



THE DIVERSE ORGANIZATION: FINDING GOLD AT THE END OF THE RAINBOW

**KRISTYN A. SCOTT, JOANNA M. HEATHCOTE, AND
JAMIE A. GRUMAN**

The breadth and depth of research on organizational diversity reveals the complex nature of diversity in organizations. Indeed, research in the realm of human resource management focuses on diversity applied to a variety of topics, including recruitment, retention, succession planning, and work-life management, among others. In this article, we use Cox and Blake's (1991) advantages as a framework to review the diversity literature and suggest that organizational culture may be key to understanding when organizations will benefit from a diverse employee base. Specifically, organizations that emphasize inclusion and integrate diversity into all policies and practices may benefit to a greater extent compared with organizations focusing on diversity as a stand-alone practice. Through an examination of academic research and the award-winning diversity program of Campbell Soup Company (Catalyst, 2010), we make culturally based propositions to further diversity research in, and the practice of, human resource management.
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Keywords: diversity, organizational culture, recruitment, groups, turnover

Organizations and researchers alike are increasingly aware of the importance of promoting diversity, as evidenced by the growing numbers of books (e.g., Brief, 2008), meta-analyses and reviews (e.g., van Knippenberg & Schippers, 2007), and organizational initiatives devoted to the topic (e.g., approximately 75 percent of Fortune 1000 companies have a diversity initiative; Daniels, 2001). Additionally, Kulik and Roberson (2008) note that the business case for diversity (e.g., the notion that a diverse population will impact positively on the bottom-line outcomes of an

organization) has been embraced enthusiastically. Nonetheless, empirical support for the business case is scant. Indeed, although some evidence exists to support the general idea that positive outcomes can result from having a diverse population (e.g., Watson, Kumar, & Michaelsen, 1993), research indicates that the impact of diversity is not always positive and may, in fact, be a double-edged sword (e.g., Jayne & Dipboye, 2004; Millken & Martins, 1996; K. Y. Williams & O'Reilly, 1998).

Although diversity is an issue for the organization as a whole, it is of critical importance to human resource management (HRM),

Correspondence to: Kristyn A. Scott, Ted Rogers School of Management, Ryerson University, 575 Bay St., Toronto ON M5G 2C5, Canada, E-mail: kristyn.scott@ryerson.ca

Human Resource Management, November–December 2011, Vol. 50, No. 6, Pp. 735–755

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Published online in Wiley Online Library (wileyonlinelibrary.com).

DOI:10.1002/hrm.20459

in part, because diversity speaks to the human capital of the organization. From a human capital perspective, the acquisition and retention of a diverse group of employees is critical to leverage the talents of all employees and compete in a global economy (e.g., Robinson & Dechant, 1997). Further, the results of a recent survey by the Society for Human Resource Management (SHRM) indicates that recruitment and retention are the most popular metrics used to track the success of a diversity program, and nearly half (49 percent) of respondents reported that diversity practices at their organization were the responsibility of the human resources department (SHRM, 2010). Beyond recruitment and retention, once an organization has acquired a diverse employee base, programs and policies must exist to ensure the continued development of all employees. These practices relate directly to the human resources functions in an organization (e.g., new employee socialization, training, work-life management programs, succession planning; e.g., Chavez & Weisinger, 2008; Greer & Virick, 2008; Ryan & Kossek, 2008). However, we argue that creating stand-alone policies and practices is insufficient and will not necessarily lead to positive outcomes, thus begging the question:

How can an organization find gold at the end of the rainbow? In our view, an inclusive organizational culture that embraces the idea of diversity in all actions and activities is the force that creates positive outcomes.

In this article, we examine the concept of an inclusive culture and review many of the purported advantages of diversity through this lens. As most of the advantages commonly attributed to diversity were proposed by Cox and Blake (1991; resource acquisition, creativity, problem solving, systems flexibility, cost, and marketing), we adopt their taxonomy in our review. In doing this, we position their advantages within a model that explains how organizational culture influences the attainment of each advantage (see Figure 1). Broadly, we suggest that diversity may lead to the creation of new organizational policies and practices that influence organizational outcomes (i.e., advantages). However, this only occurs to the extent that the organizational culture is supportive of inclusivity. Thus, we posit that if organizational culture is examined as a moderator at key points in our model, we can explain *when* diversity will influence the creation of organizational policies and practices, and *how* the different practices used to leverage diversity

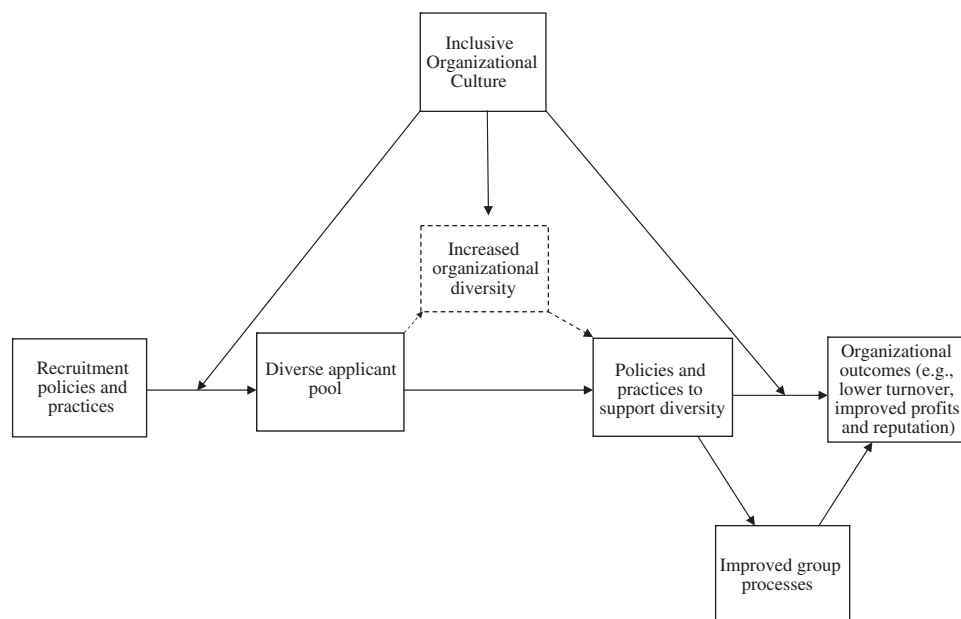


FIGURE 1. Proposed Relations Between Inclusive Organizational Culture and Diversity-Related Outcomes

work with inclusive culture to influence positive organizational outcomes. We suggest that organizations that manage diversity well do so because they have created an inclusive culture that values individual differences; therefore, policies on diversity are adopted as broader organizational norms or practices, thus benefiting the organization as a whole.

