

[rh] Diversity and inclusion in different work settings

## **Diversity and Inclusion in Different Work Settings: Emerging Patterns, Challenges and Research Agenda**

Nicholas Theodorakopoulos and Pawan Budhwar

### **Abstract**

The purpose of this paper is to analyze and highlight the developments in the current scholarship on managing diversity and inclusion (D&I) and provide insights for future research. While doing so the paper advances our understanding of ‘what matters’ in this field, through the integration of different literature concerning the dimensions of D&I. It also provides a neo-institutionalist framework, which locates different themes in the D&I, scholarship to assist in further development of the field. It argues for a consideration of enquiry in D&I from a neo-institutionalist perspective to encourage interdisciplinarity and align with broader social science research in human resource management (HRM) and development, highlighting the complexity involved in the theorizing of D&I management in organizations. Specifically, we argue for the need of engaging with a variety of stakeholders concerned with the management of D&I, to enable cross-fertilization of theories and mixing methods for future research designs. The paper also introduces the manuscripts included in this special issue and build on them as well to develop the future research agenda.

*Keywords:* workforce diversity and inclusion, diversity and inclusion management, institutional theory

Correspondence to: Nicholas Theodorakopoulos, Aston Business School, Aston University, Aston Triangle, Birmingham, B4 7ET, UK Tel. +44 (0) 121 2043327, email: [n.theodorakopoulos@aston.ac.uk](mailto:n.theodorakopoulos@aston.ac.uk),

### **Introduction**

The surge of interest in the field of diversity and inclusion (D&I) at the workplace (mainly relating to concerns such as gender, age, ethnicity, race, nationality, disability, sexual orientation, religion) owes much to fundamental economic, socio-demographic and legislative changes taking place globally (Shen, Chanda, D’Netto & Monga, 2009; Oswick & Noon, 2013). The existing literature shows that the agenda on workforce D&I has now gained international currency among HR managers and organizational leaders, including those operating in emerging economies, which is now paralleled by pertinent research (e.g., Healy & Oikelome, 2007; Scott,

Heathcote, & Gruman, 2011; Priola, Lasio, Simone & Serri, 2014). Accordingly, a global diffusion of logics that promote D&I management match increased participation rates of diverse groups in the workplace. Hardly surprising then, calls for inclusiveness from industry leaders, public sector figures, and lobbying groups are in vogue. Yet, inequalities in organizations and societies become evident when considering the terms and conditions under which such groups experience D&I management, and a different picture begins to emerge (Kumra & Vinnicombe, 2008; Kirton, 2009; Greene & Kirton, 2010). Hence, there is a pressing need to continue scrutinizing the extent to which the rhetoric for D&I management meets reality and to identify mechanisms that facilitate the expression of voice for silenced minorities in today's increasingly diverse organizations (Bell, Özbilgin, Beauregard, & Sürgevill, 2011).

Beyond being a vehicle for social justice, D&I management is increasingly regarded as a key to the strategic agenda of an organization, under the banner of the 'business case'. Evangelists of diversity management proclaim its many virtues, including tapping into diverse resources of the labor market and establishing rapport with diverse markets whose significance in purchasing power terms has grown considerably in most Western economies. As a result, there is a growing literature on managing D&I, which focuses on performance at different levels and in different sectors (see Elly & Thomas, 2001; Kochan, Bezrukova, Ely, & Jackson, 2003; Kalev, Kelly, & Dobbin, 2006; Pitts, 2009; Brammer, Millington, & Pavelin, 2009). Notwithstanding the widely accepted business case argument, the growth of literature in this field and the plethora of recommendations for how to improve D&I management, evidence of positive impact of diversity initiatives on performance is far from conclusive (Wise & Tschirhart, 2000; Kochan et al., 2003; Jayne & Dipboye, 2004; Foster Curtis & Dreachslin, 2008; Luring, 2013). A compounding factor is that many studies continue to focus on single-nation cases and/or be

undertaken from an Anglo-Saxon perspective. These approaches, models and concepts do not always translate easily to other national settings, especially when these are quite different from a Western or even North American environment (Ferner, Almond, & Colling, 2005; Budhwar, Schuler, & Sparrow, 2009; Groeneveld & Van de Walle, 2010; Metcalfe and Woodhams, 2012). Moreover, drawing conclusions about the outcomes of D&I management is further complicated because programs and instruments are varied (Pitts, 2009; Groeneveld & Van de Walle, 2010).

Notably, some scholars problematize the logical integrity of the business case (Noon, 2007) and the way the concept of diversity is employed (Lobriecki & Jack, 2000; Foster, 2007; Metcalfe & Woodhams, 2012; Tatli, Vassilopoulou, Ariss, & Özbilgin, 2012). Others question the extent to which diversity policies materialize, when such policies are in place (Hoque & Noon, 2004) and the degree to which the discursive shift from equal opportunities to diversity management is followed by a shift in practice (Tatli, 2010). Further, it is important that scholarship in this domain not only elucidates contemporary organizational developments internationally by quantifying relevant practices, but also enhances our understanding about the reality of D&I management practices (Hoque & Noon, 2004; Kamenou, 2007; Greene & Kirton, 2010; Fujimoto, Rentschler, Le, Edwards, & Hartel 2014). Therefore, understanding better antecedents, outcomes and approaches to D&I management require more compelling evidence, gleaned from a variety of contexts, which are influenced by different factors.

Based on the above reported developments in the field, the aim of this special issue is to offer a platform for a rigorous exploration of D&I management in a host of settings, including different countries, industrial sectors, organizational types and forms of employment. Theoretical and empirical contributions are derived from a range of disciplines, to further explore patterns and differences in the management of D&I. We seek to facilitate a dialogue across

methodological, theoretical, empirical and philosophical silos and offer strategies for change towards effective D&I management, linking different levels of analysis. The papers featured in this special issue provide reflections on efforts to address different dimensions of diversity, including ethnicity and race, culture, gender, age, disability and sexual orientation.

