Perceived organizational diversity and employee behavior

Aaron Hsiao [a,b,*], Chris Auld [a], Emily Ma [a]

[a] *School of Tourism, Sport and Hotel Management, Griffith University, Nathan Campus, 170 Kessels Road, Nathan, Queensland 4111, Australia*
[b] *Department of Marketing, James Cook University, 349 Queen Street, Brisbane Queensland 4000, Australia*

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ABSTRACT

While the impact of organizational diversity on employee work outcomes has received significant research attention, there is a dearth of literature in hospitality settings, particularly in Eastern cultures. Integrating the Social Identity Theory and diversity literature, this study, using data collected from 22 hotels in Taiwan, examined the relationship of perceived organizational diversity with Job Performance (JP), Organizational Citizenship Behaviors (OCB) and Turnover Intention. The results indicated that the level of diversity perceived by hotel employees, significantly influenced employee JP and OCB. Ethnicity status also moderated the relationship between the perception of diversity levels and employee turnover intention. Specifically, a negative relationship between perceived diversity and turnover intention was observed among indigenous employees while a positive relationship was observed among non-indigenous employees.

1. Introduction

Managers and employees are shaped by their personal backgrounds as well as by the culture of organization in which they work. These factors jointly influence the way people behave and interact with others in work settings. Perceptions of differences amongst employees is likely to be a factor influencing workplace behavior and research in this area has generally adopted the term 'diversity' to capture ways in which people differ. In a workplace context, diversity is reflective of individual variations in terms of personal characteristics such as ethnicity, gender or sexuality, as well as organization-related characteristics such as tenure or hierarchical position (Waight and Madera, 2011). While the effects of organizational diversity have been examined widely in the management literature (Baum et al., 2007; Martins and Parsons, 2007), there is ambivalence in the literature about the impacts of diversity on work performance (Furunes and Mykletun, 2007; Pinar et al., 2011; Testa, 2009; Zopiatis et al., 2014). Most research findings tend to indicate that diversity has the potential for positive effects (such as increased creativity, innovation, and flexibility) as well as negative effects (such as poor communication, increased conflict and

stereotyping), and that the actual impacts depend mainly upon contexts (see Pinar et al., 2011; Rushton, 2007; Spataro, 2005; Tracey and Hinkin, 2008) or personal factors (see Chen and Choi, 2008; Derks et al., 2009; Furunes and Mykletun, 2007; Hogg and Terry, 2001; Lozano and Etxebarria, 2007; Sotelo, 2000; Van Eckert et al., 2012).

Studies on organizational diversity have become more prevalent in the hospitality and tourism industry over the past 10–15 years. For example, Iverson (2000) identified diversity as a major concern in the hospitality industry. Devine et al., 2007 later suggested that the cultural diversity of employees can help hotels create a competitive edge and increase productivity as hotels with a diverse workforce and provide a greater variety of solutions to problems. More recently, Sourouklis and Tsagdis (2013) in a review of 23 relevant papers found that organizational diversity has positive effects on a number of key performance indicators such as commitment, productivity, staff turnover, and satisfaction. A review of organizational diversity literature, particularly these contextualized in the hospitality setting, reveals three key gaps. First, the majority of diversity studies were conducted in Western cultures and the available literature in Asian settings is limited despite the significant growth of the hospitality industry in Asia (Winter, 2009). Second, studies on the impacts of organizational diversity on employee behavior have typically examined single behavioral outcomes while very few studies investigated multiple employment outcomes. Third, there is a lack of research attention on moderating effects of certain demographic variables in organizational diversity studies.

* Corresponding author at: School of Tourism, Sport and Hotel Management, Griffith University, Nathan Campus, 170 Kessels Road, Nathan, Queensland 4111, Australia.

E-mail addresses: a.hsiao@griffith.edu.au (A. Hsiao), c.auld@griffith.edu.au (C. Auld), emily.ma@griffith.edu.au (E. Ma).

To address these gaps, this study explored the extent and nature of the relationship of organizational diversity with a range of employee behavioral outcomes, such as job performance, OCB and turnover intention in the context of the Taiwan hotel industry. The study also aimed to determine if ethnic status moderates these proposed relationships.