We note that several authors envision that an organizational culture supportive of diversity is likely to contribute to that organization's success in reaping the benefits of diversity (e.g., D. A. Thomas & Ely, 1996). However, these researchers generally take a prescriptive approach, whereas we review empirical evidence for the benefits of diversity at the group and organizational level and suggest how culture might help explain the research findings. Specifically, we propose that culture can be used to explain when the diversity-related advantages proposed by Cox and Blake (1991) will and will not be realized. In doing so, our article updates and extends previous reviews of the diversity literature (e.g., Jayne & Dipboye, 2004; Webber & Donahue, 2001; K. Y. Williams & O'Reilly, 1998). We believe that our review contributes to those that have come before it in the following ways. First, we expand on the literature discussing culture within the context of diversity and attempt to create boundary conditions around when organizations can expect to reap the benefits associated with a diverse workforce. To do so, we make suggestions for future research and discuss an organization that exemplifies much of our theoretical argument. Second, despite numerous citations in books and academic articles (e.g., Basset-Jones, 2005; Johns & Saks, 2005), to our knowledge there exists no comprehensive review of all of Cox and Blake's (1991) suggestions. Thus, we offer a review of the literature, published since 1991, that fits within their taxonomy. Although this review is not intended to be comprehensive, it does speak to the main research findings in each area discussed by Cox and Blake. We also utilize an expanded definition of diversity that includes both characteristics that are visible (e.g., race, age, gender) and not visible (e.g., education, experience; Milliken & Martins,

1996). Finally, we offer suggestions for how each proposed diversity advantage contributes to one another. It is our hope that this review provides a roadmap for the promotion of diversity among researchers and practitioners alike.

To situate the article, we first discuss organizational culture and suggest that culture as it pertains specifically to diversity will influence the extent to which organizations benefit from having a diverse population. We then summarize recent research in each of the areas Cox and Blake (1991) mention as benefiting from diversity and position organizational culture as key in the attainment of each advantage. We supplement the research reviewed, and our propositions, with evidence from Campbell Soup Company's 2010 Catalyst Award-winning diversity initiative. We finish with a critical examination of the evidence supporting Cox and Blake's proposed advantages and provide an agenda for both research and practice. Table I provides an overview of the main research findings, organizational examples, and propositions.

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Organizational Culture and Diversity

Broadly, organizational culture is defined as a shared pattern of beliefs, passed on to new group members (e.g., Schein, 2004). Culture is the foundation on which an organization's management system is based, from which all practices and behaviors develop (Dennison, 1990), and is theorized to result from the broader business environment and the behavior of senior leaders (e.g., George, Sleeth, & Siders, 1999; Ostroff, Kinicki, & Tamkins, 2003). According to Schein (2004), organizational culture exists at three different levels. Artifacts are visible, easily observed organizational structures and processes that are (usually) built upon the values of an organization. Values, in turn, guide the actions of organizational members and manifest in easily articulated strategies, goals, and philosophies and may or may not be rooted in assumptions,

TABLE I Summary of Research and Propositions				
Proposed Advantage	Main Research Findings	Sample References	Campbell Soup Company	Proposition Summary
Recruitment	Support is mixed for applicant race, limited for gender.	Avery, Hernandez, and Hebl (2004); Perkins et al. (2000); Williamson et al. (2008)	Communicates inclusion in meetings, training, newsletter, website, and in materials given to new hires.	Strength and consistency of diversity information provided in an inclusive culture leads to a more diverse applicant pool.
Group Processes	Heterogeneous groups may be more creative; largely null effects for problem solving; context important.	Bowers et al. (2000); Chatman et al. (1998); H. S. Choi and Thompson (2005); Pearsall et al. (2008)	Training focuses on inclusive leadership, diversity awareness, unconscious bias, and employee engagement; offered to all levels of management.	Inclusion generates programs to improve communication, conflict, and cohesion among all employees, leading to improved group performance.
Cost	Organizations with practices in place to help manage diversity may benefit from reduced costs associated with turnover and absenteeism.	Hom et al. (2008); Konrad and Linnehan (1995)	Numerous mentoring and affinity programs are offered, resulting in improvements in employee engagement.	The practices associated with inclusion lead to reduced financial costs, in part, by improving group processes.
Marketing	Some evidence of financial benefit with increased diversity; little support for benefits of customer matching.	Kochan et al. (2003); Richard et al. (2007); Wright et al. (1995)	Aligns diversity initiative with all other strategic plans and incorporates into employee performance objectives to realize above-average TRS.	Organizations with inclusive cultures, by virtue of their superior practices overall, are more likely to reap any financial rewards.

the deepest level of culture. Assumptions are implicit, taken for granted, and represent the essence of organizational culture.

Diversity researchers have discussed differences in how organizations handle diversity, explaining a host of treatments, ranging from compliance-based (e.g., Ely and Thomas's discrimination and fairness paradigm; D. A. Thomas & Ely, 1996; Ely & Thomas, 2001) to true integration (e.g., Cox's multicultural organization, 1991; Dass and Parker's learning perspective, 1999; Ely and Thomas's learning and effectiveness paradigm; D. A. Thomas & Ely, 1996; Ely & Thomas, 2001). More recently, Roberson (2006) sought to distinguish the use and meaning of the terms *diversity* and *inclusion* in organizations, concluding that although there is some overlap,

inclusion goes beyond diversity and speaks to human resource practices more broadly. Further, Wilson (2000) notes that human resource policies will not work if they are incongruent with the dominant organizational culture. We draw on this and suggest that inclusion speaks to organizational practices broadly, which are, in turn, an embodiment of the organizational culture. Thus, although others have explored the idea of inclusion, we move beyond this by integrating the inclusiveness argument within a cultural framework. That is, inclusiveness is critical but on its own will not lead to success unless a commitment to diversity is embedded in the organization's culture at the deepest level. In this way, attention to diversity permeates every organizational action. As

such, deep differences in organizational culture may influence the expression of diversity in an organization.