The significance of this paper lies in providing a more holistic interpretation of approaches central to the field of D&I management. This is even more important for themes of diversity and disadvantage categories that are often marginalized in the development of the field (Özbilgin, 2009; Metcalfe & Rees 2010; Metcalfe & Woodhams, 2012). The structure of the remaining paper is as follows. It first reviews relevant literature to provide an overview of the field to illustrate its intellectual heritage and map out the key themes that are central to understanding the complexity of contemporary D&I inquiry. This is followed by a summary of the contributions to this special issue and a delineation of avenues for future research. Together, these form a basis on which to determine the extent to which an integrative framework of D&I management is meaningful and appropriate. The paper concludes by offering a broad institutionalist framework for D&I management that integrates key concepts. This can act as a heuristic device to help scholars and practitioners conceptualize approaches to D&I management and their outcomes, embracing a number of different dimensions with multiple intersections at the macro, meso and micro levels of analysis.

### **Key Themes in the Field of Diversity and Inclusion Management**

This section offers an overview of multiple dimensions of diversity to assess broadly the current status of the literature, and position the papers contributing to this special issue. This overview entails six dimensions of diversity: ethnicity and race, culture, gender, age, disability and sexual orientation.

## **Ethnicity and race diversity**

Motivated by the passage of the Civil Rights/Equality Acts in the US and Europe, earlier research (1960s–1980s) focused mainly on the extent of discrimination in the human resource functions, such as recruitment and selection, training and development, performance appraisal and rewards (Shore et al., 2009). There has also been considerable research in differences between ethnic and racial groups in terms of job satisfaction, commitment, motivation, leadership and performance (Williams & O'Reilly, 1998; McKay & McDaniel, 2006; Kamenou, Netto & Fearfull, 2013). By 1990s, research on this dimension of diversity began to focus on work teams and the business case for managing an increasingly diverse workforce (Jackson, Joshi & Erhardt, 2003; Mannix & Neale, 2005). Contrary to a popular belief on the positive effect of ethnic/racial work group diversity on work outcomes and performance, the evidence has been inconclusive. While some studies find that ethnically diverse work teams make better decisions than homogeneous teams (e.g., Watson, Kumar & Michaelsen, 1993; McLeod, Lobel & Cox, 1996), other studies examining the link between ethnicity/race diversity and performance, present either non-significant results (e.g., Webber and Donahue 2001; Jehn & Bezrukova, 2004) or negative effects (e.g., Jackson & Joshi, 2004; Kirkman, Tesluk, & Rosen, 2004). Notably, it would appear that null and negative results are more common (Joshi & Roh, 2007). Therefore, more research is needed to examine the adoption and functioning of organizational policies, management practices and their outcomes in this domain of diversity. Such research should specify different contingencies, such as group tenure, task characteristics, and various categories of ethnicity, in which diversity may be experienced differently and have differential performance outcomes. It should also examine the role of leadership in creating a

climate of inclusion to alleviate disadvantage and promote positive outcomes and performance at different levels.

### **Cultural diversity**

Related to ethnic and racial diversity is the topic of cultural diversity. While the cultural differences of employees may influence organizational outcomes, there is some debate on whether the effects are positive or negative (Barinaga, 2007; Gelfand, Erez, & Aycan, 2007). Theoretical predictions on the influence of cultural diversity in organizations support both logics (Mannix & Neale, 2005). Cultural diversity can enhance information processing, learning and problem solving competences, and reduce groupthink (Cox, Lobel, & McLeod, 1991; Ely & Thomas, 2001). In that respect, cultural diversity can have positive effects on individual, group and organizational outcomes. On the other hand, negative stereotyping and social categorization (Dahlin, Weingart, & Hinds, 2005) imply that cultural differences, such as those associated with national diversity, can present challenges to inclusiveness and effective group functioning, which may require different approaches to communication, facilitated by effective leadership (Earley & Gibson, 2002; Ayoko, Hartel, & Callen, 2002). Notably, the definition, measurement, and empirical research of the effects of cultural diversity in organizations have been challenging (Barinaga, 2007). The bulk of the studies conducted in this domain simplify the measurement of culture and it is not always clear which sources of cultural effects may be influential (for instance, ethnicity and race, faith, or geographical region) (Shore et al., 2009). Hence, as with research on ethnic/racial diversity and work outcomes, research in the effects of cultural differences on individual, group and organizational performance has been inconclusive (Kirchmeyer & Cohen, 1992;; Milliken & Martins, 1996; Earley & Mosakowski, 2000; Gelfand, Erez, & Aycan, 2007; Barinaga, 2007). Therefore, more research is needed to examine the

adoption and functioning of relevant policies and practices and their outcomes in culturally diverse organizational settings. The ambiguity that typifies research in culturally diverse teams in general is mirrored in a subdomain of this aspect of diversity, the composition and functioning of inter-professional teams. Despite their significance and potentially positive outcomes (Mitchell, Parker, & Giles, 2011), diverse professional composition has been identified as a potential source of conflict and a factor explaining poor performance. Hence, more research is needed to better understand the factors that promote or restrain inter-professional collaboration in teams (Currie & Suhomlinova, 2006). An emerging area of inquiry is the influence of leaders in inter-professional team performance.

