Managing Diversity in Organizations:

An Integrative Model and Agenda for Future Research

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This position paper is the outcome of the European Association of Work and Organisational Psychology Small Group Meeting on Managing Diversity in Organizations held at Aston Business School, Aston University, Birmingham, United Kingdom, September 23rd and 24th, 2010, which was financially supported by the European Association of Work and Organizational Psychology and Aston University’s Interdisciplinary Center for Language and Diversity (InterLanD). We are very grateful to Binn Kandola, Daan van Knippenberg, and Michael A. West who gave the keynote speeches, and the 27 Participants from 10 different countries (of which 8 were European) who discussed and presented their research: Natalie Allen, The University of Western Ontario, Canada; Doyin Atewologun, Cranfield School of Management, UK; Stephan Böhm, University of St. Gallen, Switzerland; Christina Butler, Kingston University, UK; Raluca Ciobanu, Lumiére University Lyon, France; Jeremy Dawson, Aston University, UK; Regina Eckert, Center for Creative Leadership, Belgium; Yves Guillaume, Aston University, UK; Astrid Homan, VU University, Amsterdam, The Netherlands; Pete Jones, Shire Professional Chartered Psychologists, UK; Kevin-Lim Jungbauer, TU Dresden, Germany; Eric Kearney, Gisma Business School, Germany; Florian Kunze, University of St. Gallen,
Switzerland; Camilla Kylin, Swedish National Defence College, Sweden; Sylvia Manchen Spöerri, University of Zurich, Switzerland; Bertolt Meyer, University of Zurich, Switzerland; Ralph McKinney, Marshall University, USA; Kiraz Öcal, Middlesex University, UK; Carolin Ossenkop, VU University, Amsterdam, The Netherlands; Astrid Podsiadlowski, Vienna University of Business and Economics, Austria; Meir Shemla, TU Dresden, Germany; Sebastian Stegmann, Goethe University, Frankfurt, Germany; Vincenza Priola, Aston University, UK; Hans Van Dijk, Tilburg University, The Netherlands; Marloes Van Engen, Tilburg University, The Netherlands; Helen Williams, Swansea University, UK; Maddy Wyatt, City University, London, UK.

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Abstract

The literature on policies, procedures, and practices of diversity management in organizations is currently fragmented and often contradictory in highlighting what is effective diversity management, and which organizational and societal factors facilitate or hinder its implementation. In order to provide a comprehensive and cohesive view of diversity management in organizations we develop a multilevel model informed by the social identity approach that explains, on the basis of a work motivation logic, the processes by, and the conditions under which employee dissimilarity within diverse work groups is related to innovation, effectiveness, and well-being. Building on this new model, we then identify those work group factors (e.g., climate for inclusion and supervisory leadership), organizational factors (e.g., diversity management policies and procedures, and top management’s diversity beliefs) and societal factors (e.g., legislation, socio-economic situation, and culture) that are likely to contribute to the effective management of diversity in organizations. In our discussion of the theoretical implications of the proposed model we offer a set of propositions to serve as a guide for future research. We conclude with a discussion of possible limitations of the model and practical implications for managing diversity in organizations.

Keywords: work group diversity, relational demography, climate, culture, leadership, diversity management, identification, work motivation, effectiveness, innovation, well-being, social identity approach, self-determination theory
In today’s organizations employees are more likely than ever before to work with other employees with different demographic or functional backgrounds (Bijak, Kupiszewska, Kupiszewski, Saczuk, & Kicinger, 2007; Toossi, 2009). When mismanaged such diversity can undermine employee social integration and effectiveness and lead to lower work group performance; when managed effectively, however, as well as facilitating social integration and effectiveness, diversity can also promote creativity and innovation (Guillaume, Brodbeck, & Riketta, 2012; Joshi & Roh, 2009; van Dijk, van Engen, & van Knippenberg, 2012). A better understanding of the mechanisms by, and the conditions under which, diversity in organizations undermines or facilitates social integration, performance and innovation has therefore become an integral part of Work and Organizational Psychology’s (WOP) research agenda (Mannix & Neale, 2005; van Knippenberg & Schippers, 2007; Williams & O'Reilly, 1998). For the same reasons, identifying and researching effective diversity management policies, procedures, and practices has become a key focus of Human Resource Management (HRM; Avery & McKay, 2010). Clearly, a comprehensive understanding of how employees react towards diversity at the workplace, and how this in return affects their work-related outcomes might help inform the design of effective diversity management systems. Conversely, a comprehensive understanding of the effective diversity management policies, procedures, practices used in organizations could help to better understand when diversity might lead to favorable or unfavorable work-related outcomes. Unfortunately, so far there has not been much cross-fertilization between these two bodies of literatures (Guillaume, Dawson, Woods, Sacramento, & West, 2013).

We believe that the main reasons as to why these two traditions developed rather independently and in parallel rely upon their focus on different levels of analysis and use of different logics to explain how diversity affects work related outcomes. The HRM literature is
mainly concerned with understanding how diversity management practices at the organizational level affect employee well-being and effectiveness at the individual level or effectiveness at the organizational level. This literature says little, however, about how these practices affect the psychological processes and dynamics underlying the relationship between diversity and work-related outcomes (Avery & McKay, 2010). Building on either social justice models (Kirton & Greene, 2010) or on a social exchange logic (Avery & McKay, 2010), this literature argues that diversity management practices signal to employees, independent of the level of diversity that is found in an organization, that the organization is concerned with employee well-being and treating their employees fairly, this in turn is argued to engender a sense of obligation on part of the employee, who in order to reciprocate the deed engages in behaviors that benefit the organization.

In contrast, the WOP literature focuses mainly on the work group level and aims to explain how and when diversity affects social integration related variables, and work group performance and innovation (Mannix & Neale, 2005; van Knippenberg & Schippers, 2007; Williams & O'Reilly, 1998). Current research in this area is almost exclusively concerned with identifying psychologically relevant boundary conditions and underlying mechanisms (e.g., Homan et al., 2008; Homan, van Knippenberg, Van Kleef, & De Dreu, 2007; Kearney & Gebert, 2009; Kearney, Gebert, & Voelpel, 2009; van Dick, van Knippenberg, Hägele, Guillaume, & Brodbeck, 2008); little attention has been paid so far to organizationally relevant variables, such as diversity management policies, practices, and procedures. Moreover, there is little consideration in this literature for as to how diversity affects individual employees, and how this in turn affects their effectiveness, innovation, and well-being; the few studies that are available are inconclusive (Guillaume et al., 2012). Building on the social categorization perspective, the
WOP literature frequently argues that diversity in work groups undermines performance and social integration because it leads to more conflict and less cooperation, trust, and commitment among group members, and on the basis of the information/decision-making perspective that diversity facilitates work group performance and innovation because it increases the pool of task-relevant knowledge, information, and perspectives employees in work groups have at their disposal (Williams & O'Reilly, 1998). Reconciling these paradoxical predictions, the categorization-elaboration model (CEM) proposed more recently that social categorization and information-elaboration processes operate simultaneously (van Knippenberg, De Dreu, & Homan, 2004); ample empirical evidence shows that diversity does indeed facilitate social integration, work group performance, and innovation when group members believe in the value of diversity (e.g., Homan et al., 2008; Homan et al., 2007; Kearney & Gebert, 2009; Kearney et al., 2009; van Dick et al., 2008).

Aiming to extend our understanding of effective diversity management in organizations, in this paper we integrate both literatures within a multilevel framework and explain how being dissimilar from peers in a demographically, functionally, or otherwise diverse work group affects an employee’s effectiveness, innovation, and well-being. We focus on these individual level outcomes because we believe they are essential ingredients of effective teamwork (Hackman, 1987) and organizational effectiveness (Zammuto, 1984), and because these outcomes are usually the main focus of research in WOP (Woods & West, 2010) and HRM (Budhwar, Schuler, & Sparrow, 2009). There is furthermore empirical evidence showing that how individual employees respond to diversity varies greatly (e.g., Flynn, Chatman, & Spataro, 2001; Tsui, Egan, & O'Reilly, 1992), which cannot be accounted for by single group level models (Brodbeck, Guillame, & Lee, 2011; Joshi, Liao, & Roh, 2011). To resolve the apparent
contradiction in the WOP and the HRM literatures’ underlying logic, we explain the relationships between employee dissimilarity with effectiveness, innovation, and well-being by reference to employees’ work motivation, because we believe that the positive and negative effects of diversity on these work-related outcomes are ultimately brought about by employees’ willingness to contribute to their work group or organization (cf. Avery & McKay, 2010; Chattopadhyay, Tluchowska, & George, 2004; van Knippenberg et al., 2004; see also De Dreu, Nijstad, & Van Knippenberg, 2008).