Examining diversity through Schein's lens of artifacts, values, and assumptions provides an interesting avenue through which to explore how culture impacts the expression of diversity in organizations. In fact, we believe that integrating Schein's (2004) operationalization of culture with other perspectives on diversity in organizations can serve as a catalyst for understanding and identifying effective diversity practices in organizations. Through this application, we define what we believe is an inclusive culture for diversity.

As discussed, Schein proposed three levels of organizational culture, ranging from visible (artifacts) to unconscious (assumptions). Speaking specifically to diversity, we suggest that at the most superficial level (artifacts), diversity is most visible. For example, organizations may have a position devoted specifically to increasing diversity (e.g., Campbell Soup Company has a chief diversity officer) or they may display pictures of diverse individuals on their websites. Both diverse and inclusive organizations will have these visible artifacts. However, the nature of artifacts explains one reason employees may mistakenly believe an organization has an inclusive culture; on the surface, they are often misinterpreted and/or difficult to interpret (Schein, 2004). Thus, examining artifacts alone may not provide conclusive evidence of an organization's inclusivity.

At the next level (values), organizational leaders bear much of the responsibility for the prevailing culture. In a truly inclusive culture, leaders will express values that are then embodied by organizational members. As a result, diversity is valued by all employees and starts to become something more than just pictures on a website or statements on a business card. However, examining culture at this level, it is again possible to differentiate an inclusive organization from one that is not, by virtue of what Schein (2004) refers to as "prior learning." According to Schein, leaders voice personal values or beliefs and, over time, when these values are tested and positive outcomes occur, all

employees come to share the leaders' values. For example, a leader may espouse the belief that including ideas of diverse others with unique viewpoints will enhance organizational learning and decision making. If employees listen to and include everyone in decision making and, over time, find that positive outcomes ensue, they will begin to share this particular belief and it becomes a cultural value. If values and beliefs are not based in prior learning (e.g., if employees are not given an opportunity to test the leaders' vision), values will predict what employees will *say* in a particular situation but not what they will *do*. Drawing on the above example, employees may say that organizational decision making is enhanced when diverse employees have an opportunity to participate but fail to listen to diverse group members.

Finally, the internalization of values leads to assumptions that, in turn, guide behavior (Schein, 2004). In an inclusive organization, employees value diversity and all decisions are carried out based on these assumptions. Due to the prevailing organizational culture and commensurate with Roberson (2006), we suggest that inclusive organizations embed diversity in their human resource practices. That is, unconscious, inclusive assumptions guide policy formation, and diversity is embedded in policies without question. Given this, the premise that underlies all of our propositions stems from the very nature of assumptions. Specifically, in inclusive organizations, *all* employees are integral to the mission and vision of the organization because the culture of the organization is such that there is little to no distinction between diverse and majority-group employees. It is a given that every employee has a unique contribution and all employees are given a voice in the organization. For example, in an organization with an inclusive culture, diversity will be considered a core competency in performance appraisal, managerial orientation, and training

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(see Campbell Soup Company as an example; Catalyst, 2010). Thus, an inclusive culture demonstrates value for all employees, as human resource practices are aligned with and supportive of diversity. In our view, organizations that embrace diversity at the level of assumptions truly characterize inclusion.

Drawing on diversity research (e.g., Chavez & Weisinger, 2008; Cox, 1991; Miller, 1998; Roberson, 2006; Ryan & Kossek, 2008; D. A. Thomas & Ely, 1996), we propose that, as a result of implicit cultural assumptions, certain values are hallmarks of inclusive cultures and are found in organizations with these cultures more frequently than those focusing on diversity alone. For example, inclusive organizations emphasize the unique abilities of all employees and how these abilities create value for the organization. Given this, employee voice is valued, open, and direct; accessible communication is characteristic of inclusivity. A commensurate value is placed on learning about multiple perspectives; individual contributions and unique perspectives and experiences are viewed as learning opportunities for all employees.

Throughout the remainder of the article, we examine support for each of Cox and Blake's (1991) recommendations. Further, utilizing the cultural framework outlined in this section, we propose directions for future research in each of the areas outlined by Cox and Blake. Figure 1 provides a visual guide to each of our propositions.

Resource Acquisition

To benefit from a diverse employee base, organizations must hire diverse employees. Cox and Blake (1991) focused their discussion of resource acquisition on the advantages of being listed as one of the "best companies" for minorities and women. Subsequent research suggests that company reputation can affect applications (Turban & Cable, 2003), and organizations may be able to attract underrepresented groups, particularly women (Greening & Turban, 2000) and minorities (Highhouse, Stierwalt, Bachiochi,

Elder, & Fisher, 1999) by advertising diversity-friendly policies and/or cultures (M. L. Williams & Bauer, 1994). Further, organizations appear to follow some of the suggestions of diversity researchers and practitioners alike (e.g., including pictures of diverse organizational members on recruitment websites; K. M. Thomas & Davis, 2006).

Although Cox and Blake's proposition has received some support, the positive effects are not universal and may depend on the demographic variable considered. For example, some research suggests that focused recruitment messages may attract racially diverse groups *without* impacting majority-group (i.e., white) applicants (e.g., Perkins, Thomas, & Taylor, 2000), whereas other findings indicate biased or prejudiced majority group members may be *less* attracted to an organization advertising diverse membership (e.g., James, Brief, Dietz, & Cohen, 2001). For example, Williamson, Slay, Shapiro, and Shivers-Blackwell (2008; see also Brown, Cober, Keeping, & Levy, 2002; James et al., 2001) found that white applicants (compared with black and Asian applicants) were significantly less attracted to an organization when diversity statements were included in recruitment materials, findings consistent with the Person-Organization (P-O) fit literature (e.g., Cable & Judge, 1997; Ng & Burke, 2005). Similar (i.e., mixed) results also exist when looking at gender differences. Results suggest no effect of gender similarity on intentions to accept a job (e.g., Maurer, Howe, & Lee, 1992), positive effects of gender similarity, and organizational attraction for male applicants only (Turban & Dougherty, 1992). Further, Goldberg (2003) failed to find any effects of either gender or age similarity on perceptions of the recruiter, job, or organization.