### **Gender diversity**

A key strand of the literature in this domain centers on the effects of gender diversity on outcomes at different levels. Antecedents that have been considered include attitudes to diversity, group efficacy and performance, firm's commitment to diversity, pro-diversity culture and the number of women corporate directors (e.g., Rau & Hyland, 2003; Ely, 2004; Karakowsky, McBey, & Chuang, 2004; Lee & Farh, 2004; Mannix & Neale, 2005; Sawyerr, Strauss, & Yan, 2005; Bilimoria, 2006; Mavin, Grandy, & Williams, 2014). Past reviews of the gender diversity literature have concluded that the results on the effects of gender on performance tend to be inconclusive (Jackson et al., 2003; Shore et al., 2009; Mulcahy & Linehan, 2014). Moreover, an important strand of the literature in gender diversity relates to pay discrimination and inequalities. Although it would appear that gender wage gap is declining (Blau & Khan, 2006), it is still substantial. Moreover, less is known about other disadvantaged groups (Brynin & Güveli, 2012; Malo & Pagán, 2012) and even less so with regard to the experiences of employees in multiple disadvantage categories. Recent evidence (see Woodhams, Lupton, & Cowling, 2013)

suggests that multiple disadvantage is associated with lower pay. Clearly, more research is needed in this area, especially in relation to corrective pay measures, such as merit pay awards. In addition, relatively little is known about how the impact of orientation training as a socialization tactic varies between genders. Gender differences in labor market attachment, work-life conflict, and workplace values (Duxbury & Higgins, 1991; Lefkowitz, 1994; Lange, 2008) are likely to be an important moderating factor during the employee orientation process and consequently to satisfaction levels and work outcomes. With regard to the participation of women on corporate boards, notwithstanding the numerous studies on gender issues and corporate performance, findings tend to be inconclusive; an understanding of the effects of women directors on corporate governance remains underdeveloped (Dobbin and Jung, 2011). Importantly, the study of women on boards and the consideration of gender as a dimension of diversity would benefit from a richer understanding of the multiple levels of interaction between social actors and structures.

### **Age diversity**

The literature on age diversity places a theoretical emphasis on negative predictions (Shore et al., 2009). The predominant theoretical perspectives are related to older worker stereotypes (DeArmond et al., 2006; Maurer & Rafuse, 2001), age discrimination (Perry, Simpson, NicDomhnaill, & Siegel, 2003), social identity and organizational demography (Ostroff, Atwater, & Feinberg, 2004). A stream of this literature examines the role of age perceptions, including self-perceptions of age or perceived age relative to the work group or manager (e.g., Shore, Cleveland, & Goldberg, 2003; Burke, Cooper & Field, 2013). An underlying theme in these studies is that older employees are likely to experience age discrimination and unfair treatment. The received wisdom is that when human-resource related



decisions are made (e.g., decisions pertaining to recruitment and selection, training and development and performance appraisal and reward and career progression), younger individuals are preferred over middle-aged or older employees. Such discriminatory practices are especially more likely when employees are relatively older than other employees in their group or their line-manager. Moreover, stereotypes about older workers have been primarily negative, including such views as older employees are less flexible, creative and productive, harder to train and more resistant to change (Ringenbach & Jacobs, 1994; Kulik, Perry, & Bourhis, 2000; Burke, Cooper & Field, 2013). While age is not generally associated with lower performance ratings (Avolio, Waldman, & McDaniel, 1990), there is evidence that employees who are older than the age norm for their career stage or older than their work group, their line-manager receive lower performance ratings, fewer opportunities for training and career advancement (Lawrence, 1988; Cleveland & Shore, 1992; Maurer & Rafuse, 2001; Shore et al., 2003). Overall, research on age diversity is considerably less developed than on other dimensions of diversity and has been predominantly conducted in Western contexts (Joshi & Roh, 2007), suggesting the need for new perspectives of examining age diversity in a variety of work settings.

### **Disability diversity**

The World Health Organization - WHO (2011) estimates that more than a billion people in the world have some type of disability, making disability one of the main diversity dimensions (Bell, 2012). However, notwithstanding the importance of this category of difference, disability status is under-researched in D&I management (Colella & Varma, 2001; Ren, Paetzold, & Colella, 2008; Colella & Bruyère, 2011; Fujimoto et al., 2014). When investigating the effects of disability in the workplace, scholars have been particularly interested in identifying and

explaining potential differences between employees with and without disabilities for managing human resources (Ren, Paetzold, & Colella, 2008). Although there are differences among types of disability, in balance, the literature drawing on prejudice, stereotyping, discrimination and stigma typically portray disability as a negative factor (Schur, Kruse, Blasi, & Blanck, 2009; Malo & Pagan, 2012). On a positive note, it has been argued that management is increasingly acknowledging the importance of attracting and integrating a diverse workforce in the workplace (Ball, Monaco, Schmeling, Schartz, & Blanck, 2005). A better understanding of disadvantage enables the creation of organizational conditions that foster a successful inclusion of employees with disabilities and better utilization of their talent. People with disabilities tend to have specific needs, which can be accommodated with appropriate workplace adjustments or flexible schedules (Wooten, 2008; Baumgärtner, Böhm, & Dwertmann, 2014). Notably, prior work in this field indicates that organizational flexibility is an important factor in the successful inclusion of people with disabilities in the workplace (Wooten, 2008; Kulkarni & Lengnick-Hall, 2011). In this regard, corporate leadership and culture play a crucial role in encouraging or discouraging inclusive attitudes and practices for people with disabilities (Schur, Kruse, & Blanck, 2005). Along the same line, understanding differences in satisfaction among disabled employees and other groups of employees can lead to policies and practices that improve satisfaction levels of disabled employees. Integral to this is the identification of potential boundary conditions that moderate such job satisfaction differences, which can impact work outcomes and performance at different levels.

