

DIVERSITY AS I SAY, NOT AS I DO: ORGANIZATIONAL AUTHENTICITY AND DIVERSITY MANAGEMENT EFFECTIVENESS

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ABSTRACT

This research examines how a misalignment between an organization's espoused values and its realized practices regarding diversity affects employees' commitment, organizational identification, and turnover intentions. Further, it investigates whether these relationships are mediated by perceived organizational authenticity. Using an experimental methodology, Study 1 tests the interaction between an organization's diversity management approach (espoused values) and its demographic representativeness (realized practices). In Studies 2 and 3, an intervention based on previous research involving hypocrisy and two-sided messaging is tested. In Study 4, an employee survey further supports the hypothesized mediation. These findings are relevant for any organization seeking to increase the effectiveness of its diversity management practices.

INTRODUCTION

Diversity management (DM) — defined as the implementation of practices and policies by which an organization attempts to facilitate the positive effects and inhibit the negative effects of diversity on both performance and employee well-being — remains a prominent focus in both research and practice (Leslie, 2019; Olsen & Martins, 2012). However, there remains relatively little clear guidance for organizations aiming to maximize the benefits and mitigate potential drawbacks of their increasingly diverse workforces (Guillaume, Dawson, Otaye-Ebede, Woods, & West, 2017). While large organizations broadly engage in similar DM practices, research has demonstrated their effects to be mixed at best (Bezrukova, Spell, Perry, & Jehn, 2016; Kalev, Dobbin, & Kelly, 2006). As it has proven difficult to consistently predict the effects of individual differences or the efficacy of specific DM practices, there is value in exploring organizational-level variables that may impact DM efficacy.

In their seminal theoretical work, Cox and Blake (1991) note that “genuine commitment” to cultural diversity at the organizational level is crucial to DM success. This sentiment reappears intermittently over the proceeding decades, but to this point, it lacks a consistent conceptualization. In an age when employees are becoming increasingly cynical towards large organizations (Archimi, Reynaud, Yasin, & Bhatti, 2018), organizational authenticity presents a logical construct to explore (Lehman, O'Connor, Kovács, & Newman, 2019). It is especially relevant in the context of diversity and inclusion (D&I) given the increasing dogma against “political correctness”; most professionals will be able to recall at least one colleague or acquaintance who has stated that their organization's D&I programs are exercises in political correctness rather than the moral and/or business-minded endeavors that they are asserted to be (Ely, Meyerson, & Davidson, 2006). Given the anecdotal prevalence of this cynical thinking, this work proposes that the under-researched construct of organizational authenticity may be a vital antecedent of DM effectiveness.

STUDY 1

Cording, Harrison, Hoskisson, and Jonsen (2014: 1) define organizational authenticity as “consistency between a firm’s espoused values and its realized practices.” Despite the epithetical similarities to the individual-level construct of authentic leadership, organizational authenticity borrows more directly in its development from the individual-level construct of behavioral integrity (Simons, 2002; Simons, Friedman, Liu, & McLean Parks, 2007). While both authenticity and integrity have been occasionally studied on the organizational level as distinct (though often overlapping) constructs (e.g., Smith, Morgan, King, Hebl, Peddie, 2012), the term “authenticity” is a more semantically-sound descriptor; integrity connotes a broader range of behaviors on the organizational level, which go beyond the definition put forward by Cording et al. (2014).

Olsen and Martins (2012: 2) define diversity management (DM) approach as the, “explicitly or implicitly [held] diversity-related values and strategies that underlie [an organizations’] various DM programs, determine which aspects of DM they address, and ultimately affect the diversity-to-performance relationship.” Further, they differentiate between “instrumental” and “terminal” approaches, such that the former is focused on leveraging diversity to achieve desirable business outcomes, while the latter is focused on fair treatment, the absence of discrimination, and equal opportunities. A review of dozens of large organizations’ D&I webpages makes it very clear that most firms tend to espouse what those authors describe as an instrumental approach. That is, they generally focus on the “instrumentality” of diversity to their broader organizational success, rather than as a “terminal” goal in and of itself.