We suggest that effective diversity-focused recruitment goes beyond a simple match of applicant and recruiter/recruitment message, proposing that organizational culture, specifically the extent to which the culture is inclusive, influences the ability of an organization to attract diverse applicants. Prospective applicants have limited information about a given organization; they take

their cues based on the information the organization chooses to present during recruitment and in recruitment materials. Indeed, signaling theory is often used to explain the process by which applicants interpret the (limited) information provided by organizations (e.g., Goldberg & Allen, 2008; Highhouse et al., 1999; Rynes, Bretz, & Gerhart, 1991). Given this, we propose that organizations with inclusive cultures will have more success attracting diverse applicants because, as a by-product of deep-rooted cultural assumptions, they actively *demonstrate* their commitment to diversity. That is, organizations with inclusive cultures will likely support visible artifacts of diversity in other ways (e.g., including recent diversity-related accolades, providing a list of competencies that indicates varied opinions, skills, and experiences are valued; emphasizing a commitment to teamwork and organizational learning). This may be communicated through recruitment websites, in organizational literature, and in the competencies emphasized throughout the recruitment process. As such, the diversity-related “signals” provided to recruits are consistent with the prevailing organizational culture and applicants are less likely to make faulty assumptions about the level of commitment to diversity.

In inclusive cultures, organizations (and recruiters) emphasizing diversity beyond visible characteristics may be better able to recruit diverse organizational members because they provide stronger and more consistent diversity-related information throughout the recruitment process. This, in turn, allows recruits to form more accurate perceptions of the organizations’ commitment to diversity. Through their focus on inclusion, Campbell Soup Company does this exactly. Their diversity initiatives are imbedded in all business strategies and new employees are provided with a document that outlines the mission of the organization (Catalyst, 2010). Further, their website provides a prospective employee with an in-depth overview of their diversity-related strategies and accomplishments, providing a detailed snapshot of the culture at Campbell

(Campbell Soup Company, 2010). Considering these effects through the lens of culture suggests that those organizations promoting a truly inclusive culture will reap the benefits from targeted diversity recruitment efforts while, at the same time, potentially limiting the number of applicants who hold lower degrees of racial tolerance.

Proposition 1: By aligning artifacts (e.g., pictures of diverse others), values, and assumptions in their recruitment strategy, organizations with inclusive cultures will send stronger diversity-related signals to prospective applicants, leading to greater diversity in the ensuing applicant pool compared with a diversity culture that will focus on the display of artifacts alone.

Group Processes

Cox and Blake (1991) suggest that heterogeneous workgroups will be more creative, innovative, and adept at problem solving. Importantly, however, they noted that diversity must be managed properly before any of the above benefits can be realized. We believe that organizations with an inclusive culture will be more skilled at managing diversity because assumptions about the value of a diverse workforce are implicit in all policies and practices, reinforcing the value of diverse membership for teamwork.

Building on Cox and Blake (1991), we review the literature on diversity in workgroups, focusing on each proposed advantage separately. We note that comprehensive reviews of the literature exist elsewhere (e.g., Webber & Donahue, 2001; Williams & O’Reilly, 1998) and, as such, provide an overview of the main points of this research. Given the complex relations between diversity, creativity, and problem solving, we draw on both organizational culture and

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the effects of effective recruitment practices to explain how inclusive culture impacts group outcomes. Specifically, because effective recruitment practices are proposed to lead to greater diversity in the applicant pool (and, by extension, a more diverse employee base, as noted in Figure 1), we suggest that organizational culture moderates the relation between increased diversity in the applicant pool and the creation of policies and practices to support the diverse population.

Does Diversity Enhance Creativity?

Novel, useful ideas are one hallmark of creativity and stem from the creativity of individuals and teams (Amabile, Conti, Coon, Lazenby, & Herron, 1996). Cox and Blake (1991) proposed that heterogeneity within organizations would promote creativity, in part because increasing diversity in organizations results in less conformity to past ideas and norms. Evidence exists supporting the notion that, compared with homogeneous groups, heterogeneous groups are more creative, generate more feasible and effective ideas, present a wider range of perspectives, generate more alternatives, and display greater innovation and flexibility; this is true of both cultural and functional diversity (e.g., H. S. Choi & Thompson, 2005; J. N. Choi, 2007; De Dreu & West, 2001; Jackson, 1992; Watson et al., 1993). However, not all of the extant research supports the positive relationship between diversity and creativity (e.g., Ancona & Caldwell, 1992), and it is important to consider all factors that may mediate (e.g., social categorization, task conflict) and moderate (e.g., generalist perspective, social identity) the relationship between cross-functionality and innovation (e.g., Gebert, Boerner, & Kearney, 2006). Indeed, it may be the interaction between group composition and salience of the group differences that

impact overall creativity (Pearsall, Ellis, & Evans, 2008).

Does Diversity Enhance Problem Solving?

In addition to enhancing creativity, Cox and Blake (1991) suggested that diverse groups have a broader and richer base of experience, leading to enhanced problem solving. Although intuitively compelling, the empirical evidence pertaining to the effects of diversity on problem solving and performance is mixed at best. Jackson's (1992) review provides modest evidence that heterogeneous groups are likely to outperform homogeneous groups on problem-solving tasks and research conducted, since Jackson's review fails to provide conclusive evidence. Some studies find a positive relation between diversity and problem solving (e.g., Sawyer, Houlette, & Yeagley, 2006), whereas others suggest that diverse membership is negatively related to effectiveness (e.g., Kirkman, Tesluk, & Rosen, 2004). Moreover, meta-analytic studies have produced largely null findings (e.g., Bowers, Pharmed, & Salas, 2000; Horwitz & Horwitz, 2007; Webber & Donahue, 2001). However, recent investigations of problem solving and diversity identify a variety of moderators, including team type, size, and climate; organizational culture; and strategic context (e.g., Chatman, Polzer, Barsade, & Neale, 1998; Gruenfeld, Mannix, Williams, & Neale, 1996; Jackson, Joshi, & Erhardt, 2003; Jehn, Northcraft, & Neale, 1999). Thus, it is important to examine the context in which the problem solving takes place.