### **Sexual orientation diversity**

Perspectives on sexual orientation involve stereotyping, stigma and organizational demography (Shore et al., 2009). Although these perspectives assume that the sexual orientation

of employees is apparent, this assumption may not hold, given lesbian, gay and bisexual individuals may hide their sexual orientation (Ragins & Wiethoff, 2005; Ozturk & Rumens, 2014). In balance, the diversity literature on gay, lesbian, bisexual and transsexual (LGBT) individuals in organizations has been shaped by a focus on heterosexism and discriminatory practices. Consequences of heterosexism include higher stress levels for this disadvantage category of employees (Waldo, 1999), fewer opportunities for career advancement (Ragins & Cornwell, 2001), and lower compensation in the case of gay men (Brown, 1998; Berg & Lien, 2002; Blandford, 2003). Occupational clustering has been suggested as a possible explanation to sexual orientation wage differentials (Ellis and Riggle 1995; Klawitter & Flatt, 1998; Blandford, 2003). Gay men and lesbians may opt to work in lower-paying sectors or occupations, considering the freedom to disclose their sexual orientation in the workplace as a non-monetary reward. That is, they would forego higher-paying jobs in occupations where sexual orientation would have to be kept undisclosed. The organizational demography perspective has also been used to examine the impact of intersectionality and multiple group memberships on sexual orientation discrimination and disclosure of sexual orientation at work (see for instance Ragins, Cornwell, & Miller 2003). Although these issues are certainly worth investigating, more work that focuses on sexual orientation from an inclusiveness perspective is needed. Despite the advent of Anti-discrimination legislation/Equality Acts in many countries and indications of a positive association between adopting LGBT-friendly HR practices and organizational performance (Wang & Schwarz, 2010), the adoption of such policies is not particularly widespread. There is little empirical evidence to suggest what factors contribute to organizational decisions to adopt LGBT-friendly policies. Research by Chuang, Church, and Ophir, (2011), adopting an institutional perspective (DiMaggio & Powell, 1983), suggests that coercive

pressures are more effective in combination with mimetic pressures, but the presence of mimetic pressures decreases the effectiveness of normative pressures. Future research could shed more light on how institutional mechanisms play out to influence the adoption of LGBT-friendly policies by organizations in different contexts.

### **Contributions to Theorizing on D&I Management and Future Research**

Arguably, India is an exemplar among diverse nations characterized by scarcity of empirical research examining the management of D&I (e.g., Budhwar & Varma, 2010). Moreover, India's prominent IT services sector, characterized by MNC involvement, provides an appropriate context for exploring emerging patterns related to D&I (Cooke & Saini, 2010; Ali, Kulik & Metz, 2011). Donnelly's article in this special issue provides a valuable insight into the management of D&I from the perspective of senior organizational leaders in IT services MNCs in India, who play a pivotal role in shaping policy and practice, not only within, but also outside their organisations. Donnelly's article focuses on the relationship between organizational D&I policies influenced by the 'Resource Based View' (RBV) of the firm and business case arguments, and the views and actions of management and staff in the research organisations. In so doing, his work examines how age, gender and intra- and international diversity is viewed and managed by HR leaders in multinational IT services firms in India. It casts light on the challenges they face in achieving their goals in relation to the management of diversity policy and practice in these areas and highlights the underlying reasons. This is achieved by collecting data through qualitative semi-structured interviews with senior-level D&I agents, as well as by scrutinizing organizational policy documents. The findings reveal tensions between the rhetoric of HRM theories and organizational policies, management practice and employee behavior.

Moreover, this research casts light on the implications of these tensions for HR management, which need to be addressed if the claims advanced by the business-case and resource-based perspectives are to be realized and the management of D&I is to be successfully aligned with their business and HR strategies. Future research should provide an insight into the views of different disadvantage categories on D&I and unveil the degree of discrimination and segmentation experienced in this knowledge-based domain of the Indian economy.

Mitchell, Boyle, Parker, Giles, Chiang and Joyce's article contributes to the research domain of inter-professional teams by examining the role of leader inclusiveness in the context of team diversity in healthcare. Leader inclusiveness relates to an appreciation for the diverse contributions of all members, particularly in situations in which their input might not typically be attended to (Nembhard & Edmondson, 2006). This study, by integrating team diversity and leader inclusiveness, develops a model of leadership and inter-professional team performance through two mediated pathways, which depict the effect of team identity and perceived status differences between members. In so doing, it makes a valuable contribution on different fronts. First, it addresses the role of leadership in diverse work teams, and particularly in inter-professional teams. While team leadership is viewed as an important factor in determining dynamics and performance, the role of leadership in diverse teams remains under-researched (Kearney & Gebert, 2009; Chi, Chung, & Tsai, 2011; Sauer, 2011). With leader inclusiveness being considered as a significant factor (Carmeli, Reiter-Palmon, & Ziv, 2010), this is one of very few studies to explore its role in diverse teams. By investigating the mediating role of team identity, the authors reinforce the potential for leader inclusiveness to bridge professional divides through social identification. This study contributes to an important body of research on the role of social identity in effective leadership, and the role of leadership in diverse teams. Moreover,

by investigating the mediating role of perceived status differences in inter-professional teams, this research highlights the importance of addressing issues relating to status hierarchy in healthcare organizations. This is also one of the few studies to investigate professional diversity as a moderating variable, and highlight the capacity of team composition to account for the varying effects of leadership and team dynamics on performance.

Boekhorst's paper contributes to understanding how inclusion can be institutionalized in the work environment. It presents a conceptual model that can help better understand why authentic leaders are a key source of social information that can significantly influence the formation of a climate of inclusion. Authentic leaders can help their followers appreciate the value of individual differences by using their elevated status to seek out opportunities to support and encourage followers to apply their individual differences to improve work processes. In line with Thomas and Ely's (1996) perspective, the role of organizational reward systems, work group composition, group size, and goal interdependence are discussed, as these factors are deemed as fundamental in reinforcing the importance of workplace inclusion. The conceptual model offered in this paper brings together different theoretical perspectives. First, the social information processing perspective (Salancik & Pfeffer, 1978) is used to understand why authentic leaders are a particularly important determinant in the formation of an inclusive climate. Second, the social learning theory (Bandura, 1977) explains how authentic leaders can shape a climate of inclusion by role modeling inclusive conduct for their followers. Third, the dynamic formation of an inclusive climate is considered; by examining how followers that vicariously learn how to behave in an inclusive manner can indirectly help foster a climate of inclusion. Finally, organizational and group-level factors (i.e., reward systems, work group composition, group size, and goal interdependence) are considered as factors that can influence

followers' vicarious learning of inclusive behaviors in shaping an inclusive climate. Boekhorst's paper also discusses practical implications for recruiting and developing leaders and puts forward avenues for future research. Testing empirically, the conceptual model proposed in this paper and examining the antecedents and outcomes of inclusion climate is indeed a promising avenue. Moreover, future research can examine how star employees can use their social ties to disseminate knowledge about the importance of workplace inclusion and explore the role of specific characteristics of star employees in developing a climate of inclusion.

