizational performance. Our research has found a relationship between organizational culture and firm performance (see Research Note: Proving the Link) and organizational culture and customer satisfaction.

Therefore, it might be the case that workplace diversity does impact organizational performance but that impact is best realized through a high Involvement organizational culture.

### **3. The importance of organizational culture over national culture.**

Our research and the work of other researchers calls into question the assumption that national differences outweigh organizational culture in diversity management practices. Gerhart and Fang (2005) found within Hofstede's data that country of origin explained a small amount of variance in respondents' values and that organization differences accounted for more variance than did country. Although the culture and habits of a nation are important to consider in international human resource management, the results of our analyses suggest that the culture of the organization is much more important to consider for effectively managing diversity.

## **Best Practices: Diversity Management**

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There are a number of things that organizations can do to maximize the benefit of diversity in the workplace and successfully integrate a diverse workforce.

### **1. Frame the diversity management initiative as an opportunity for integration and learning.**

Framing diversity initiatives in a manner that highlights previous conflict or discrimination can have a negative impact on organization's ability to successfully manage workforce diversity. Emphasizing a learning and integration perspective has a motivating effect on both management and employees and can ensure the long-term success of the diversity program.

### **2. Ensure senior management commitment and accountability**

As with any organizational change initiative, senior management needs to demonstrate their commitment to workplace diversity and hold themselves and others accountable to see that diversity policies are successfully implemented within the organization.

### **3. Articulate how diversity is important to the overall functioning of the business**

Whether it be to attract new clientele from demographic groups that are not traditionally a part of your client base or to increase innovation among your staff – consideration should be given to how the new diversity strategy will benefit the company.

### **4. Emphasize the value of diversity of all employees**

Focusing a diversity initiative on one demographic group, such as women for example, can sometimes have a polarizing effect on those employees who are not the target of the initiative. Diversity by definition means "a point of difference" which every individual possesses. Valuing the diversity of all employees will unite employees under one common banner.

### **5. Emphasize solidarity with the team or department**

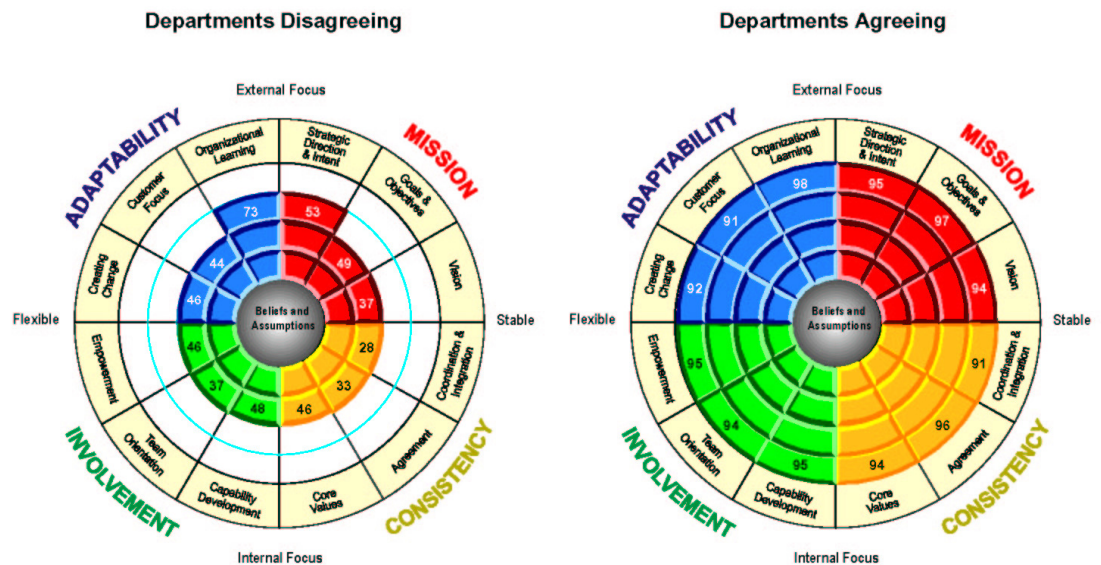
To minimize the effect of in-group/out-groups, engage workgroups in team-building exercises that help to facilitate communication and integration of work activity as well as create pride in one's work group or organization.

**6. Evaluate the effectiveness of diversity management programs through established metrics**

Identify metrics for evaluating the effectiveness of the diversity program and monitor them periodically. Metrics could include monitoring the demographic profile of the company or including questions on an annual employee opinion survey that asks employees for their perception of the culture surrounding diversity or any barriers that may exist for integrating diverse employees.

Figure 2: The circumplex on the left shows the culture profile for departments whose employees disagreed with the statement “My company promotes a management style that accepts and appreciates the unique differences in individuals.” Departments disagreeing with this statement had much lower culture scores than the departments with employees who agreed with that statement.

Figure 2



*Related Resources*

Chatman, J. A. & Spataro, S. E. (2005). Using self-categorization theory to understand relational demography-based variations in people’s responsiveness to organizational culture. *Academy of Management Journal*, 48, 321-331.

Dwyer, S., Richard, O. C., & Chadwick, K. (2003). Gender diversity in management and firm performance: The influence of growth orientation and organizational culture. *Journal of Business Research*, 56, 1009-1019.

Gerhart, B. & Fang, M. (2005). National culture and human resource management: Assumptions and evidence. *International Journal of Human Resource Management*, 16, 971-986.

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Jayne, M. E. A., & Dipboye, R. L. (2004). Leveraging diversity to improve business performance: Research findings and recommendations for organizations. *Human Resource Management*, 43, 409-424.

Webber, S. S., & Donahue, L. M. (2001). Impact of highly and less job-related diversity on work group cohesion and performance: A meta-analysis. *Journal of Management*, 27, 141-162.

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