Does Diversity Increase Organizational Flexibility?

Cox and Blake (1991) proposed that diversity would produce greater system flexibility because of the increased cognitive flexibility of bi- or multilingual minorities, and women's greater tolerance of ambiguity, surmising that diverse organizations might react better in times of change. Our review failed to uncover any research that ties these specific forms of

intrapersonal diversity to organizational flexibility. However, another form of intrapersonal diversity—possessing multiple areas of expertise—impacts positively on team processes and performance (e.g., Bunderson & Sutcliffe, 2002; Cannella, Park, & Lee, 2008). These findings suggest that for teams to benefit from diversity, it is important to consider whether the members share sufficient knowledge to communicate with one another. If an organization has a strong culture of inclusion, and works actively to promote the culture, employees may be more likely to understand/invest more time to understand one another, thus leading to improved communication. This is especially important for employees with different functional knowledge. As such, creating an inclusive culture and promoting a common goal of organizational success may increase the potential for system flexibility and may also support recent propositions in the area of strategic HRM—namely, the notion that organizational flexibility is necessary to respond to environmental demands (e.g., Wright & Snell, 1998). Indeed, Campbell provides diverse functional experience to their workforce, permitting all employees (notably, women) to gain experience in engineering, research and development, and manufacturing (conventionally thought to be nontraditional roles for women; Catalyst, 2010).

Group Processes—The Importance of Culture

The assumptions inherent in an inclusive culture lead to a shared understanding that it is worth investing in the skills needed to benefit from diversity in groups. As with any group, diverse groups are more likely to be valuable to the extent that the members function well together. We believe that efforts to maintain inclusion will lead to policies and practices that work in concert with organizational culture, and may manifest in new employee socialization, employee training, and development. We note that it is not the practice itself that will differentiate a diversity culture from an

inclusive one—in fact, it is likely that organizations with either type of culture will engage in socialization and training. Rather, it is the content of, and application and/or approach to the practice that results in different outcomes.

We suggest that organizations with inclusive cultures will emphasize diversity as a strength in all training and development programs. Chavez and Weisinger (2008) note that employee training should focus on “managing for diversity” to leverage the competitive advantage of diverse human capital. Further, McMillan-Capehart (2005) suggests that culturally diverse organizations will benefit from tailoring their new employee socialization practices to their diverse population. For example, individualized (vs. institutionalized) socialization tactics may promote more inclusion, innovation, and respect for opinions and experiences, leading to greater problem solving and creativity (McMillan-Capehart, 2005). Moreover, we suggest that inclusive organizations will provide employees with tools to improve communication skills and conflict management, both of which are emphasized as important to improve group processes (e.g., Mannix & Neale, 2005), along with collaborative conflict resolution, teamwork and interdependence, open communication, power sharing, and organizational flexibility (e.g., Roberson, 2006). Campbell Soup Company exemplifies this through their unique development programs offered to senior leaders. These training programs include efforts to build inclusive leadership through diversity-related awareness and knowledge as well as a focus on unconscious bias (Catalyst, 2010). Diversity initiatives such as these are offered throughout the organization, down to the manufacturing level, and all managers are provided training that enables them to focus on engagement within their work teams (Catalyst, 2010).

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We propose the deep-rooted assumptions characteristic of an inclusive culture lead to the promotion of these practices as a part of everyday organizational life. As such, improved group problem solving and creativity should be one positive outcome of a truly inclusive organizational culture and should hold regardless of the type of diversity studied (i.e., visible or not visible). Part of the struggle diverse organizations face centers on issues of cohesion and influence (e.g., Harrison, Price, & Bell, 1998). From a theoretical perspective, individuals naturally relate to those with whom

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they identify and demographic characteristics are one salient feature of identity (e.g., Tajfel, 1982). Thus, homogeneity may lead to greater cohesion initially because group identity is already formed; individuals will naturally form groups around pre-established commonalities. This may make it difficult for a diverse group to function together as a team and even more difficult for minority-group members to assert their ideas and opinions. Additionally, prejudice may increase cohesion among homogeneous groups and make it more difficult for heterogeneous groups to work together. However, consistent with our recruitment-based proposition, we suggest that inclusive organizations will find it easier to manage diverse groups, in part, because said recruitment practices are likely to screen out highly prejudiced individuals. Coupled with organizational efforts to improve relationships among and promote understanding of all employees, the end result is an employee base that, while diverse, is also more likely to fit with the prevailing culture.

Proposition 2: The policies, practices, and additional resources provided in an inclusive culture are focused on improving communication, conflict, and cohesion among all employees, resulting in improved problem solving, creativity, and flexibility.

Cost

Diversity is often associated with increased turnover and absenteeism (McCain, O'Reilly, & Pfeffer, 1983). and, consequently, Cox and Blake (1991) reasoned that organizations with policies in place to accommodate diverse members would minimize the *increased* costs associated with these negative outcomes. Thus, the cost *advantage* is gained through having lower rates of turnover and absenteeism compared with diverse organizations lacking diversity-friendly management practices. Additionally, although not discussed by Cox and Blake (1991), organizations may incur other costs associated with a lack of diversity management, including legal action resulting from discrimination and the associated negative publicity, along with negative employee attitudes (e.g., lowered commitment, job satisfaction; James & Wooten, 2006; Ursel & Armstrong-Stassen, 2006). As such, we propose that organizations with inclusive cultures will be more likely to realize a cost advantage when compared with organizations with a surface-level diversity focus. We propose that the resources provided to employees in an inclusive culture (e.g., through training and development) are good for all organizational members, resulting in a broader focus on retention. The outcome is a system of practices that are aligned with organizational goals and impact all employees positively, regardless of their background. In this section, we review the findings on diversity, turnover, and absenteeism and suggest that inclusion leads to greater employee retention and lower costs because *all* employees are impacted by inclusive policies and practices.