Kakabadse, Figueira, Yang, Nikolopoulou, Ozbilgin and Kakabadse's study casts light on the complex relationship between gender diversity and boardroom performance. Their work contributes to the literature on diversity and governance by providing a better understanding of how the relationship between board gender and corporate governance operates and extends the literature in this domain by providing evidence of key determinants of women's representation and their contributions by adopting a relational approach. Their work emphasizes interactions between multiple levels of analysis, moving beyond the uni-directional relationship between 'cause and consequence' (Özbilgin, 2009), which has largely dominated the corporate governance literature. Further, it offers a better understanding of how governance structures and individual perceptions and practices interplay in their specific historical and local context and web of relationships. In a dialectic interaction with societal norms and beliefs, it provides an insight into the influence of culturally dominant aspects of education, career paths and corporate behaviors. Moreover, it identifies the obstacles for women to be effective on the board and sheds some light on the role of the Chairperson in informing such effectiveness. It highlights the importance of increasing the number of women directors in the boardroom, but not necessarily through quotas, and indicates that boardroom diversity is not always directly related to corporate

performance, but rather to the quality of decisions. The latter may confer non-readily quantifiable performance benefits relating to board diversity. Such benefits include signaling to stakeholders, enhancing corporate reputation, role modeling, changing patterns of boardroom decision-making and making full use of available talent. This research suggests a range of implications for practitioners, including the need to evaluate the efficacy of recent regulations on board diversity. Further research on board diversity in this domain could explore how women directors deal with hidden meanings, silence, embedded norms and values and invisible power relations in the boardroom, as well as how they exercise their power and construct political coalitions. Such research should also examine institutional mechanisms that enable or constrain women in their efforts to develop their talent and fulfill their ambitions.

The paper by Woodhams, Lupton, Perkins and Cowling examines wage growth of employees with labor market disadvantage(s) in relation to gender, ethnicity and disability. Their study considers whether this growth was stronger relative to privileged groups, leading to a narrowing of pay gaps, and, if so, whether groups belonging to more than one disadvantage category were closing these gaps more quickly or more slowly. The authors conclude that pay progression in the research organization is working to the benefit of groups of multiple-disadvantaged identities, serving to close the pay gaps between them and their privileged counterparts. The authors also find no clear pattern to suggest that the rate of closure differs in relation to the number of disadvantage categories an employee belongs to. However, when the impact of merit pay is isolated, merit pay alone has a very small impact on wage growth. Moreover, the effect of merit pay is generally positive, if only marginal. In addition, merit pay has a more favorable impact on women's pay growth than it does on people from ethnic minorities or those with disabilities. The pay growth of women with other disadvantages (in



relation to ethnicity or disability) appears to be stronger than the pay growth for men in those groups and the authors offer a plausible explanation for this finding. It appears that there is a general pattern that the more disadvantage categories an employee belongs to, the greater effect of merit pay in reducing the pay deficits they experience and that this effect is interactive, not additive. These findings are significant, not least given the criticism that merit pay schemes have received on the grounds that their subjectivity leaves room for reinforcing hierarchies and applying prejudices (Castilla & Bernard, 2010; Son Hing et al., 2011). Further, they have implications for HR practitioners, who should ensure that managers are aware of ways that decision making can be biased in relation to single, as well as multiple categories of disadvantage. Future research should revisit the impact of merit-based pay to replicate and elaborate on the findings of this study in other settings and explore in context the dynamics underlying the broader patterns revealed by this study.

Tabvuma, Georgellis and Lange's paper examines the impact of orientation training, as an important tactic of facilitating organizational socialization, on employee job satisfaction and consider how this impact varies with gender and employment sector. Their study reinforces the significance of orientation training, given its predominance as a stronger predictor of job satisfaction than other types of job training, and consequently a good predictor of employee behaviors, such as commitment, motivation, absenteeism, and quitting intentions. Considering orientation training as a powerful organizational socialization tactic, their findings align well with uncertainty reduction theory. The latter suggests that organizational socialization gives participants the opportunity to gain information about the various aspects of work, with a direct positive effect on the utility that participants receive from each aspect of work (Bauer, Bodner, Erdogan, Truxillo, & Tucker, 2007; Hogg, Sherman, Dierselhuis, Maitner, & Moffitt, 2007).

Importantly, the findings of their study indicate that orientation training exerts a significant positive effect on newcomer male employees' job satisfaction in both the private and public sectors, but it increases the job satisfaction of newcomer female employees only in the public sector. This suggests that women may be more receptive to the application and selection of socialization tactics in the public sector. A plausible explanation is that women may find socialization tactics in the public sector more helpful, where HR practices encourage work-life integration. An important implication for human resource managers is that orientation training should receive more attention and resources. Future research should examine how individuals are affected by different types of socialization tactics, consider the differential impact of formal versus informal orientation training programs, and identify the different socialization tactics favored by organizations in each sector.