However, given the rising employee cynicism noted earlier and the ubiquity of this instrumental messaging, one might question what effect (if any) an instrumental DM approach has on key work-related outcomes. Given that demographic variation in and of itself is a key indicator of effective diversity management (Cox & Blake, 1991; Olsen & Martins, 2012) and has been shown to be an antecedent of various work-related outcomes (King, Dawson, West, Gilrane, Peddie, & Bastin, 2011), demographic representativeness — defined as the degree to which the composition of an organization’s employees is representative of the community which it serves — is also considered as an independent variable. DM approach represents an organization’s espoused values, while demographic representativeness represents its realized practices.

In seeking to understand why perceived organizational authenticity (POA) should be viewed as a mediating variable in the context of the relationship between diversity management and employee attitudes, it is necessary to consider the relevant outcomes. Both affective commitment and organizational identification are measured in Study 1, and there is compelling and distinct theoretical support for a direct relationship between POA and both variables. Van Knippenberg and Sleebos (2006) explore the differences between these two constructs and conclude that despite partially overlapping, identification and commitment uniquely reflect different aspects of the individual – organization relationship. In the context of POA, both commitment and identification are uniquely valuable as outcome variables.

Previous empirical work suggests that organizations are perceived as lacking organizational authenticity when their espoused values do not match up with their practices (Lindsey, Avery, Dawson, & King, 2017; Smith et al., 2012). An organization’s public statements regarding diversity amount to a declaration of the organization’s values (Windscheid et al., 2016). If these messages do not match the observed diversity practices (i.e., demographic representativeness), a

negative effect on perceptions of authenticity is predicted, which will in turn affect employee attitudes. Given this, the following hypotheses are tested:

H1: An organization with high demographic representativeness will be perceived as having higher levels of organizational authenticity (1a). This effect will be stronger for women than for men (1b).

H2: Demographic representativeness and DM approach will interact such that an instrumental approach will decrease POA in the low DR condition, but not in the high DR condition.

H3: POA will mediate the relationship between demographic representativeness and affective commitment (3a) and organizational identification (3b)

Sample, Design, and Results

192 university students completed this study online, where they were told they would have exactly two minutes to review the web pages of a (fictitious) university. A 2 (DM approach: instrumental vs. terminal) x 2 (demographic representativeness: low vs. high) between-subject design was used. For the first page of the manipulation, participants viewed one of two DM approach conditions (instrumental vs terminal). Demographic representativeness was manipulated on a second webpage that included two pie charts displaying the ethnic and gender composition of the university's faculty (low vs high).

Hypothesis 1. Analysis of variance showed a significant effect of DR on POA with $F(1, 189) = 57.6, p < .001, \eta^2 = .23$. The high DR conditions were rated significantly higher for POA than the low DR conditions $t(190) = 7.59, p < .001$, supporting Hypothesis 1a. In assessing Hypothesis 1b, support was found for the proposed interaction between gender and demography $F(1, 189) = 5.38, p = .021, \eta^2 = .03$, with women rating POA for the low DR condition significantly lower than men did $t(92) = 2.21, p = .03$.

Hypothesis 2. Analysis of variance discovered significant support for the proposed interaction $F(1, 191) = 7.29, p = .008, \eta^2 = .37$. This moved in the predicted direction, as in the two low DR conditions, the terminal DM approach resulted in a significantly higher rating of POA than the instrumental DM approach $t(93) = 2.34, p = .02$. DM approach did not result in a significant difference in the two high DR conditions.

Hypotheses 3. Moderated mediation analysis was conducted using a bootstrapping confidence interval (CI) technique (Hayes, 2018). Analysis supported the hypothesized moderated mediation model, with both DM approach $B = .481, 95\% \text{ CI } [.11, .86]$ and Gender $B = -.412, 95\% \text{ CI } [-.79, -.05]$ resulting in significant indices of moderated mediation with organizational identification as an outcome variable. The results followed the same pattern for affective commitment, with both DM approach $B = .40, 95\% \text{ CI } [.10, .73]$ and gender $B = -.34, 95\% \text{ CI } [-.66, -.04]$ again reaching significant indices of moderated mediation.