By and large, demographic heterogeneity is associated with costly outcomes, such as turnover and absenteeism (e.g., Greenhaus, Collins, Singh, & Parasuraman, 1997; McKay, Avery, Tonidandel, Morris, Hernandez, & Hebl, 2007; McKay & McDaniel, 2006; Roth, Hufcutt, & Bobko, 2003; Sacco & Schmitt, 2005; Stroh, Brett, & Riley, 1996). Some suggest that heterogeneity drives the relation between turnover and diversity (e.g., Ng & Tung, 1998), while others have attributed differences in absenteeism to the perception

that the organization does not value diversity (e.g., Avery, McKay, Wilson, & Tonidandel, 2007). Not all research supports the diversity-turnover relationship (e.g., Griffeth, Hom, & Gaertner, 2000; Leonard & Levine, 2006); however, recent meta-analytic results (Hom, Roberson, & Ellis, 2008) demonstrate that differences in turnover rates do exist and suggest a more complex relationship between racial diversity and tenure than indicated previously (e.g., Griffeth et al., 2000).

It stands to reason that diverse employees may choose to leave an organization because they are isolated from their majority-group colleagues, and the experience of isolation, rather than diversity, may influence turnover (e.g., Hom et al., 2008; Leonard & Levine, 2006). This implies that organizational practices that reduce isolation (e.g., employee networks, mentoring) may be effective in retaining diverse employees (e.g., Friedman & Holtom, 2002; McMillan-Capehart, 2005; Payne & Huffman, 2005). The success achieved from these practices may produce a virtuous cycle. As organizations begin to experience success in retaining diverse workers, others with diverse backgrounds may be less likely to feel isolated and more eager to remain with the organization (e.g., Zatzick, Elvira, & Cohen, 2003). Although scant, there is some research to suggest that these programs are associated with promotions and career success (Ibarra, 1992; Konrad & Linnehan, 1995) and may also be effective at reducing turnover (e.g., Friedman & Holtom, 2002; McMillan-Capehart, 2005; Payne & Huffman, 2005).

We acknowledge that many if not most organizations will have policies and practices in place that lead to reductions in turnover (e.g., socialization practices; Allen, 2006). Given this, all organizations, diverse or not, should realize a benefit from the implementation of these policies. However, we suggest that cost savings are likely to be greater in organizations with an inclusive culture because the culture of the organization is driving the policies and practices being implemented. For example, the programs put in place to help individuals in diverse groups relate to one another may also contribute to

a reduction in turnover by reducing the isolation of diverse employees. Reducing isolation and increasing employee engagement has certainly occurred at Campbell. Their numerous affinity programs include networks for women, gay, lesbian, bisexual, transgender, African American, Hispanic, and Asian employees, and they offer several unique mentoring programs, both formal and informal. Further, Campbell tracks turnover data by gender and race on a quarterly basis (Catalyst, 2010). The results of their efforts are evidenced in their transformation from an organization with the lowest Gallup engagement scores among the Fortune 500 to the achievement of Gallup's "Great Workplace Award" (Catalyst, 2010).

Proposition 3: The policies and practices established in organizations with inclusive cultures lead to reduced financial costs and negative employee outcomes (e.g., lowered job satisfaction) in diverse organizations, in part because of the positive effects these policies have on group outcomes.

Marketing

Simply put, compared with their homogeneous counterparts, diverse organizations should be preferred by consumers. Cox and Blake (1991) suggest the possibility that diverse organizations garner favorable reputations, and designated group members may prefer to buy from these organizations. They also suggest that the positive effects of diversity may extend beyond US corporations as globalization increases. Thus, the benefits to diverse organizations may be evidenced through customer preferences, stock-price fluctuation following diversity-related announcements, the success of multinational corporations, and overall financial performance. We review the literature examining the diversity-marketing advantage and suggest that diversity itself may not lead directly to improved fi-

*It stands to reason
that diverse
employees may
choose to leave
an organization
because they are
isolated from their
majority-group
colleagues, and
the experience of
isolation, rather
than diversity, may
influence turnover.*

nancial performance. Rather, organizational culture influences this relationship such that policies and practices put in place by an organization with an inclusive culture (and the resulting improvements in group-level outcomes) may lead to improved financial performance. Indeed, researchers have indicated that it may not be diversity per se, but the alignment of business strategies and diversity that produces positive results (e.g., Dwyer, Richard, & Chadwick, 2003).

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Do Customers Prefer Diverse Organizations?

Little evidence supports the notion that consumers prefer to buy from a diverse organization or, more specifically, that organizations should strive to match the demographics of their customers to reap competitive advantage (e.g., Kochan et al., 2003; Leonard, Levine, & Joshi, 2004). In fact, Konrad (2003; echoing Brief & Hayes, 1997, and D. A. Thomas & Ely, 1996) suggests that the marketing argument is discriminatory and further “ghettoizes” designated groups through the impli-

cation that members should only market to members of their own group. Thus, we suggest it is unlikely that an organization with an inclusive culture will make customer matching a common practice.

Do Diversity-Related Announcements Influence Stock Price?

Despite the limited evidence for customer matching, there is support for the idea that stock price is affected by positive (e.g., Pandey, Shanahan, & Hansen, 2005; Wright, Ferris, Hiller, & Kroll, 1995) and negative (e.g., Pruitt & Nethercutt, 2002; Ursel & Armstrong-Stassen, 2006) diversity-related announcements. Additionally, Welbourne, Cycyota, and Ferrante (2007) found a positive relationship between the number of women in top management teams and stock price at initial public offering (IPO), although

the results of long-term performance were not significant. Further, organizations listed on DiversityInc’s 2007 Top 50 Companies for Diversity outperformed both the Dow Jones Industrial Average and the Standard & Poor’s 500 by 48 and 23.4 percent, respectively (DiversityInc, 2007). Thus, there is some evidence that the market will react positively or negatively, depending on the nature of the diversity-related announcement.

Do Diverse Multinationals Outperform Those With Little Diversity?

Cox and Blake (1991) suggest that diverse multinationals should outperform those with little diversity, arguing that effective diversity management practices allow multinationals to obtain positive outcomes. Wentling and Palma-Rivas (2000) demonstrate that diversity issues, particularly those related to marketing, are a concern of many multinational organizations. Indeed, multinationals with diverse employees, especially in the upper echelon, have positive (e.g., Caligiuri, Lazarova, & Zehetbauer, 2004; Elron, 1997) organizational outcomes, or null ones at the very least (e.g., Gomez-Mejia & Palich, 1997). Thus, research evidence suggests that multinational corporations are not harmed by and may in fact benefit from increased organizational diversity.