The article by Baumgärtner, Dwertmann, Boehm, and Bruch contributes towards the inclusion of employees with disabilities in the workplace. The authors conceptualize job satisfaction as one focal affective response, which is influenced by structural flexibility as a central organizational characteristic. Based on Stone and Colella's (1996) model of factors affecting the treatment of employees with disabilities in organizations, their study contributes to the research domain concerned with employee disability as a diversity dimension by addressing two gaps. First the authors investigate job satisfaction differences between employees with and without disabilities. Second, heeding Colella and Bruyère's (2011) call for examining moderators of the effects of disability on work-related outcomes, they consider an important organizational attribute (an organization's perceived structural flexibility) as a possible boundary condition of the relationship between employee disability and job satisfaction and argue for its influence on the job satisfaction of employees with disabilities. Their paper introduces perceived

centralization and formalization - constructs representing different indicators of flexibility as moderators of the disability-job satisfaction relationship. This research reveals that employees with disabilities are less satisfied than their colleagues without disabilities in highly centralized environments. Importantly, it also indicates that a decentralized organizational context relates to higher job satisfaction levels for all employees, but especially for those having a disability. Counter-intuitively, the authors maintain that perceived formalization does not significantly influence the relationship between having a disability and job satisfaction. However, the results of their study clearly indicate the need for companies and especially human resource departments to better adapt to the needs of people with disabilities by creating flexible working environments. Testing the assumption that flexible organizations are more effective in responding to diverse employees' specific needs more directly, investigating how further organizational characteristics, such as diversity climate (McKay et al., 2007), might impact the job satisfaction level of employees with disabilities and considering intersectionality effects (i.e., the influence of combinations of disadvantage categories), such as disability, age, gender, race, or sexual orientation longitudinally are promising avenues for future research.

Trau's paper enhances our understanding of how support, such as mentoring and developmental relationships from colleagues in the organization, contributes to the relationship between the organizational climate and work-related outcomes of minority groups, which has implications for pro-diversity work for disadvantaged groups (Kaplan, Wiley & Maertz, 2011). This is particularly significant for dealing with policies and practices targeting marginalized groups with invisible stigmatized identities () to mitigate adverse effects, such as loss of diverse perspectives, creativity and talents for the organization (McKay, Avery, Liao, & Morris, 2011). This research further examines the impact of discriminatory climate, which is defined as

employees' individual perceptions of discriminatory treatment toward their demographic group by their organization, on their intra-organizational developmental network. The study focuses on the invisible stigmatized population of professional lesbians and gay men, to develop theoretical and practical insights on diversity, stigma, and social relationships at work, with broader implications for HRM and organizations. The professional environment is a fertile and important context for examining the perception of discriminatory climate, not least because professional lesbian women and gay men still face discriminatory or exclusionary treatments and backlash from some groups in their organization, as well as career advancement barriers in the professional environment (Kaplan, 2006; Pichler, 2007; Bell, Özbilgin, Beaugard, & Surgevil, 2011). The findings of this research highlight that discriminatory climate shapes the intra-organizational network circle, including the utilization and outcomes of the developmental network of individuals with an invisible stigma, which subsequently affects the quality of their work life. Comparing the developmental networks among various invisible stigmatized groups, in different work settings, would be an avenue for future research. Such research should include a large sample of stigmatized groups, within a wider context, to explore further contextual differences and consider the direct influence of macro factors, such as organizational and community diversity climates, as well as occupational, cultural, and institutional support on the social- and work-related outcomes of individuals with an invisible stigma.

Everly and Schwarz's paper focuses on sexual minorities, and more specifically on the factors, which may influence organizational decisions to adopt LGBT-friendly HR policies. Their study complements Chuang et al.'s (2011) institutional perspective in two ways. First, their dependent variable includes a much broader set of corporate policies toward LGBT employees, captured by the Human Rights Campaign's Corporate Equality Index (CEI). Second, the

methodology of their study is designed to consider how the influence of the independent variables changes from early to later adopters. Moreover, while previous work has emphasized the independent and interactive effects of coercive, mimetic, and normative isomorphism on the adoption of policies (Chuang et al., 2011), in line with organizational demography scholars (Wiersema & Bantel, 1992), their study considers the demographic characteristics of organizational decision makers. Hence, they examine how institutional mechanisms that exist outside the firm and demographic characteristics of organizational decision makers existing within the firm operate simultaneously to influence the adoption of LGBT-friendly policies. Overall, the results of their study enhance understanding of why certain firms may adopt LGBT-friendly HR policies. Additionally, this study casts light on the independent effects of institutional mechanisms and characteristics of top organizational leaders on firms' decisions to adopt potentially contentious HR policies. Future research should endeavor to specify a more comprehensive model that includes additional variables to examine the role of HR professionals and the role of an organization's customers in adopting LGBT-friendly HR policies.

The foregoing has presented a summary of contributions to this special issue on the management of D&I, embracing findings from both Western and other work settings, based on a variety of theoretical perspectives and methodologies. Considering the literature in D&I management and the papers contributing to this special issue, it is postulated that future research should go beyond examining the nature of disadvantage, and the effect of workforce diversity on outcomes. Future studies should examine how disadvantage plays out, especially where disadvantage categories are intersecting, and the influence of leadership and institutional arrangements on inclusiveness and outcomes. Importantly, such research should consider how corporate approaches to diversity and inclusion management are shaped. Scholarship in this

filed should also consider how D&I policies and practices are diffused and institutionalized in various work settings, including organizations of different size (for instance small organizations), operating in different industrial sectors, in different countries.