Moreover, our model suggests that the extent to which diversity leads to more or less favorable work-related outcomes will depend on employees’ perceptions towards the importance of their employer’s efforts to integrate differences, treat all employees in a fair and equitable way, and empower them to contribute to the effectiveness of their work group – in other words their organization’s climate for inclusion (Nishii, 2012; Shore et al., 2011). Furthermore, the model clarifies how the interaction between societal factors (i.e. legislation, socio-economic situation, culture), organizational factors (i.e. diversity management policies and procedures, and top management support for diversity), and work group factors (i.e. transactional and transformational leadership) facilitate or hinder the implementation of a climate for inclusion.

Below, we provide a brief review of the relevant literatures and describe our model by offering a set of propositions to serve as a guide for future research. If supported, the model has implications for both theory and practice. We conclude by discussing some of these implications.

**An Integrative Model of Diversity Management in Organizations**

Diversity in organizations refers to differences between employees on any attribute that may evoke the perception that a co-worker is different from oneself (van Knippenberg & Schippers, 2007; Williams & O'Reilly, 1998). Whilst most research focused on demographic
attributes such as gender, age, race/ethnicity/nationality, tenure, and functional/educational background (Milliken & Martins, 1996; Williams & O'Reilly, 1998), there is an almost infinite number of attributes which might potentially engender diversity, for instance disability (cf. Olkin, 2002), sexual orientation (Ragins, Singh, & Cornwell, 2007), religion (cf. Hicks, 2002), skills, expertise and experience (e.g., Van der Vegt, Bunderson, & Oosterhof, 2006), marital status (e.g., Price, Harrison, & Gavin, 2006), and values, attitudes and personality (e.g., Harrison, Price, Gavin, & Florey, 2002; Jehn, Chadwick, & Thatcher, 1997; Liao, Chuang, & Joshi, 2008). Depending on what point of view one takes, diversity might either refer to the distribution of such differences within work groups or organizations, or the differences of a focal individual from other group members or peers (Harrison & Klein, 2007). The former is usually subject of research on work group and organizational diversity (Mannix & Neale, 2005; Shore et al., 2011; van Knippenberg & Schippers, 2007); the latter is the focus of research in diversity taking a relational approach (Riordan, 2000; Tsui & Gutek, 1999).

Here we adopt the relational perspective and focus on an employee’s dissimilarity from peers in a work group; we believe this allows us to explain how diversity affects work related outcomes at the individual level (Chattopadhyay, Tluchowska, et al., 2004; Guillaume et al., 2012; Joshi et al., 2011; Riordan, 2000; Tsui & Gutek, 1999; see also, van Knippenberg & Schippers, 2007) and how these effects interact with individual, group, organizational, and societal factors (Brodbeck et al., 2011; Joshi et al., 2011). We suggest that the work group rather than the organization should be the focus here because it is likely to be the most salient unit, the most likely focus of attachment, and the most important instance for control, and might therefore be also the best predictor of employee innovation, effectiveness, and well-being (Riketta & Van Dick, 2005; van Knippenberg & Schie, 2000). In light of recent meta-analytic findings (van Dijk
et al., 2012) and theoretical accounts (van Knippenberg et al., 2004), we expect that our model is applicable to any characteristic on the basis of which people can differ on as long as the attribute is salient and relevant in the given context.

We take a motivational perspective (J. P. Meyer, Becker, & Van Dick, 2006; J. P. Meyer, Becker, & Vandenberghe, 2004; van Knippenberg, 2000) to explain how dissimilarity affects individual work related outcomes because we believe it is in line with the relational approach, which suggests that social categorization processes undermine people’s motivation to contribute to the effectiveness of their work group (Chattopadhyay, Tluchowska, et al., 2004). It will also allow us to integrate the literature on work group diversity that builds on the social identity approach and the information/decision-making perspective (van Knippenberg et al., 2004; van Knippenberg & Schippers, 2007; Williams & O’Reilly, 1998). In line with research on how people process information in work groups (De Dreu et al., 2008), we believe that diversity affects people’s pro-social motivation to exchange and integrate information in groups (cf. social categorization processes undermine efforts to contribute to the group) and their epistemic motivation to discuss and elaborate this information (cf. different perspectives and information facilitate efforts to achieve a thorough, rich, and accurate understanding of the group task). A motivational framework seems also suited to explain why people who believe in the value of diversity sometimes do contribute to the effectiveness of their work group (e.g., Homan et al., 2007; van Dick et al., 2008; van Knippenberg, Haslam, Platow, & House, 2007), and why dissimilar people (Kanter, 1977; Mullen, 1987) or people who suffer from stereotype threat (Schmader, Johns, & Forbes, 2008; Steele & Aronson, 1995) and who are motivated to perform or contribute to a work group sometimes fail to enact their motivations.
Likewise, a motivational perspective will help us integrate the HRM literature on diversity management (Avery & McKay, 2010; Kirton & Greene, 2010) and diversity climate (Kossek & Zonia, 1993; Mor-Barak, Cherin, & Berkman, 1998; Nishii, 2012). It has been found that people are more willing to contribute to the effectiveness of diverse organizations when they believe that their employer treats all employees in an equitable and fair way (Avery & McKay, 2010; McKay, Avery, & Morris, 2008). Moreover, it seems reasonable to assume that diversity climate enfolds its effects on employee behaviors like every other aspect of organizational climate via motivational processes; it signals to employees what behaviors their employer rewards and which ones are sanctioned (Lindell & Brandt, 2000; Zohar, 2000). This then might also help to explain why employees sometimes do contribute out of more instrumental concerns (e.g., career progression, professionalism, and normative commitment to existing performance standards and norms) to the effectiveness of diverse work groups (Ellemers, Spears, & Doosje, 2002; see also, B. Meyer & Schermuly, 2011; van Knippenberg et al., 2004).

Accordingly, we propose a model that explains the link between employee dissimilarity and work-related outcomes on the basis of a work motivation logic, and identifies diversity management practices as critical boundary conditions. Figure 1 summarizes our model. Building on the relational approach, the model conceptualizes diversity as employee dissimilarity. Employee dissimilarity refers to the differences between the focal employee of a work group and his or her peers in terms of any attribute people can differ (Guillaume et al., 2012; Tsui & Gutek, 1999). Employee dissimilarity is a cross-level construct; that is, an interactive function between the individual attribute of an employee and the distribution of the attribute within the work group (Riordan, 2000; see also Joshi et al., 2011). Employee dissimilarity increases as the number of work group peers who do not share the attribute increases (Tsui et al., 1992). The model includes
three types of work-related outcomes at the individual level: innovation, effectiveness, and well-being. We define innovation as the extent to which an employee generates novel and useful ideas, and implements these ideas (Amabile, 1988; West, 1990). Effectiveness refers to desirable contributions made by an employee to his or her work role, such as high in-role and extra-role performance, low absenteeism, and low counterproductive work behaviors (Harrison, Newman, & Roth, 2006). We define well-being as the extent to which employees are satisfied with their jobs, and the extent to which being at work affects employees’ health positively (Danna & Griffin, 1999).

The model suggests that individual dissimilarity will lead to favorable work outcomes (i.e. more innovation, effectiveness and well-being) when employees’ identity concerns (i.e. their needs for belongingness, uncertainty reduction, positive self-image, and distinctiveness) are addressed, when employees accept their work group’s performance standards (i.e. the criteria used to evaluate their job performance, Bobko & Collela, 1994), and when they believe that they are capable of meeting these standards (cf. self-efficacy). Under such conditions, employees will identify with their work group and will be more likely to view the performance standards guiding their behavior in line with their self-concept, which should in turn evoke intrinsically motivated behaviors (cf. high intrinsic work motivation). Intrinsically motivated behaviors are expected to lead ultimately to more effectiveness, innovation, and they should also safeguard against stress and contribute to employee well-being as long as employees have high self-efficacy but not when self-efficacy is low; the positive effects on innovation should be even more pronounced when dissimilarity is high. In contrast, individual dissimilarity might undermine work group identification and lead to disengagement (cf. low intrinsic and extrinsic work motivation) from
work when employees’ identity concerns are not met, and when employees do not accept the performance standards of their work group. This will eventually result in low effectiveness, innovation, and well-being. Individual dissimilarity will lead to extrinsically motivated behaviors (cf. high extrinsic work motivation) when work group identification is low, as long as employees accept work group performance standards and feel obligated to accomplish their work. In turn, extrinsically motivated behaviors will ultimately lead to more effectiveness when employees have high self-efficacy but not when self-efficacy is low; extrinsically motivated behaviors, however, will not facilitate innovation or well-being.