Does Diversity Lead to Improved Financial Performance?

Theoretically, once an organization has attained a diverse employee base, has engaged policies and practices that ensure employees are working together and performing to their full abilities, and has reduced costs associated with turnover, the true advantage of the business case should be realized—bottom-line financial performance. However, despite its popularity, the business case for diversity has received little empirical support (Kulik & Roberson, 2008). Additionally, Cox (1993) notes that bottom-line performance as an outcome is relatively distal to diversity. Consistent with the other outcomes discussed as part of the marketing argument, research

examining diversity and organizational performance has produced mixed results (Jackson et al., 2003). For example, some demonstrate a positive, linear relationship between gender diversity and organizational performance (e.g., return on equity; Catalyst, 2004; Cordeiro & Stites-Doe, 1997). However, others have suggested that the relationship between profitability and diversity is best represented by a curvilinear relationship (e.g., Frink et al., 2003; Richard, Murthi, & Ismail, 2007). Finally, there is some international evidence that diversity-related benefits exist when women sit on boards of directors. Examining a sample of Spanish companies, Campbell and Minguez-Vera (2008) found that although the simple presence of women on boards did not influence firm value, board diversity does.

As is evident in the literature reviewed here, support for the marketing argument is mixed (e.g., Kochan et al., 2003; Subeliani & Tsogas, 2005). In line with Cox (1993), we suggest that it is not necessarily employee diversity that results in improved financial performance but the effective management of all employees, coupled with the alignment of business strategy, HR strategy, and overarching organizational culture that leads to bottom-line results. Thus, we propose that organizations with inclusive cultures may receive more diversity-related accolades and may see resulting increases in their stock prices and financials by virtue of their superior practices, not simply as a function of diversity. In fact, many of the suggestions we have put forth may result in enhanced financial performance. For example, an organization capitalizing on creativity and innovation by recruiting a diverse employee base (with both visible and not visible attributes), promoting positive group processes through training and development, and ensuring retention by incorporating affinity groups and mentoring partnerships is more likely to achieve its goals than is an organization that attempts to enhance performance via numerical diversity alone.

Campbell Soup Company embodies the above suggestion and has aligned their organizational culture, policies, practices, and

leadership, leveraging their diverse employee base and benefitting financially. For example, the company ensures that their diversity initiative is aligned with their business strategy, the CEO sets the strategic plan and the chief diversity and inclusion officer creates programs, training, and other policies to support the strategy (Catalyst, 2010). Additionally, the organization conveys a commitment to diversity to all employees, circulating diversity-related information in meetings, webcasts, and newsletters, and incorporates diversity goals into performance objectives. Total returns to shareholders (TRS) are above the average of similar organizations as a result (Catalyst, 2010).

Proposition 4: Examining diversity management practices together with organizational culture may explain if, and when, a diverse organization can expect to see financial results. Specifically, diverse organizations with inclusive cultures, by virtue of their superior practices overall, are more likely to reap any financial rewards.

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Discussion and Conclusions

As noted at the outset of this article, diversity and diversity management are often thought to be the responsibility of HRM (e.g., SHRM, 2010). Throughout this article, we have reviewed the diversity literature and integrated an organizational culture framework to suggest how organizations and, more specifically, human resource practitioners can leverage their diverse resources to attain superior outcomes. Our overarching suggestion is that the alignment of artifacts, values, and assumptions that characterizes an inclusive culture will inform the creation of policies and practices to both generate and support a diverse employee base. In doing so, looking beyond diversity as an issue for HRM and considering it a concern for all organizational

members, championed by organizational leaders in concert with human resources, may allow organizations to benefit from the positive impact of diversity more completely. Specifically, we propose that the alignment of artifacts, values, and assumptions in an inclu-

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sive culture leads to the generation of a more diverse applicant pool from which an organization can hire (by extension, creating a more diverse employee base, and greater organizational diversity). Inclusivity also impacts the creation of policies and practices such that greater support for all organizational members leads to better group outcomes, in part, because of the increased diversity in the organization along with the resources devoted to the training and development of employees. Finally, the resources invested in creating an inclusive culture result in reduced costs and more positive employee outcomes, along with measurable performance outcomes and bottom-line results. In reviewing the literature, we did find some support for Cox and Blake's (1991) propositions. However, we suggest that considering the culture in which diversity exists, along with a focus on how the propositions work together will allow organizations to focus

on the creation of policies and programs that advantage all employees and benefit from the full capabilities of a diverse workforce.

Implications for Research

Each of our propositions leads to the generation of more specific questions that future research can assess in greater detail. For example, related to recruitment, we have suggested that inclusive cultures will provide more consistent information for prospective employees to evaluate. However, the amount and type of information that organizations need to present remains unknown. Thus, future research focusing on the various

modalities through which inclusion can be communicated could lead to greater understanding of how organizations can recruit diverse employees.

Similarly, our theorizing regarding the group-related advantages that inclusive organizations may realize also generates research possibilities, most notably determining how the policies and practices in inclusive cultures actually lead to improved group outcomes. In our review, we offer evidence from McMillan-Capehart (2005), who suggests that examining the specific components of new employee socialization may lead to different outcomes for diverse organizations. We believe that interesting applications of current training and development research may also yield unique results when applied with a focus on inclusion and we urge researchers to consider the content of training and development programs focused on diverse employee populations.

Another avenue for future research is the contributions of fit and flexibility to inclusion. As noted, the system flexibility argument as discussed by Cox and Blake (1991) has received little empirical support. However, the interplay between the intrapersonal diversity of top management teams (e.g., Bunderson & Sutcliffe, 2002) and research on organizational fit and flexibility (e.g., Wright & Snell, 1998) may reveal promising avenues for diversity researchers to delve further. Integrating these literatures with our belief that inclusive cultures are better equipped to manage the dual necessity of fit and flexibility in an ever-changing business environment, we suggest that inclusive organizations may be more flexible by default.