### **A Neo-institutionalist Framework for Future Research**

Arguably, institutionalism offers a fruitful perspective for this kind of research. Institutional theory deals with how individuals, groups and larger entities construct social structures (e.g., rules, norms, established modes of interacting and pursuing organizational objectives), as well as with the effect of institutions on actors. It examines how these institutions are diffused, adopted and function in practice over time and space, as well as how they impact on society and fall into decline. A major thrust of this theory is the identification of sources of power and forces that influence behaviors and organizational procedures (for details see Meyer & Rowan, 1977; Scott, 1987; Powell & DiMaggio, 1991), such as corporate management procedures aiming at fairness, inclusiveness and the harnessing of diversity to build competitive advantage. As institutional arrangements vary across sectors and national contexts, so may conceptions and treatments of D&I management differ (Vassilopoulou, Da Rocha, Seierstad, April, & Özbilgin, 2013).

According to neo-institutionalism, organizations in order to survive must conform to the rules and belief systems prevailing in the environment, because institutional isomorphism, both structural and procedural, will earn the organization legitimacy (DiMaggio & Powell, 1991; Scott, 1987; Suchman, 1995). “Legitimation ‘explains’ the institutional order by ascribing cognitive validity to its objective meanings. It justifies the institutional order by giving a normative dignity to its practical imperatives” (Berger & Luckmann 1967: 92-93). Legitimacy is

defined as the actions of specific social actors, intended to influence, gain acceptance and approval of key stakeholders for specific actions (Harcourt, Lan, & Harcourt, 2005; Jain, Horwitz, & Wilkin, 2012). Institutional theory then provides an analytical lens to explore why, how and when particular social actor(s) use their power to legitimize and institutionalize specific policies and practices (Zucker, 1987; Scott, 2001), such as those relating to D&I management.

There is substantial evidence that firms in different types of operating environments, with different institutional arrangements, react differently to similar challenges. MNCs are a case in point; they operate in different countries with varying institutional environments, face diverse pressures and have a range of available options (Jackson & Deeg, 2008; Kostova, Kendall, & Daein, 2008). Variable responses are largely determined by the political, economic, social and legal factors that constitute the institutional structural arrangements within which MNCs operate. Certain structures in their host and home institutional environments may exert fundamental influences on their approach to diversity and inclusion management (e.g., Ferner et al., 2005). For instance, in the EU preferential treatment and positive discrimination are illegal. Even within the same country, organizations operating in the public sector are facing different structural arrangements than private sector firms, not least due to the fact that they seek to address priorities relating to different types of key stakeholders.

Scott's three-pillar framework (1995, 2001, 2008) offers grounding for theorizing on how disadvantage is engendered and how it plays out, as well as how approaches to managing diversity and inclusion are shaped, institutionalized and diffused. This analytical framework has been adopted in different ways, by researchers in different disciplines, including Bello, Lohtia, and Sangtani, (2004), Currie and Suhomlinova (2006), Fernandez-Alles, Cuevas-Rodríguez, and Valle-Cabrera, (2006), Andrews (2008), and Koulikoff-Souviron and Harrison (2008). Scott

portrays institutions as exhibiting distinctive properties. They constitute multifaceted, durable social structures, made up of symbolic elements, social activities, and material resources. “Institutions operate at different levels of jurisdiction, from the world system to localized interpersonal relationships...by definition connote stability but are subject to change processes, both incremental and discontinuous” (Scott, 2001: 48). It is noteworthy that the theory holds that institutional structural forces can be both enabling and constraining as to the efforts of change agents who undertake institutional work (Suddaby, 2010; Jones & Messa, 2013), such as corporate leaders and pressure groups. This points out the importance of agency within the process of institutionalization, with the concept of institutional work “describing the practices of individual and collective actors aimed at creating, maintaining, and disrupting institutions” (Lawrence et al., 2011: 52). Hence, although institutions tend to bring about stability and order in social life, institutional theory attends not just to consensus and conformity, but to conflict and change in social structures as well, affording a way to consider inclusive leadership. According to Scott (2001, 2008) structures are upheld by three ‘pillars’, which work collectively as mutually reinforcing forces to shape the institutional characteristics of an organization. They are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. Various types of carriers, including symbolic systems, relational systems, routines, and artifacts, transmit these. In the context of D&I management, these relate to key HR functions such as recruitment and selection, training and development and performance appraisal and reward, as well as related areas such as employer branding and provision of opportunities for career advancement.

The *regulative* pillar relates to rules, laws, and conveyances of power (including power embedded in economic transactions). It is the element that explains how institutions constrain



and regularize behavior. Organizational actors, such as management and HR leaders, are influenced significantly by the plethora of complex public laws, regulations, and agency directives and instructions. An organization's regulative pillar is also conveyed by carriers such as relational governance and power systems (e.g., its placement within the formal organizational structure), standard operating procedures, and objectivized mandates that serve as coercive mechanisms in policy formulation and practice of HR functions. For instance, in England, under the Equalities Act (2010), private firms supplying to the public sector are obliged to demonstrate that they uphold inclusive approaches. Hence, within the regulative pillar, organizational legitimacy is supported by coercive mechanisms and rules-based legal sanctions.

The *normative* pillar refers to systems of values and norms, which imply expectations, social obligations, roles, professionalism, duty and moral responsibility. Within the normative pillar, legitimacy is supported by morally governed characteristics. Early institutionalists (Parsons, 1951; Selznick, 1957), as well new institutional scholars such as Di Maggio and Powell (1983) have focused on this point. Corporate leaders, HR professionals and line-managers, as other professionals, help establish the normative values and expectations within an organization, reflecting functional necessities (Zsidisin, Melnyk, & Ragatz, 2005). They are professionals by virtue of their training, certifications and moral obligations to their duties (Scott, 2008; Lawrence, Leca, & Zilber, 2013). HR policies and practices and organizational expectations of engaging with their professional communities can be considered manifestations of the normative pillar. Notably though, professions try to establish autonomy within or despite the authority structure of organizations. "They introduce training requirements for entry and for continuing development, adopt codes of ethics, create outside bodies to certify professional practices" (Wolf, 2005: 193) and exert significant influence (Greenwood, Suddaby, & Hinings,

2002; Scott, 2008; Jones & Messa, 2013). The normative elements then co-determine the extent to which diversity is a desirable feature within organizations and influence the treatment of D&I.