We further propose that a work group climate for inclusion (Nishii, 2012) that facilitates the integration of differences, assures all employees are treated in a fair and equitable way, and that empowers all employees to contribute to the effectiveness of their work group will address employees’ identity concerns, ensure employees accept performance standards, and facilitate self-efficacy, and thus most likely harness individual dissimilarity for innovation and effectiveness, and promote employee well-being. Lastly, our model suggests that effective diversity management in an organization requires practitioners and policymakers to create conditions that contribute to the development of a strong work group climate for inclusion. Within the constraints of the country’s legislation, socio-economic situation, and culture in which the organization is operating, we would expect that this is best accomplished when top management establishes effective diversity management policies and procedures (cf. top management support for diversity) that are implemented and reinforced by supervisors at the work group level with a transactional and transformational leadership style.

In the following sections, we formally develop each of these propositions. We start with a discussion of how employee dissimilarity and identity concerns affect work group identification.
Next, we consider how accepting performance standards moderate the relationship between work group identification and work group motivation. Then, we examine the combined effects of work motivation, self-efficacy, and employee dissimilarity on innovation, effectiveness, and well-being. Subsequently, we discuss the role that diversity climate for inclusion plays in managing employee dissimilarity effectively. Finally, we identify those factors at the work group, organizational, and societal level that might facilitate or hinder the implementation of a climate for inclusion.

**Employee Dissimilarity and Work Group Identification: The Role of Identity Concerns**

The social categorization perspective maintains that people classify themselves and others on the basis of salient social categories; they perceive themselves and similar others as forming a valued ingroup and dissimilar others as forming a less favorable outgroup (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). Because this makes it less likely that employees identify with a diverse work group, it has been suggested that employee dissimilarity, by leading to less favorable perceptions and evaluations of dissimilar others, will engender conflict and undermine trust, willingness to cooperate and help, communication, commitment, satisfaction, and ultimately performance (Tsui & Gutek, 1999; Williams & O'Reilly, 1998). Work group identification thereby refers to the cognitive and perceptual awareness that the self constitutes a part of the work group along with the emotional significance attached to it (Ashforth & Mael, 1989). Empirical evidence is inconclusive (Guillaume et al., 2012), however, and leads researchers using the social identity approach (of which the social categorization perspective is part) to provide a more textured analysis of this relationship. This theorizing suggests that the relationship between employee dissimilarity and work group identification is contingent on whether the work group membership fulfills a work group member’s need for a positive and
distinctive identity, belongingness, and uncertainty reduction (cf. Chattopadhyay, George, & Lawrence, 2004; Chattopadhyay, Tluchowska, et al., 2004; van Knippenberg et al., 2004). In the following, we adopt this perspective and refer to these individual needs and the extent to which the membership in a work group fulfills them as a work group member’s identity concerns (Ellemers et al., 2002).

People strive for certainty in groups because it confers confidence in how they should behave as a group member and what behaviors to expect from peers (Hogg & Terry, 2000). A positive and distinct work group identity is important to people because identification with a group reflects on how they see themselves, and people prefer a positive and distinct self-image (Tajfel & Turner, 1986). Belongingness reflects people’s need to be an accepted member of a group so they can feel safe and secure (Brewer, 1991). While empirical evidence supports the idea that the fulfillment of these needs is more difficult to attain when employee dissimilarity increases and no proactive measures are taken to manage diversity effectively (Chattopadhyay, George, et al., 2004), diverse work groups also seem to provide a particularly fertile breeding ground for the development of a work group identity that accommodates people’s idiosyncratic self-views and engenders feelings of being known and understood as a unique and valuable group member (Hornsey & Hogg, 2000a; Postmes, Haslam, & Swaab, 2005; Rink & Ellemers, 2007; Swann, Polzer, Seyle, & Ko, 2004).

There are likely to be multiple factors involved in how work group membership might raise or alleviate the identity concerns of group members in diverse work groups. While challenges to distinctiveness are often prompted when the values and norms of a superordinate category (i.e. the work group) are incompatible with the values and beliefs associated with an individual’s membership in a subordinate social category (e.g., females might perceive a work
group emphasizing masculinity, assertiveness, and instrumentality as being incompatible with their own values), there is evidence showing that an inclusive superordinate identity (e.g., individual differences are valued) alleviates the negative effects of employee dissimilarity on group identification, and also promotes a stronger sense of belongingness (e.g., Hornsey & Hogg, 2000b). Likewise, empirical evidence supports the idea that people do identify with diverse work groups when they believe in the value of diversity (e.g., van Dick et al., 2008; van Knippenberg et al., 2007).

Threats towards the value of an individual’s identity are often engendered by social competition for status and prestige between individuals belonging to different subordinate social categories (e.g., ethnic minorities getting promoted because an organization wants to increase the numbers of ethnic minorities in the top management team), existing status differences between individuals belonging to different subordinate social categories (e.g., men occupying more prestigious jobs than women), denigration (e.g., less favorable appraisals of younger employees) or discrimination (e.g., less favorable career opportunities for ethnic minorities) of individuals belonging to certain social categories (Brewer & Brown, 1998; Brown & Gaertner, 2001). Not surprisingly then, assigning dissimilar group members equal status and distinct roles and rendering an inclusive superordinate identity salient has not only been found to reduce threats towards distinctiveness and facilitate a sense of belongingness, but equally promoted a positively valued identity (Dovidio, Gaertner, & Validzic, 1998). This research also seems to support the idea that uncertainty concerns are addressable by assigning dissimilar group members roles that clarify task requirements.

In sum, we suggest that employee dissimilarity will lead to less identification with a work group when work group membership is unable to fulfill people’s identity concerns (i.e. their need
for a positive and distinctive identity, uncertainty reduction, and belongingness); when it does, dissimilarity is likely to lead to more identification with a work group. Thus, we expect identity concerns to moderate the relationship between employee dissimilarity and work group identification.

**Proposition 1:** There will be a positive relationship between an employee’s dissimilarity and work group identification when the work group satisfies a work group member’s identity concerns (i.e. the needs for a positive and distinctive identity, uncertainty reduction, and belongingness); when it does not, the relationship will be negative.

**Work Group Identification and Work Motivation: The Role of Accepting Performance Standards**

Another common assumption in the diversity literature is that lower work group identification will inevitably demotivate employees, so that they contribute less to the effectiveness of their work group, and it therefore leads to less favorable work-related outcomes (Chattopadhyay, Tluchowska, et al., 2004). There is, however, empirical evidence showing that people who identify strongly with their work group do not necessarily perform better or show more citizenship behaviors than those who identify less strongly; this is the case, for instance, when there are group norms that encourage low performance (van Knippenberg, 2000). There is also empirical support for the idea that more personal motives and values (e.g., performance orientation, professionalism) and more instrumental motives (e.g., task motivation, career progression, incentives, trying to avoid redundancy) can motivate employees to contribute to the effectiveness of a work group even when their identification with a work group is low (J. P. Meyer et al., 2006; J. P. Meyer et al., 2004; see also B. Meyer & Schermuly, 2012; van Knippenberg, 2000). This is also in line with the HRM literature on diversity management,
which suggests, on the basis of social exchange theory, that employees of a diverse work group will contribute to its effectiveness even if they do not identify with it, as long as their organization manages diversity effectively, likely so because they will feel more obligated to reciprocate their organization’s goodwill (Avery & McKay, 2010; McKay et al., 2008).