STUDIES 2 AND 3

An organizational messaging intervention based on signaling theory and research on hypocrisy was developed and tested in both a higher education (Study 2) and a corporate (Study 3) setting. In this context, organizational attributes serve as “signals” to individuals, which in turn allows them to make judgements about the organization's unobservable characteristics (Turban &

Greening, 1996). For example, in Study 1, the demographic composition of a company's employees (observable) is a signal about the degree to which their DM practices are effective (unobservable). Jordan, Sommers, Bloom, and Rand (2017) make a compelling case for what they describe as a false-signaling theory of hypocrisy; when an individual observes hypocritical behavior, it is the act of "false signaling" that elicits negative reactions rather than the transgression itself. If one accepts that organizational hypocrisy can have negative impacts above and beyond the transgression itself, one must consider what signals are taken into account when individuals judge whether an organization is acting hypocritically.

For Studies 2 and 3, a practical and realistic two-sided messaging intervention was developed that lends itself to experimental testing and could be readily applied in a real-world organization. Both experiments consisted of two conditions: hypocritical and honest hypocrite. To most directly extend the findings of the previous studies, the hypocritical condition was identical to the instrumental – low DR condition in Study 1, while the only change to the honest hypocrite condition is the additional sentence, "We are open in acknowledging that our workforce is not yet as diverse as we would like." Two identical hypotheses were tested for both experiments:

H1: Including a two-sided argument (i.e., honest hypocrite) with a hypocritical organization will result in higher ratings of POA than for an identical organization with no two-sided argument

H2: POA will mediate (in parallel) the positive relationship between a two-sided argument and organizational identification (2a) and affective commitment (2b)

STUDY 2

The sample consisted of 91 current university students. Independent sample *t*-tests were conducted to test the effects of the honest hypocrite condition on POA. Results revealed a significant effect $t(89) = 2.43, p = .02, d = .51$ in the predicted direction, supporting Hypothesis 1. In addition, POA mediated the relationship between the hypocritical – honest hypocrite conditions and affective commitment $B = .23, SE = .10, 95\% CI [-.44, -.04]$ and organizational identification $B = .27, SE = .12, 95\% CI [-.52, -.05]$, supporting Hypothesis 2.

STUDY 3

The sample consisted of 145 professional, non-student participants (to increase the salience of the corporate manipulation). As in Study 2, the results showed a significant effect of the honest hypocrite condition on POA $t(173) = 4.11, p < .001, d = .62$, supporting Hypothesis 1. Further, POA explained the relationship between the hypocritical / honest hypocrite conditions and both affective commitment $B = .38, SE = .11, 95\% CI [.18, .60]$ and organizational identification $B = .47, SE = .13, 95\% CI [.24, .73]$, supporting Hypothesis 2.

STUDY 4

In Study 4, a survey of 200 UK professionals was conducted to add external validity to Studies 1-3. In their recent model of diversity practice effectiveness, Nishii, Khattab, Shemla, & Paluch (2018) note the importance of distinguishing between espoused and enacted DM policies and practices. Further, those authors specifically recognize authenticity as a key factor that influences how employees perceive DM practices. To assess authenticity in diversity management in a real-world context, a novel "espoused – practiced DM discrepancy" measure was developed

based on Otake-Ebede's (2018) EPDMP scale. Specifically, participants responded to each item of the EPDMP scale based on what their organization "says" it does (espoused) and what it "actually" does (practiced). In addition to this novel discrepancy measure, turnover intentions will be measured to extend the practical relevance of the Study 1.

H1: Espoused – practiced DM discrepancy will be negatively related to POA

H2: POA will be positively related to both affective commitment (2a) and organizational identification (2b)

H3: Both affective commitment (3a) and organizational identification (3b) will be negatively related to turnover intentions

H4: The positive relationship between espoused – practiced DM discrepancy and turnover intentions will be sequentially mediated by POA and affective commitment (4a) / organizational identification (4b) (in parallel)

Sample, Design, and Results

200 professionals were recruited using Prolific and were told they would be asked questions about their current organization. They were given explicit instruction about the employee perceptions of DM practices (EPDMP) discrepancy scale, which read, "We are interested in determining if there is a difference between what organizations say and what they actually do when it comes to diversity and inclusion practices", and clarified that what an "organization says" might include "marketing, websites, emails, policy documents, or statements from leaders within your organization." For each item, a discrepancy score was calculated by taking the difference between the participants' responses to the "says" vs "actually does" version of each item. The discrepancy measure scale demonstrated high reliability ($\alpha = .86$). In the analysis for Study 4, age, tenure, organization size, and diversity climate were included in the final regression analysis as covariates.