Flexibility may also lend well to the study of international/multinational organizations. Where possible, we included research findings related to organizations outside of North America. However, as Sippola and Smale (2007) note, literature examining international populations is scant. This remains an important area for future research and one that may benefit from some of the culturally related propositions we put forth throughout the article. Indeed, Sippola and Smale suggest that in multinationals, global

human resource management and global diversity initiatives should be integrated strategically to influence the design and delivery of diversity programs. Given this, integrating perspectives on diversity, as viewed through the lens of organizational culture, may prove informative.

Finally, and perhaps most importantly for organizations, we suggest that the alignment of organizational culture and diversity-related goals will lead to positive employee outcomes, reduced costs, and financial benefits. Certainly evidence does suggest that some of this is possible, but we call for a more focused examination of how a culture of inclusion (and the strategies, policies, and practices associated with it) lead to the positive outcomes we propose.

Creating an Inclusive Culture— Practical Suggestions

Consistent with other researchers (e.g., Cox, 1991; Cox & Blake, 1991; Konrad, 2006; Roberson, 2006), we believe that to the extent that senior leaders commit to diversity as a core competency of the organization, they will be successful in reaping the benefits of a diverse workforce. However, this requires going beyond simply stating a commitment to diversity and “going through the motions.” Following Schein’s (2004) conceptualization of organizational culture, we suggest that successful organizations will discuss diversity and related values at all levels of organizational culture (artifacts, values, assumptions) to create a truly inclusive organization. Importantly, we note that inclusive organizations engage in all of the practices suggested because each stems from the underlying assumptions in the organization’s culture rather than simply being a cultural artifact on which most members fail to act. Naturally, inclusion will “look” different in each organization; however, consistent with our propositions, we believe that all share some important features. For example, diversity-related values are prominent in all organizational communications. Communicating a commitment to diversity is necessary to recruit and market to a diverse population,

two of the advantages we have discussed. Additionally, with respect to the costs of managing diversity, Avery et al. (2007) noted marked differences in absenteeism when employees perceive their organization does not value diversity. To the extent that inclusivity is consistent with organizational values, communicating and demonstrating commitment publicly to employees in organizational documents and on websites may attenuate these differences. As we have noted throughout, Campbell Soup Company takes every measure to ensure that their commitment to diversity and inclusion is communicated to all employees, suppliers, and customers. Importantly, beyond communicating a simple commitment to diversity, Campbell actively demonstrates the alignment of its culture of inclusion with its business practices (Catalyst, 2010). Thus, although taking measures to align business operations with diversity management practices is key in the effective management of diversity, communicating this to employees widely may aid in the creation of an inclusive organizational culture.

Related to communication, we suggest that inclusive organizations take steps to integrate all of their policies and practices to demonstrate their commitment to diversity. For example, as we have stated throughout, inclusive organizations understand that recruiting a diverse workforce requires more than just an attempt to match recruiter and applicant. Inclusion requires that organizations communicate their values to prospective employees and then demonstrate said values throughout the recruitment process. Moreover, inclusive organizations understand that making diversity “work” does not end at organizational entry. Rather, these organizations utilize socialization, training, and development practices (among others) to communicate their values, and ensure that all employees understand

Although taking measures to align business operations with diversity management practices is key in the effective management of diversity, communicating this to employees widely may aid in the creation of an inclusive organizational culture.

how to work with diverse others and the value of differences (e.g., of thought, background, experience, opinion). Further, in a fully inclusive organization, these values will be integrated into people management and made a foundation on which all employees are evaluated. It is important for practitioners to note that many of the policies and practices that are part of an inclusive culture for diversity are likely already in place in most organizations (e.g., new employee training and socialization, training programs, performance appraisal). What separates a diverse culture from one of true inclusion is the integration of the organizational culture in all organizational policies. As part of their award-winning initiative, Campbell exemplifies inclusivity, incorporating diversity into its core values, including attendance at leadership development programs, and integrating diversity goals into the performance goals of all employees (Catalyst, 2010).

Summary and Conclusions

Our goal in reviewing the literature was to provide academics and practitioners with a broad overview of the landscape of diversity and to stimulate new avenues for research, utilizing organizational culture as a lens through which to examine the topic. Our review demonstrates the complexity of the relations between diversity and important organizational outcomes and suggests that focusing purely on diversity may lead to disappointing results for organizations. Rather,

organizations that focus on a culture of inclusion may be more likely to leverage their diversity, retain qualified employees, and, as a result, attain positive results. Certainly, Campbell Soup Company is a thriving example of this.

In our review, we have suggested that, at its best, inclusion becomes an integral part of and is embraced as a core competency of the organization. That said, the implementation of many, if not all, of the policies and practices that truly embed diversity in an organization fall under the purview of HRM. As partners, organizational leaders and human resource functions within the organization can create programs and policies that benefit all employees and ensure that diversity is embraced at all levels of the organization, in all communication, and in all employee systems. Aligning an inclusive culture with the policies and practices necessary for employee development will allow organizations the ability to reap the benefits of diversity and truly find gold at the end of the rainbow.

Acknowledgments

Previous versions of this manuscript were presented at the 2007 Administrative Sciences Association of Canada Conference and the 2007 Academy of Management Conference. We would like to thank David Zweig and Alan Saks for their comments on earlier drafts of this article and the editor and three anonymous reviewers for their helpful comments on previous versions of this manuscript.

KRISTYN A. SCOTT is an assistant professor of human resource management and organizational behavior in the Ted Rogers School of Management at Ryerson University. Her research interests include leadership, information processing, gender bias, and diversity in recruitment. Her research has been published in such outlets as *Organizational Behavior and Human Decision Processes* and *Human Resource Management Journal*.

JOANNA M. HEATHCOTE is a full-time faculty member of the Department of Management at the University of Toronto at Scarborough. Her research focuses on issues of organizational justice, leadership, and diversity, and more recently on the pedagogical methods in management education.

JAMIE A. GRUMAN is an associate professor in the Department of Business at the University of Guelph. His research interests involve organizational socialization and positive organizational studies, including such topics as employee engagement, workplace

well-being, and positive organizational behavior. He is co-developer of the new approach to organizational socialization called *socialization resources theory*. His work has appeared in journals such as the *Journal of Vocational Behavior*, *Industrial and Organizational Psychology*, and *Personality and Individual Differences*.

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