To account for these findings, we build on the social identity model of work motivation (J. P. Meyer et al., 2006; J. P. Meyer et al., 2004; van Knippenberg, 2000) and suggest that the relationship between work group identification and work motivation is contingent on whether employees accept the performance standards of their work group. Work motivation is defined as “a set of energetic forces that originate both within as well as beyond an individual’s being, to initiate work-related behavior and to determine its form, direction, intensity, and duration” (Latham & Pinder, 2005, p. 486). Unlike task motivation (e.g., Meyer & Schermuly, 2011), work motivation spans a wider criterion space including all task-related behaviors, but also other work-related behaviors, such as being present at work, not quitting the organization, or helping others. Performance standards refer to those expectations of a work group that employees must meet in order to be appraised at a particular level of performance, while the acceptance of work group performance standards refers to the degree of commitment towards these standards (Bobko & Collela, 1994).

In accordance with the social identity model of work motivation (J. P. Meyer et al., 2006; J. P. Meyer et al., 2004; van Knippenberg, 2000) we expect that the level of work group identification will determine the form by which people regulate their work-related behaviors (cf. person influence on work motivation); the acceptance of performance standards will determine the direction, intensity, and duration of an employee’s work motivation (cf. situational influence on work motivation). Consistent with self-determination theory (Gagné & Deci, 2005) we
suggest that the form of the underlying regulatory processes of work motivation varies along a self-determination continuum from more intrinsically to more extrinsically motivated behaviors. More intrinsically motivated employees accomplish work tasks wholly volitionally, while more extrinsically motivated employees accomplish tasks with a sense of obligation and pressure.

In line with work that combines the social identity model of work motivation with self-determination theory (J. P. Meyer et al., 2006; J. P. Meyer et al., 2004), we expect that there is a positive relationship between work group identification with more intrinsic forms of work motivation, and a negative relationship between work group identification with more extrinsic forms of work motivation. The reason for this is that employees who identify strongly with their work group are more likely to perceive the performance standards of their work group as their own, while employees who identify only weakly will feel rather obliged than intrinsically motivated to meet their work group’s performance standards. Because commitment to or acceptance of performance standards determine the direction, intensity, and duration of work motivation, more (less) work group identification should lead to more intrinsic (extrinsic) work group motivation when the acceptance of performance standards is high rather than low.

**Proposition 2a:** There will be a stronger positive relationship between work group identification and intrinsic work motivation when performance standards are strongly rather than weakly accepted.

**Proposition 2b:** There will be a stronger negative relationship between work group identification and extrinsic work motivation when performance standards are strongly rather than weakly accepted.

Work Motivation, Innovation, Effectiveness, and Well-Being: The Role of Self-Efficacy Beliefs and Employee Dissimilarity
Previous research suggests that when diversity is mismanaged, it is likely to undermine work group identification and ultimately a variety of other work-related outcomes, such as innovation, effectiveness, and well-being (Chattopadhyay, Tluchowska, et al., 2004). When properly managed, performance gains on complex tasks are usually anticipated (van Knippenberg et al., 2004). While this research attributed the negative effects of diversity to social categorization processes, and its positive effects to information-elaboration processes, closer inspection of the underlying arguments suggests us that the ultimate process in both cases might be actually work motivation. For instance, Chattopadhyay, Tluchowska and George (2004) attribute the negative effects of diversity on work-related outcomes to employees’ willingness to contribute to the effectiveness of their organization or work group. In a similar vein, van Knippenberg and colleagues (2004) propose in the CEM that it is not so much the amount of skills, knowledge, and abilities associated with more diversity that facilitates performance, but rather employees’ elaboration of the available information and perspectives. Because such behavior seems to strongly depend on employee’s social and epistemic motivation which are both likely be affected by diversity (De Dreu et al., 2008), it seems reasonable to assume that the effects of diversity on information-elaboration, and ultimately on performance, are brought about by work group motivation, more specifically, by more intrinsic work motivation.

This is in line with our earlier arguments that the key process linking diversity with work-related outcomes is work motivation. Moreover, our distinction between intrinsic and extrinsic work motivation helps explain why performance gains in diverse groups are most likely to occur on complex tasks, such as those that require employee innovation. Research shows that intrinsic work motivation has a stronger positive effect than extrinsic motivation on innovation because, unlike extrinsic motivation, intrinsic motivation leads to more effort and persistence, increases
flexibility, and also facilitates self-regulation (Amabile, 1988; J. P. Meyer et al., 2004). Thus, according to our model diversity might lead to performance gains on complex tasks because it engenders (when people identify with a diverse work group) more intrinsic forms of work motivation, which in turn might lead to more innovation (i.e. better performance on complex tasks).

Furthermore, relying on a work motivation logic might also help explain why performance gains in diverse groups are sometimes found on simple tasks, and why people who identify less strongly with a diverse work group might not perform worse than those that identify more strongly (cf. Chattopadhyay, Tluchowska, et al., 2004; see also van Knippenberg et al., 2004). In line with research that shows that on simple tasks both intrinsic and extrinsic work motivation are likely to facilitate employee effectiveness (for a review see Gagné & Deci, 2005), our model accounts for these findings by suggesting that as long as people accept the performance standards of their work group it does not matter how strongly they identify with their work group because higher and lower work group identification will result in more (intrinsic or extrinsic) work motivation. Finally, we believe that such work motivation logic also helps explain how diversity affects employee well-being. Research shows that intrinsic motivation has a stronger positive effect on well-being than extrinsic motivation suggesting that diversity might, if people identify with a diverse work group and accept the performance standards of their work group, have a positive effect on employee well-being (for a review see Gagné & Deci, 2005). The reason is that intrinsic motivation safeguards against stress and facilitates job satisfaction. In our model, we therefore suggest that intrinsic motivation may have a stronger positive effect on innovation and well-being, but that both forms of work motivation may have a positive effect on employee effectiveness.
Our arguments so far suggest that there is a direct link between extrinsic (intrinsic) work motivation and effectiveness (as well as innovation, and well-being). Yet, most work motivation theories would suggest that the link between either form of work motivation, innovation, effectiveness and well-being is actually contingent on employees’ self-efficacy beliefs (Bandura, 1977; Carver & Scheier, 1982; Locke & Latham, 1990; Vroom, 1964). Self-efficacy here refers to the judgment of how well one is capable of performing one’s job (Gist & Mitchell, 1992). The reason why self-efficacy is likely to moderate the link between work motivation and work-related outcomes is that people tend to avoid activities that they believe exceed their coping capabilities, but they undertake those that they judge themselves capable of managing (Bandura, 1977). This is in line with empirical evidence showing that people with high self-efficacy beliefs engage more frequently in task-related activities and persist longer in the face of obstacles, while ineffectuous people in the aforementioned situations were more likely to exert little or no effort (Latham & Pinder, 2005); highly efficacious people also report more job satisfaction than ineffectuous people while accomplishing tasks (Stajkovic & Luthans, 1998). Thus, people who are highly motivated to initiate a work-related behavior will only engage in, and enjoy doing it when they hold high self-efficacy beliefs; when their self-efficacy beliefs are low, they are less likely to engage in these behaviors.

This seems to be particularly relevant in diverse work groups and organizations, which render interactions between dissimilar employees more difficult (Guillaume et al., 2012), and in which employees often suffer from denigration and stereotype threat (e.g., Chatman, Boisnier, Spataro, Anderson, & Berdahl, 2008; L. Roberson, Deitch, Brief, & Block, 2003). This is supported by empirical evidence showing that highly skilled work group members deal more effectively with their numerical minority status than work group members that are less skilled
(Chatman et al., 2008). Because dissimilarity has sometimes been associated with more creativity (Chatman, Polzer, Barsade, & Neale, 1998; Choi, 2007) and learning (Brodbeck et al., 2011) we would expect that group members that hold high self-efficacy beliefs should not only be able to overcome the interpersonal adversities often associated with higher levels of dissimilarity, but in fact benefit from their dissimilarity, leading in turn also to more innovation. Such arguments are in line with a more recent empirical study that found that people who hold high self-efficacy beliefs are more likely than those with low self-efficacy beliefs to benefit in their creativity from work group diversity (Richter, Hirst, van Knippenberg, & Baer, 2012).