The third pillar, the *cultural-cognitive* element, is regarded as a key feature of new institutionalism, emphasizing creation of shared constructions of social reality. It is strongly influenced by anthropological and psychological perspectives (e.g., the works of Berger & Luckmann, 1967; Geertz, 2001; Meyer, 2010), which emphasize the role of stories, rituals, routines, symbols and scripts as carriers. These enable participants to form identities and create legitimacy in socially constructing reality. As opposed to rules and normative expectations, the cultural-cognitive pillar is characterized by taken-for-granted beliefs and shared conceptions, which form a foundation for social order (Scott, 1995, 2001, 2008). While not established in rule or regulation, such common beliefs are surprisingly mimetic across organizations with similar purposes, guided by the logic of appropriateness/orthodoxy (Powell & DiMaggio, 1991). For instance, common culturally-cognitively supported beliefs may be shared among corporate leaders and HR professionals in different MNC subsidiaries or in different public sector bodies.

In this tradition, approaches to D&I management at corporate policy and practice levels can be seen as being shaped by the interplay of specific regulative, normative, and cultural-cognitive institutional elements. The way these elements interact and become aligned or misaligned offer a theoretical insight into how disadvantage is engendered, how it plays out and how ‘diversity management’ and ‘equality of opportunity’ are approached, institutionalized and diffused within and across different work settings. Within this framework, HR policies and practices relating diversity and inclusion can be established, for instance, via officially sanctioned positive discrimination of historically disadvantaged groups (in the US) or via an application of the ‘equality of opportunity’ concept (in the EU). Such policies and practices can

be reinforced or mitigated by informal norms and values as to workforce D&I, as well as by the belief that the management of workforce diversity has implications for performance at different levels. The concept of D&I management has evolved from a regulative pattern of antidiscrimination to an inclusive and business oriented concept. This shift in focus represents an alignment of logics to address coercive pressures related to tackling discrimination and ensuring fair treatment to logics supported by the normative and cultural-cognitive pressures to conform with the business-case doctrine, in order to improve productivity and profitability (Holvino & Kamp, 2009). In other instances, misalignment of these elements may hinder positive change to the management of D&I. For instance, organizations may be forced to revise certain HR policies, in the wake of a new legislation. Nonetheless, laws and regulations designed to promote equality and diversity in the workplace can only bring about substantial changes in related practices if they are accepted decision makers at different levels as legitimate. For example, in Europe the introduction of gender quotas for company boards has forced public limited companies to react. However, although prior research in this domain of diversity indicates that the introduction of quotas does not have to contradict with competence and merit-based logics (e.g., Forstenlechner, Lettice, & Özbilgin, 2012), women remain underrepresented in corporate boards.

Hence, regulative, normative and cultural-cognitive elements in conjunction, whether aligned or misaligned, impact HR policies and their interpretation and application in practice. They constitute the mechanisms that shape an organization's approach to managing D&I, which consequently produces outcomes at individual, group and organizational outcomes. Moreover, in line with Everly and Schwarz's position in their article for this special issue, we argue that the influence of demographic characteristics of corporate leaders, such as members of the board of directors, as well as other senior managers should be examined. Corporate leaders can impact the

formation of policies and practices directly and indirectly by influencing dominant beliefs and advancing ‘recipes’ that can foster or hamper D&I in their organizations. We propose that gender, ethnicity, age, sexual orientation and disability status are five demographic characteristics that are important to consider when examining the management of D&I, as manifested in HR policies and practices. These suggestions are synopsized in the conceptual framework presented in figure 1.

**Insert figure 1 here**

Drawing on the above discussion, future research should address the following questions:

- How do regulative, normative and cultural-cognitive forces shape corporate policies and practices relating to diversity and inclusion at different phases of institutionalization?
- How do corporate leaders as institutional workers shape related policies and practices and create inclusive or discriminatory climates in their organizations?
- How do such practices produce outcomes at individual, group and organizational outcomes level and are there differences in the potency of such outcomes?
- How does disadvantage play out for different dimensions of diversity individually and in combination (i.e., when employees belong to more than one disadvantage category)?
- How are diversity and inclusion policies and practices diffused and institutionalized?

In order to conduct context-specific, relevant and robust research, the above questions should consider various work settings in organizations of different size (large, medium and small organizations), operating in different industrial sectors, in different countries, characterized by different institutional arrangements. It should also operationalize research designs that comprise multi methods, involving multi-actors and multi-level analysis.

**Nicholas Theodorakopoulos** is a Senior Lecturer (Associate Professor) in Strategic Entrepreneurship Development and Co-Director of the Aston Centre for People and Organisations at Aston Business School, UK. His research interests are in the areas of entrepreneurial learning and development, diverse entrepreneurship and diversity at work. His diversity-related work has been published in leading journals, including British Journal of Management, Work, Employment and Society, International Human Resource Management and related management journals. He is currently engaged in an international programme of research that examines how intermediaries as institutional interventions can facilitate the development of diverse entrepreneurs and the inclusion of their ventures in mainstream procurement systems.

**Pawan Budhwar** is a Professor of International HRM at Aston Business School, UK. His research interests are in the areas of HRM and performance, counter-productive work behaviors, expatriate management and managing human resources in emerging markets with a specific focus on India. He has published over 90 articles in leading HRM journals and has also written and/or co-edited 13 books on HRM related topics for different national and regional contexts. He is the Editor-in-Chief of British Journal of Management and a Fellow of the Higher Education Academy, British Academy of Management and the Academy of Social Sciences. He is the co-founder and first president of Indian Academy of Management.

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**Figure 1: An Institutional Framework of Diversity & Inclusion in Organizations**