2. Literature review

2.1. A social identity perspective of organizational diversity

Social Identity Theory has been increasingly applied to study organizational diversity in the hospitality and tourism industry (Furunes and Mykletun, 2007; Ineson et al., 2013b; Kang et al., 2010; Kim, 2006). The social identity perspective recognizes that people define themselves in relation to their social environment and identify with others based on perceived similarity or dissimilarity (Tajfel, 1982). Individual characteristics and group memberships play a significant role in shaping attitudes, values, beliefs, and behavior. Demographic factors (e.g., gender, ethnicity) form the basis of organizational diversity. Singal (2014) suggested that increasing diversity in the labor market is inevitable and organizations must attract the most talented people from all backgrounds to work for the organization. Consequently, the need to effectively manage diverse employees has become an increasingly important challenge for contemporary organizations. Diversity is a subjective phenomenon, created by group members themselves, who on the basis of their different social identities, categorize others as being similar or dissimilar. Specifically, "a group is diverse if it is composed of individuals who differ on a characteristic on which they base their own social identity" (O'Reilly et al., 1998, p. 186). Diversity in the organizational context can refer to personal characteristics such as race or ethnicity (Zopiatis et al., 2014), gender (Pinar et al., 2011), age or generation differences (Chen and Choi, 2008), as well as socio-economic factors such as income and education level. Diversity also refers to individual differences in organization-related characteristics such as tenure or hierarchical position (Kim et al., 2009; Waight and Madera, 2011). Griggs (1995) claimed that diversity is a multi-dimensional concept that differs in its primary and secondary dimensions. The primary dimensions are inborn human traits such as nationality, age, ethnicity and gender and that differentiate individuals and are important in the process of early socialization and daily life. Secondary dimensions of diversity include such characteristics as cognitive and technical differences such as educational level, organizational tenure, work experience, socio-economic background and personality.

Diversity in demographic attributes, such as ethnicity, has been studied extensively due to its salient characteristics and links with culture (Kim, 2006; Price and Wulff, 2005). Hambrick (2007) suggested that the observable dimension (primary dimension) of diversity, such as ethnicity, is readily detectable and easily measured. Therefore, this study will focus on ethnicity as a measure of organizational diversity.

2.2. Organizational diversity and employees behaviors

Job performance, organizational citizenship behavior and turnover intention were used to represent different forms of employee behaviors in this study. Job performance has been defined as "the duties, activities, and accomplishments considered part of the job" (Roth et al., 2003, p. 28). For an organization to be managed effectively, particularly for hospitality organizations, employees must perform their assigned duties and responsibilities; and the organization must determine for each employee the behaviors that are necessary to achieve effective performance to meet diverse customers' needs (Cho et al., 2006). In addition, hospitality employees often need to go above and beyond their job requirements and engage in organizational citizenship behavior to enhance the competitiveness of the organization in the context of increasing transnationalism and globalisation (Dick et al., 2006). Choi (2009) defined organizational citizenship behavior as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in aggregate promotes the effective functioning of the organization" (p. 4). Due to its "above and beyond nature" organizational citizenship behavior is considered as extra-role performance, which differs from expected job performance (Ma et al., 2013). The following section will discuss in detail the impact of organizational diversity on a series of individual employee behavioral outcomes.

2.2.1. Organizational diversity and job performance

Individual differences form the basis for organizational diversity and also shape people's perceptions, attitudes, values, beliefs and behaviors. A number of studies (e.g., Abdel-Monem et al., 2010; Harrison et al., 2002; Jehn & Chatman, 2000; Lau and Murnighan, 1998; Reagans, 2005) have suggested that similarities in demographic attributes enhance mutual liking and team functioning and further, that demographic diversity decreases both social interaction and social integration. From a Social Identity Theory perspective, when employees do not share the predominant traits of the group, they may face negative consequences, such as exclusion or fewer interactions, bias and discrimination (Foley et al., 2005). These negative consequences further impact on employee perceptions of the workplace, as well as their job attitudes and performance. On the other hand, a certain level of innate comfort from working with those who share similar membership traits can also lead to positive work outcomes (Hogg and Terry, 2001). Examples of these outcomes include in-role and extra-role performances and intention to leave or stay with the organization.

Research shows that organizational diversity can affect job performance. For example, Webber and Donahue (2001) argued that diversity factors such as personal demographic characteristics (e.g. age, gender, and ethnicity), social demographic characteristics (e.g. educational background) and organization-related characteristics (e.g. industry experience) could all impact on job performance. However, mixed results about the relationships between diversity and job performance have been reported. According to Social Identity Theory, more homogeneous work groups result in higher levels of work commitment (Riordan and Shore, 1997), workgroup cohesion (de Chermont and Quiñones, 2003) and fewer group conflicts (Jehn and Chatman, 2000). Other studies, however, suggested that diverse groups should outperform homogeneous groups because heterogeneous groups are more likely to possess a diverse range of task-relevant knowledge, expertise and talents, therefore generating better solutions (Dunphy, 2004). Additionally, exposure to divergent and potentially unexpected views may result in more inventive and innovative ideas and solutions (De Dreu and West, 2001). As an important aspect of diversity, studies showed that having employees from different ethnic backgrounds can enhance productivity and improve return on investment and market performance (Richard, 2000). Furthermore, diverse employees bring novel ideas, creativity, cultural skills, and language skills to the organization. Consequently, the following hypothesis was proposed,

H1. There is a significant positive relationship between perceived organizational diversity and job performance.