Accordingly, we expect that the effects of intrinsic and extrinsic work motivation on employee innovation, effectiveness, and well-being are contingent on group member’s self-efficacy beliefs and their dissimilarity. Because people with high self-efficacy beliefs are likely to cope more effectively with interpersonal adversaries that are often associated with more dissimilarity, we would expect that work motivation should be positively related to effectiveness when employees hold high self-efficacy beliefs no matter how dissimilar they are. When self-efficacy is low, work motivation should be related less positively to effectiveness in particular when employee dissimilarity is high rather than low because employees with low self-efficacy should cope less effectively with the interpersonal adversities that often go hand in hand with more dissimilarity. For the same reasons we would also expect that work motivation should be positively related to innovation and well-being when self-efficacy is high and less positively when self-efficacy is low. However, because intrinsically motivated employees tend to be more effective in implementing new ideas to which highly dissimilar employees should be more exposed to than less dissimilar employees, we would expect that intrinsic work motivation is more positively related to innovation than extrinsic motivation in particular when dissimilarity is
high rather than low and as long as self-efficacy is high rather than low. Moreover, we suggest that employees who are intrinsically motivated should also report higher levels of well-being than extrinsically motivated employees no matter how dissimilar they are and as long as they have high rather than low self-efficacy because intrinsically motivated employees should take more pleasure in their work and are also more resistant to stress. Thus, the effects of work motivation on work outcomes are likely to be moderated by self-efficacy beliefs and employee dissimilarity.

**Proposition 3a:** When self-efficacy is high, intrinsic and extrinsic work motivation will have a positive effect on effectiveness. When self-efficacy is low, intrinsic and extrinsic motivation will have a less positive effect on effectiveness; this effect will be further weakened when employee dissimilarity is high rather than low.

**Proposition 3b:** When self-efficacy is high, intrinsic work motivation will have a stronger positive effect on innovation than extrinsic work motivation; the effect will be further strengthened when employee dissimilarity is high rather than low. When self-efficacy is low, intrinsic and extrinsic work motivation will have a less positive effect on innovation; this effect will be further weakened when employee dissimilarity is high rather than low.

**Proposition 3c:** When self-efficacy is high, intrinsic work motivation will have a stronger positive effect on well-being than extrinsic work motivation. When self-efficacy is low, extrinsic and intrinsic work motivation will be less positively related to well-being; these effects will be further weakened when employee dissimilarity is high rather than low.
Effective Diversity Management in Organizations: The Role of a Work Group Climate for Inclusion

Next we consider, in light of the insight we have gained in the previous sections on how and when dissimilarity affects effectiveness, innovation, and well-being, what organizations can do to manage diversity effectively. Previous reasoning suggests that the key in effectively managing diversity in organizations lies in creating a diversity climate that emphasizes diversity as a valuable resource for the organization (for a review, see Avery & McKay, 2010). Diversity climate thereby commonly refers to both general perceptions of an employer’s efforts to promote diversity, and a specific component regarding the attitudes toward the probable beneficiaries of such efforts in one’s unit (Kossek & Zonia, 1993; Mor-Barak et al., 1998). In a similar vein, diversity beliefs (van Knippenberg et al., 2007), diversity perspectives (Ely & Thomas, 2001), or attitudes towards diversity (Nakui, Paulus, & Van Der Zee, 2011) have been proposed to be an effective means to harness work group diversity for effectiveness, innovation, and well-being (van Knippenberg & Schippers, 2007). These beliefs about, perspectives on, or attitudes towards diversity refer to an individual’s generalized evaluations about the value of diversity to work group functioning, and are often thought to be instilled, besides other factors such as stereotypes and prior experience (van Knippenberg et al., 2007), by a positive diversity climate (Avery & McKay, 2010; Groggins & Ryan, 2013). Empirical evidence by and large supports the idea that diversity climate has a positive effect on work outcomes; diversity climate decreased absenteeism (Avery, McKay, Wilson, & Tonidandel, 2007) and lead to higher performance (McKay et al., 2008; Singh, Winkel, & Selvarajan, 2013). Likewise, diversity beliefs have been found to increase identification with a work group (van Dick et al., 2008; van Knippenberg et al., 2007), and lead to more favorable impressions of dissimilar others (Flynn, 2005; Homan, Greer,
Jehn, & Koning, 2010), improved performance (Homan et al., 2008; Homan et al., 2007), and work group functioning (Ely & Thomas, 2001).

Whilst we agree that diversity beliefs and diversity climate might play an important role in managing diversity effectively in organizations or work groups, we are concerned that such diversity beliefs or diversity climate are by themselves not a sufficient means to harness diversity for innovation, effectiveness, and well-being. Several authors have noted that the effective management of diversity requires the creation of an inclusive work environment, that is a climate for inclusion, which integrates rather than merely values diverse individuals in work groups (Bilimoria, Joy, & Liang, 2008; Ely & Thomas, 2001; Groggins & Ryan, 2013; Nishii, 2012; Q. M. Roberson, 2006; Shore et al., 2011). Inclusion is commonly defined as the degree to which an employee perceives that he or she is an esteemed member of the work group, experiences fair and equitable treatment, and feels encouraged to contribute to the effectiveness of the work group (Nishii, 2012; Shore et al., 2011). Thus, even though similar to the conceptualization of diversity beliefs and diversity climate, the concept of climate for inclusion is broader in scope; in such a climate dissimilar employees feel not only valued, but also respected and empowered. Recent empirical work supports the idea that a climate for inclusion that facilitates the interpersonal integration of diverse employees at work, that assures all people are treated in a fair and equitable way, and actively seeks and integrates dissimilar employees’ input even if this upsets the status quo, helps increase employee satisfaction and staff retention by facilitating the constructive resolution of conflict (Nishii, 2012). Other research shows that dissimilar work group members who feel that their input is sought after are more creative (Gilson, Lim, Luciano, & Choi, 2013).
Building on these findings and on our earlier analyses of how employees respond towards diversity, we believe that it is a climate for inclusion that holds the key to manage diversity effectively (Nishii, 2012; see also, Groggins & Ryan, 2013). In line with the literature on organizational climate (Reichers & Schneider, 1990; Rentsch, 1990), we conceptualize this climate at the work group level and suggest it reflects work group members’ shared perceptions of their organization’s diversity management policies and procedures, that is the extent to which these policies and procedures facilitate the integration of differences, lead to equitable employment practices, and promote the inclusion of all employees in decision making (Nishii, 2012). We believe that such a work group climate for inclusion is most likely to emerge at the work group level because it is most likely the work group level where leadership implements and executes an organization’s diversity management policies and procedures, and where these policies and procedures are therefore most likely to materialize as practices (Zohar, 2000). Based on research about the effects and underlying mechanisms of work group climate in organizations (Lindell & Brandt, 2000), we suggest that it is these practices that evoke a sense making process among employees from which they infer ‘how diversity is managed around here’ and that informs group members explicitly or implicitly about how dissimilar employees are, and should be treated in their work group.

We expect that a climate for inclusion will facilitate employee innovation, effectiveness, and well-being when it signals to employees that differences in the work group are integrated, all group members are treated in a fair and equitable way, and everybody is empowered to contribute to the effectiveness of the work group (Nishii, 2012; see also, Groggins & Ryan, 2013). The reason for that is that dissimilar employees who perceive that in their work group differences are integrated should be more likely to identify with their work group. Research
shows that people who feel valued and accepted for who they are (cf. need for belongingness, distinctiveness, positive identity) and work in groups in which conflicts emerging from different ways of behaving, feeling, and thinking are constructively resolved (cf. need for uncertainty reduction) are more likely to identify with their groups because their identity concerns (i.e. need for belongingness, distinctiveness, positive identity, and uncertainty reduction) are alleviated (Dovidio et al., 1998; Hornsey & Hogg, 2000a, 2000b). Likewise, we expect that people are more likely to accept the performance standards of their work group when they perceive that people in their work group are treated in an equitable and fair manner (for a meta-analysis see, Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Furthermore, we suggest that people who feel empowered and that their input is sought after are more likely to develop more favorable self-efficacy beliefs (Conger & Kanungo, 1988). Accordingly, we suggest:

*Proposition 4: Employee dissimilarity will be positively related to employee innovation, effectiveness and well-being in work groups that have a climate for inclusion.*

*Proposition 4a: Integration of differences will alleviate employee’s identity concerns.*

*Proposition 4b: Equitable employment practices will facilitate the acceptance of performance standards.*

*Proposition 4c: Inclusion in decision-making will facilitate employees’ self-efficacy.*

**Work Group Level, Organizational Level and Societal Level Antecedents of a Work Group Climate for Inclusion**

In the following we turn to the factors at the group, organizational, and societal level that might facilitate or hinder the implementation of a work group climate for inclusion. The literature on organizational climate distinguishes between the content of an organizational
climate that signals to employees what practices are to be expected and likely to be reinforced in an organization, and the strength of a work group climate reflecting the degree to which such practices are actually reinforced and enacted upon within the organization (Lindell & Brandt, 2000). The factors that are therefore most likely to influence climate for inclusion are the organization’s diversity management policies, procedures, and practices (Reichers & Schneider, 1990; Rentsch, 1990). Accordingly, top management leadership which makes these policies and establishes procedures that facilitate policy implementation might be important as well. Furthermore, middle management leadership, such as supervisors and team leaders, who implement these procedures by translating them into executable practices, and reinforce their execution and implementation on a daily basis, are also relevant here (Zohar, 2000, 2002a). Based on empirical findings showing that society accounts for 49% of the variance in organizational practices, procedures, and policies (Brodbeck, Hanges, Dickson, Dorfman, & Gupta, 2004), we would also expect that societal level factors such as a country’s culture, socio-economic variables, as well as a country’s legal and political system, play an important role in shaping organizational policies and procedures about how diversity is managed.