Hypothesis 1. Regression analysis found the predicted negative association between discrepancy and organizational authenticity $B = -.73$, $SE = .09$, $t(193) = -4.32$, $p < .001$, offering full support for Hypothesis 1.

Hypothesis 2. Linear regression analysis provided support for both Hypothesis 2a and 2b, with POA predicting affective commitment $B = .39$, $SE = .10$, $t(193) = 3.97$, $p < .001$ and organizational identification $B = .40$, $SE = .09$, $t(193) = 4.56$, $p < .001$.

Hypothesis 3. Hypotheses 3a and 3b were supported, with affective commitment $B = -.87$, $SE = .08$, $t(192) = -11.17$, $p < .001$ and organizational identification $B = -.99$, $SE = .09$, $t(192) = -11.55$, $p < .001$ both significantly predicting turnover intentions.

Hypothesis 4. Two mediation analyses were conducted to test Hypothesis 4. In the first analysis, results showed that POA and then affective commitment sequentially mediated the effect of espoused – practiced DM discrepancy on turnover intentions, with an overall indirect effect of $B = .25$, $SE = .07$, 95% CI [.12, .39]. In a separate analysis, the results showed that POA and then organizational identification sequentially mediated the effect of espoused – practiced DM discrepancy on turnover intentions $B = .29$, $SE = .07$, 95% CI [.15, .44]. Both of these models were compared to alternative mediation models that included one but not both of the mediating variables using the alternate pathways provided by PROCESS. The confidence intervals for all four potential alternative simple mediation models included zero, which fully supports Hypothesis 4.

DISCUSSION

“Practice what you preach”, “walk the walk”, and various idiomatic platitudes of similar sentiment are commonplace in organizational research and practice. Thus, the recent emergence of “authenticity” as a focus in the diversity management literature is apropos (Nishii et al., 2018). This research addresses the pressing issue of DM effectiveness by focusing on two critical gaps in the literature: (1) What combination of DM values and practices results in undesirable attitudinal reactions among employees, and (2) What is the underlying mechanism that explains this relationship? Across three experimental studies and one field study, the results demonstrated compelling evidence that POA explained the relationship between organizational diversity practices and relevant employee attitudes. If organizations approach DM as a tool to achieve both better business outcomes and better personal outcomes for their diverse employees, these findings show that consistency between their espoused values and realized practices — organizational authenticity — should be of primary concern. In sum, this research offers organizations and researchers alike a compelling new direction from which to approach diversity management.

These findings also offer a potential explanation as to why organizations struggle to design and implement effective DM practices and training (Bezrukova et al., 2016; Kalev et al., 2006). It is conceivable that if the organizations that struggle the most with diversity and inclusion to begin with undertake all the recommended best practices, any perceived lack of authenticity could diminish their potential achievements. This results in an unfortunate catch-22, as the organizations that need to improve their DM the most, often as the result of decades of poor practices and/or neglect, may face the biggest hurdles in convincing their employees of their sincerity.

Building on the hypocrisy literature, it is clear that a false signal — espousing an instrumental DM approach value for diversity while not being demographically representative — results in more negative reactions than just the transgression of not being demographically diverse in and of itself. Further, as Jordan et al. (2017) found with individuals, an organization acknowledging that it was sometimes guilty of that transgression was enough to mitigate the negative effects. This also aligns with marketing research on two-sided messaging, which has shown that presenting some negative aspect of a product or service (or in this case, an organization), in addition to the positive aspects, can be more persuasive (Eisend, 2006). By acknowledging that it has not yet fully achieved its diversity goals, the organization is more successful in persuading its employees that it sincerely values diversity, which in turn affects the employees’ work-related attitudes.

Further, this research adds to the body of work that positions POA as an important explanatory variable in organizational settings (e.g., Lindsey et al., 2017; Windscheid et al., 2016). Lehman et al. (2019: 1) open their recent review of authenticity in management research bluntly, with the statement, “Authenticity is in high demand.” The adaptation of behavioral integrity to the organizational level and integration with Cording and colleagues’ (2014) framework offers a useful approach for future organizational research on varied topics. In addition to DM, this approach could be beneficial in the study of climate and culture more broadly, organizational change, talent management, and generally any organization-level action that may be perceived as either authentic or inauthentic by employees.

REFERENCES AVAILABLE FROM THE AUTHOR