While we believe it to be an empirical question as to which diversity management policies and procedures facilitate the emergence of a climate for inclusion, the work by Konrad and Linnehan (Konrad & Gutek, 1987; Konrad & Linnehan, 1995) identified several areas that seem to be important here. These authors found variation in the extent to which diversity management procedures and practices were reflected in an organization’s staffing (e.g., equal employment concerns influence the hiring decision), training (e.g., coaching and mentoring of underrepresented demographic groups), mobility (e.g., quota influence promotion decisions), job security (e.g., additional approvals for terminating employees in protected classes), appraisal and
rewards (e.g., equal pay), job design (e.g., work place accessibility), and participation (e.g., minority employee’s interest group) procedures. Accordingly, we would expect that the extent to which an organization has policies and procedures in these areas in place that convey that the organization promotes integration, considers equitable employment to be important, and values everybody’s input, will influence the extent to which a favorable climate for inclusion emerges.

Because it is most likely middle management leadership that implements and executes an organization’s diversity management policies and procedures, and reinforces the enactment of related diversity management practices (Reichers & Schneider, 1990; Rentsch, 1990), we would expect that the effects of an organization’s diversity management policies, procedures, and practices on the formation of a favorable work group climate for inclusion will be contingent on middle management leadership. The level (i.e. content) and strength of such a climate is likely be influenced by the extent to which middle managers re-enforce an organization’s (diversity) management policies, procedures, and practices using a combination of a transactional leadership style and a transformational leadership style (e.g., Schneider, White, & Paul, 1998; Zohar, 1980, 2000, 2002a, 2002b; Zohar & Luria, 2004). The reason for this is that a transactional leadership style clarifies what and how things are done, monitors whether these things are done, sanctions people who do not do them correctly, and rewards those that do things the way they ought to be done. A transformational leader, on the other hand, is likely to augment further these effects by rendering organizational policies and procedures meaningful (cf. inspirational motivation), by role modeling organizational practices (cf. idealized influence), challenging and encouraging subordinates to enact upon these practices (cf. intellectual stimulation), and by acting as a mentor and coach to the subordinates and listening to their needs and concerns (cf. individual consideration). While prior research on diversity management has, by and large, neglected the
role of transactional leadership, despite empirical evidence for the idea that the most effective leaders are both transactional and transformational (Judge & Piccolo, 2004), empirical findings support the role of transformational leadership in harnessing the positive effects of diversity (e.g., Greer, Homan, De Hoogh, & Den Hartog, 2012; Kearney & Gebert, 2009). We would therefore expect that the extent to which diversity management practices translate into a favorable work group climate for inclusion will be contingent on middle management leadership style (i.e. one that is both transactional and transformational).

**Proposition 5:** Organizational diversity management policies and procedures that are reinforced using a transformational and transactional leadership style and that signal to work group members that differences between employees are integrated, employment practices are equitable, and everyone is empowered to contribute to the decision making process, will lead to a strong work climate for inclusion.

Antidiscrimination and equal opportunity acts have become an integral part of the legal systems of the European Union, the US, and many other countries across the world; these acts are meant to re-enforce, to a greater or lesser extent, besides other things, the equal treatment of people in regards to access to employment, vocational training, promotion, and working conditions, regardless of the person’s demographic or socio-economic background, religion, sexual orientation, or disability (Klarsfeld, Combs, Susaeta, & Belizón, 2012). One might therefore speculate that organizations operating in countries that have well developed antidiscrimination and equal opportunity legislation will have more sophisticated diversity management policies, procedures, and practices. Because countries also vary widely in regards to socio-economic factors, such as the demographic composition of the available workforce, employment rates, and economic situation (Dollar, Kraay, & Bank, 2001), we would expect on
the basis of social psychological research showing that people become more ethnocentric and discriminatory when social groups compete for scarce resources (Riek, Mania, & Gaertner, 2006), that a less favorable socioeconomic situation will make it less likely that organizations implement diversity management policies, procedures, and practices. There is some indirect empirical evidence for these ideas (Shaffer, Joplin, Bell, Lau, & Oguz, 2000); for instance, women report lower levels of harassment at work and more attachment to their organization in countries that have more progressive anti-discrimination and equal opportunity legislation and with a more favorable socio-economic situation. Likewise, research found wide variations in regards to societal culture (House, Hanges, Javidan, Dorfman, & Gupta, 2004) which has been linked to organizational policies, procedures, and practices (Brodbeck et al., 2004). We may therefore expect that organizations that operate in countries with a high performance orientation, high uncertainty avoidance, a high human orientation, and high gender egalitarianism might be more likely to adopt more sophisticated diversity management policies, procedures, and practices because in such countries people are more likely to value everything that enhances performance, have a high need for regulations, care about others, and treat everyone equally and fairly.

While we believe that societal factors, such as culture, legislation, and socio-economic differences are likely to play an important role in influencing an organization’s diversity management policies, procedures, and practices, we suggest that the shape these policies, procedures, and practices take will be contingent on an organization’s top management team’s diversity beliefs (van Knippenberg et al., 2007). This is supported by upper echelon theory, and its later expansion the strategic leadership theory, both suggesting, that the specific knowledge, experience, values, and preferences of top managers influence their assessment of the environment and thus the strategic choices they make (Finkelstein, Hambrick, & Cannella, 1996;
Hambrick & Mason, 1984). Qualitative research and anecdotal evidence from research on diversity management supports this view; in this research top management support was identified as the key determinant of which diversity initiatives were implemented, and whether their implementation was successful (Wentling, 2004; Wentling & Palma-Rivas, 1998). Thus, we suggest that the extent to which societal factors will impact on organizational diversity management policies and procedures will be contingent on top management’s diversity beliefs.

Proposition 6: Societal culture, socio-economic factors, as well as a country’s legal and political systems, will affect an organization’s diversity management policies and procedures contingent on the diversity beliefs of top management leadership.

An Agenda for Future Research

As reviewed, previous research in WOP explained the negative effects of diversity on work-related outcomes by reference to the social categorization perspective, and the positive effects by reference to the information/decision-making perspective (Williams & O'Reilly, 1998). The literature on HRM examined, on the basis of either a social exchange (Avery & McKay, 2010) or social justice logic (Kirton & Greene, 2010), how diversity in organizations can be managed most effectively. In doing so, previous research was able to explain the ambiguous effects of diversity on work group performance (e.g., Homan et al., 2008; Homan et al., 2007; Kearney & Gebert, 2009; Kearney et al., 2009; van Dick et al., 2008) and show that a climate for diversity facilitates organizational and individual effectiveness (e.g., McKay et al., 2008; McKay, Avery, & Morris, 2009), but has failed to explain how and when employee dissimilarity affects individual innovation, effectiveness, and well-being (Guillaume et al., 2013). Moreover, previous research paid little attention to how societal, organizational, and work group factors strengthen or weaken diversity’s effects on employees’ individual work-related
outcomes (Joshi, Liao, & Jackson, 2006; Joshi et al., 2011), providing little evidence based
guidance for practitioners and policymakers on how diversity in organizations can be managed
most effectively (Avery & McKay, 2010; Guillaume et al., 2013). To address this lack of
integration, we assimilated the WOP and HRM literatures and developed a new model that
explains the effects of diversity on individual innovation, effectiveness, and well-being by
reference to employees’ work motivation, work group factors (i.e. climate for inclusion,
transactional and transformational leadership), organizational factors (i.e. diversity management
policies and procedures, and top management support for diversity), and societal factors (i.e.
legislation, socio-economic situation, and culture). Below, we discuss the theoretical and
practical implications, and the limitations of our model, as well as consider how each of its
propositions might open avenues for future research.

**Theoretical Implications**

**Proposition 1.** The first proposition suggested that identity concerns moderate the
relationship between employee dissimilarity and work group identification. Existing measures in
the tradition of the relational demography approach, which are frequently used to capture
employee dissimilarity, have been criticized on multiple grounds, such as their inability to
compensate for missing data or account for unequal group and subgroup sizes, and their leading
to ambiguity regarding their conceptual interpretation (Allen, Stanley, Williams, & Ross, 2007;
Riordan & Wayne, 2008; Tonidandel, Avery, Bucholtz, & McKay, 2008). Adding to this debate,
these existing measures cannot capture differences on categorical variables or variables with an
ordinal scale, nor are they able to capture different types of dissimilarity other than separation
(e.g., categorical differences), such as for instance variety (e.g., differences in knowledge and
information) and disparity (e.g., status differences) (cf. Dawson, 2011; Harrison & Klein, 2007).
Likewise, existing measures are unable to capture the simultaneous differences on multiple individual attributes (cf. Lau & Murnighan, 1998). The development of such refined dissimilarity measures might therefore help deepen our understanding of how and when dissimilar employees identify with diverse work groups, and also help clarify how and when employee’s dissimilarity will benefit their innovation, effectiveness, and well-being.

Furthermore, while we have speculated what diversity management practices and likewise what aspect of a work group climate for inclusion might alleviate an employee’s identity concerns, empirical research is also needed to corroborate these ideas. It seems therefore interesting to develop a taxonomy that captures those diversity management practices that raise or alleviate employees’ identity concerns. Moreover, it could be interesting to explore whether the identity concerns we know from the literature (i.e. concerns for distinctiveness, positive identity, belongingness, and uncertainty reduction) are the only ones that are raised when diversity is rendered salient, or whether there are other concerns which we do not yet know of, but which are of great importance to employees in diverse work groups.

**Proposition 2.** The second proposition suggested that the acceptance of performance standards moderates the relationship between work group identification and work motivation. Previous research in WOP builds on the social categorization perspective to explain the negative effects of diversity on work-related outcomes, and on the information/decision-making perspective to explain positive effects (van Knippenberg & Schippers, 2007). The literature on HRM usually builds its models on how diversity affects work-related outcomes on either a social exchange logic (Avery & McKay, 2010) or social justice arguments (Kirton & Greene, 2010). In contrast, the current model draws on a work motivation perspective (J. P. Meyer et al., 2006; J. P. Meyer et al., 2004; van Knippenberg, 2000). This is in line with the social categorization
perspective in that the model suggests that diversity might undermine work group identification when employees’ identity concerns are not met. Unlike the social categorization perspective, however, our model can also account, like the literature on HRM, for the finding that people sometimes contribute to diverse work groups for more instrumental reasons (Kirton & Greene, 2010; McKay et al., 2008); that is, even when they do not identify with their work group. Our model is also in line with the information/decision-making perspective in that it suggests that diversity might lead to more innovation when employees’ identity concerns are met, when they accept the performance standards of their work group, and when they are highly dissimilar.

While earlier research building on the information/decision-making perspective attributed more innovation in diverse groups to the availability of a broader pool of knowledge, skills, and abilities (Williams & O'Reilly, 1998), more recent research shows that it is not so much this availability, but rather employees’ elaboration of available knowledge and information that leads to more innovation (Homan et al., 2007; Sommers, 2006). Our model is in line with this theorizing in that it attributes the positive effects of diversity on information-elaboration, and ultimately innovation, to motivational processes and the availability of a broader pool of information, knowledge, and perspectives (cf. De Dreu et al., 2008). While research is accumulating which shows that diversity can, under certain conditions, also affect employee well-being (e.g., Liebermann, Wegge, Jungmann, & Schmidt, 2013; Wegge, Roth, Neubach, Schmidt, & Kanfer, 2008), the underlying processes remain unclear. Our model is able to explain these findings; diverse work groups with an inclusive climate will promote employee well-being because they facilitate work group identification and intrinsic work motivation. In light of the model’s potential for achieving greater predictive validity and theoretical integration, we believe it may be worthwhile for future research that looks at the effects of diversity on work-related
outcomes to build on our model’s work motivation logic; in particular when the main objective is to explain the effects of employee dissimilarity on individual work related outcomes.

**Proposition 3.** The third proposition suggested that self-efficacy and employee dissimilarity moderate the relationship between work motivation with innovation, effectiveness, and well-being. Despite calls for more research, we know surprisingly little about how people cope with diversity (Tsui & Gutek, 1999). Most diversity research attributes diversity’s negative effects to employees’ unwillingness to contribute to a diverse work group. However, there are strong reasons to believe that diversity might reduce employees’ ability to contribute to their work group because it renders interactions with peers more difficult (Jehn, Northcraft, & Neale, 1999), and employees might be more likely to suffer from stereotype threat (L. Roberson et al., 2003). Unlike previous theoretical perspectives (e.g., Chattopadhyay, Tluchowska, et al., 2004; van Knippenberg et al., 2004), our model therefore considers employees’ self-efficacy beliefs as an important contingency factor in explaining diversity’s effects on work-related outcomes because people with high-self efficacy beliefs should engage more frequently in task-related activities and persist longer in the face of obstacles, while inefficacious people in the aforementioned situations should be more likely to exert little or no effort (Latham & Pinder, 2005). Given that the predictive validity of self-efficacy is a function of its specificity (Pajares, 1997) and there are no diversity specific measures of self-efficacy available, future research might want to develop such a measure, and model it as a moderator of the relationship between diversity and work-related outcomes.

**Proposition 4.** The fourth proposition suggested that employee dissimilarity will be positively related to employee innovation, effectiveness and well-being in work groups that have a climate for inclusion. Research on diversity climates so far has mainly focused on how much
organizations value diversity (Avery & McKay, 2010). While we believe this is an important aspect of diversity climates that facilitate innovation, effectiveness, and well-being, this research does not take into account that the effective management of diversity may actually require organizations to address the identity concerns of all its employees (i.e. not only those belonging to underrepresented social categories), assure the acceptance of high performance standards, and assure people are able to meet these standards. Based on our model we would expect that the predictive validity of existing models might be further increased by conceptualizing diversity climates not only in terms of how much an organization or a work group values diversity, but also in terms of its efforts to address employees’ identity concerns, and the extent to which it assures the acceptance of high performance standards and enables employees to meet these expectations. While we have speculated that a work climate for inclusion is likely to fulfill all these functions (Nishii, 2012; see also, Groggins & Ryan, 2013), it will be ultimately up to empirical research to test these ideas.

Proposition 5 and 6. Proposition five suggested that the emergence of a climate for inclusion is contingent on diversity management policies and procedures as well as team leadership; proposition six suggested that the implementation of diversity management policies and procedures is contingent on top management’s diversity beliefs and a country’s legislation, socio-economic situation, and culture. So far we know very little about which specific organizational or work group factors evoke favorable climates for inclusion in organizations or work groups. We believe that the diversity management policies and procedures initiated by top management and implemented as practices at the work group level by supervisors or team leaders play an important role here. Even though we have speculated which actual diversity management policies and procedures this could be, empirical research will have to corroborate
these ideas, and maybe in a more inductive way, explore whether there are other policies and procedures which we have not considered yet. In turn, this could lead to the development of a scale that captures diversity management policies, procedures, and practices.

Recently the concepts of transactional and transformational leadership have been heavily criticized and it has been suggested to develop more clearly defined and empirically distinct concepts of leadership (van Knippenberg & Sitkin, 2013). Future research might therefore also want to explore what is the most effective leadership style to manage diverse work groups and to implement a climate for inclusion. This then would also allow for a more specific test of our idea that leadership style and practices at the group level play a crucial role in translating an organization’s policies and procedures into effective diversity management practices, that is, a climate for inclusion.

Likewise, it remains unclear which specific societal factors influence an organization’s diversity management policies, procedures, and practices. Using data or measurement instruments from the Globe project (House et al., 2004) might aid in the examination of how societal culture influences an organization’s diversity management policies, procedures, and practices. In a similar vein, data from existing data bases such as the World Bank or OECD could be used to examine the effects of socio-economic indicators on such policies, procedures, and practices. To capture top management attitudes or support towards diversity, existing measures on diversity beliefs or attitudes could be adapted (Nakui et al., 2011; van Knippenberg et al., 2007), and then used to test whether they indeed interact with societal factors as we propose in shaping an organization’s diversity management policies and procedures.

**Methodological Considerations.** The test of our model is likely to require multiple studies using different methodologies and methods. Given that there are no measures available to
assess some of the constructs in our model (e.g., identity concerns and self-efficacy beliefs), a mixed method approach which combines qualitative (e.g., critical incidents, interviews, focus groups) and survey methods might be most appropriate to develop these measures (Edmondson & McManus, 2007). Field studies using survey methods could then be used to test separately all of our propositions. While field studies are high on external validity, they often suffer from low internal validity (Cook & Campbell, 1979). Field experiments tend to be high on internal and external validity, but because of ethical and practical considerations might be less suited to examine how employees react towards diversity at work (e.g., by manipulating the composition of work groups). They might, however, be very well suited to test the effectiveness of diversity management practices and interventions. Laboratory experiments, in contrast, tend to be high on internal validity, but low on external validity. As the underlying psychological processes of how people react towards diversity are likely to be qualitatively the same in field or laboratory settings (cf. van Dijk et al., 2012), laboratory experiments might be particularly suited to test how people react towards diversity.

On a different front, we also know little about the extent to which the effects of diversity are stable over time (for an exemption see e.g., Chatman & Flynn, 2001; Harrison et al., 2002). To address this, future research could not only make more frequent use of longitudinal designs (cf. Collins, 2006) but might also want to employ diary methods (cf. Bolger, Davis, & Rafaeli, 2003) to examine how work-related events might affect employees’ identity concerns and alter their reactions towards diversity. Such methods could also be used to assess whether our model is indeed stable over time as implied, and whether its causal order runs in the proposed direction. On a more general note it might also be time to conduct a meta-meta-analysis to reconcile the
contradictory findings reported by primary meta-analyses and to compare whether diversity evokes different effects at different levels of analyses (Hunter & Schmidt, 2004).

While WOP, and to some extent also HRM, are heavily entrenched within a positivist or realist paradigm, more frequently than ever before such processes are explored within an interpretivist paradigm. Thus, it also might be fruitful to apply more ethnographic methodology, such as suggested by Kirton and Greene (2010) and Brannan and Priola (2012). In particular when discussing practical implications and informing policy makers about research findings, critically reflecting on the ethical, legal and political implications of one’s research findings might help further increase WOP’s and HRM’s credibility among practitioners and policy-makers, but might also help generate new research questions. For instance, most research in WOP and HRM currently attempts to show that diversity adds value to organizations and mostly overlooks that moral, social, political, and legal considerations and imperatives often oppose the whole idea underlying the value-in-diversity argument. Yet, few authors discuss the practical implications of their research findings in the light of these debates. Accordingly, very little empirical work is available that contrasts diversity management practices that value diversity with alternative diversity management practices and policies (e.g. in relation to gender studies see Brannan & Priola, 2012; Priola & Brannan, 2009)

Limitations

Even though we had good reasons to develop a cross-level model and focus entirely on individual level outcomes, it might be interesting to see to what extent the model can be generalized to group level or even organizational level outcomes. As we have discussed earlier, our work motivation logic seems reconcilable with a social exchange logic often used in the literature on HRM to explain the effects of diversity on organizational level outcomes (cf. Avery
& McKay, 2010). Equally we have outlined how a work motivation logic might be in line with reasoning put forward in the work group diversity literature (cf. De Dreu et al., 2008).

One might also question our relative silence about interdependencies between employees, which these two literatures bodies often see as the root cause of diversity’s negative effects (cf. Williams & O’Reilly, 1998). While not apparent at first glance, we believe that our model too accounts for employees being mutually dependent on each other (i.e. in order for employee A to complete his work, he needs the input of employee B and vice-versa); it explains how individual employees react towards such interdependencies in diverse work groups. Lack of co-worker support or outright derogation, for instance, is likely to raise an employee’s identity concerns, and it might decrease the person’s self-efficacy to accomplish work tasks. In turn, this might lower the employee’s work motivation, but is also likely to have an effect on others’ work, in particular when others depend on the employee’s work input. Moreover, the proposed interactive effects of employee dissimilarity and work motivation on work outcomes builds on an interdependency logic; we have argued that people who are dissimilar are more likely to suffer from interpersonal adversities, but they might also benefit in their innovation from it because their perspectives and the information and knowledge they have at their disposal are likely to be different from that of their peers.

Our model also remains rather silent about temporal dynamics and causal ordering. There is indeed evidence showing that which diversity attributes become salient might change over time, and accordingly that the effects of diversity might become weaker or stronger over time (e.g., Harrison et al., 2002). Likewise, the literature on work motivation (cf. J. P. Meyer et al., 2004) suggests a feedback loop from work outcomes to work motivation, which, one might speculate, affect variables even earlier in our model’s proposed causal chain, such as work group
identification or the composition of the work group. We therefore believe that temporal and causal considerations might inspire interesting extensions to our model (cf. Roe, Gockel, & Meyer, 2012).

Moreover, our model builds implicitly on the idea of strong situations (Mischel, 1977) suggesting that a strong climate for inclusion suppresses the influence of individual difference variables (e.g. personality, motives, values, etc.), and evokes collective norms that facilitate work motivation, and ultimately innovation, effectiveness, and well-being among all employees alike. Yet, there might be reasons to believe that this does not have to be the case. For example, trait-based interactionist models (Tett & Burnett, 2003) suggest that situational and individual difference variables interact such that situational variables increase rather than decrease the influence of individual difference variables. In fact, various research has reported that personality traits such as openness (Homan et al., 2008), extraversion and self-monitoring (Flynn et al., 2001), and dogmatism (Chattopadhyay, 2003) affect the way employees react towards diversity. Thus, another extension of our model would be to more explicitly consider the role of individual difference variables, and examine how they interact with a climate for inclusion. Such examination might further consider and explain cross-occupation and cross-organization variation in outcomes from diversity given that people gravitate to specific occupational environments and organizations based on their traits and values (Samnani, Boekhorst, & Harrison, 2013; Woods & Hampson, 2010).

**Practical Implications**

Echoing recommendations presented in the popular management literature (Thomas & Ely, 1996), and the WOP (van Knippenberg & Schippers, 2007) and HRM literatures (Avery & McKay, 2010), our model speaks to the benefits of organizations valuing diversity. However, our model also suggests that simply valuing diversity might not be sufficient to harness diversity for
innovation, effectiveness, and well-being. Additionally, organizations will have to address their employees’ identity concerns, facilitate the acceptance of performance standards, and promote employees’ self-efficacy, because only then will employees identify with diverse work groups, become intrinsically motivated, show high levels of effectiveness and innovation, and experience greater well-being. According to our model this might be best achieved through top management making policies and establishing procedures that resolve these issues, and that are then implemented at the work group level by supervisory leadership. That way a work group climate for inclusion that harnesses diversity for innovation, effectiveness, and well-being is likely to emerge. This will be most likely the case in organizations where top management believes in the value of an effective diversity management system, and in those organizations that operate in countries where legislation, socio-economic situation, and culture facilitate the implementation of diversity management policies.

So far we know relatively little about how organizations should be managing diversity effectively. Our model clarifies when and how individuals are likely to react positively towards diversity, and when and how this translates into favorable work-related outcomes. We believe that the generic nature of the identified processes (identification and work motivation) and boundary conditions (identity concerns, acceptance of performance standards, self-efficacy) might aid in the development of assessment tools that can be used in diversity audits to evaluate to what extent an organization’s leadership, structure and culture, as well as its human resource management practices, contribute to the effective management of diversity in organizations. Accordingly, this might help organizations and practitioners to build work systems that harness diversity for innovation and effectiveness and at the same time facilitate well-being of all employees in a diverse work group or organization. Last but not least, the model might also help
inform policymakers and strategic human resource management to assess the potential impact that societal culture, socio-economic differences, and legislation might have on employees’ perceptions of diversity, work motivation, innovation, effectiveness, and well-being in diverse organizations.
References


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Figure 1. Conceptual model.