

Key Diversity Theories

by Sophia



WHAT'S COVERED

In this lesson, you will learn about key theories that help managers understand the benefits and challenges of managing the diverse workforce. Specifically, this lesson will cover:

1. Key Theories
2. Cognitive Diversity Hypothesis
3. Similarity-Attraction Paradigm
4. Social Cognitive Theory
5. Social Identity Theory
6. Schema Theory
7. Justification-Suppression Model
8. Affective Commitment Theory
9. Resource Integration Theory
10. Intersectionality Theory

1. Key Theories

Many theories relevant to managing the diverse workforce center on an individual's reactions (such as categorization and assessment of the characteristics of others) to people who are different from the individual. Competing viewpoints attempt to explain how diversity is either harmful or beneficial to organizational outcomes.

- The cognitive diversity hypothesis suggests that multiple perspectives stemming from the cultural differences between group or organizational members result in creative problem solving and innovation.
- The similarity-attraction paradigm and social identity theory hold that individuals' preferences for interacting with others like themselves can result in diversity having a negative effect on group and organizational outcomes.
- The justification-suppression model explains under what conditions individuals act on their prejudices.

2. Cognitive Diversity Hypothesis

Some research shows that diversity has no relationship to group performance, and some shows that there is a relationship. Of the latter research, some shows a negative relationship (greater diversity means poorer group performance, less diversity means better group performance) and some shows a positive relationship.

These various findings may be due to the difference in how diversity can affect group members. **Cognitive diversity** refers to differences between team members in characteristics such as expertise, experiences, and perspectives (Miller et al., 1998). Many researchers contend that physical diversity characteristics such as race, age, or sex (also known as bio-demographic diversity) positively influence performance because team members contribute unique cognitive attributes based on their experiences stemming from their demographic background (Horwitz & Horwitz, 2007).

There is research that supports the relationship between group performance and task-related diversity as reflected in characteristics not readily detectable such as ability, occupational expertise, or education. However, the relationship between bio-demographic diversity and group performance has produced mixed results (Watson et al., 1993). For example, Watson and colleagues studied the comparison of group performance between culturally homogeneous and culturally heterogeneous groups. Groups were assigned business cases to analyze, and their group performance was measured over time based on four factors: the range of perspectives generated, the number of problems identified in the case, the number of alternatives produced, and the quality of the solution. Overall performance was also calculated as the average of all the factors. The factors were measured at four intervals: Interval 1 (at 5 weeks), Interval 2 (at 9 weeks), Interval 3 (at 13 weeks), and Interval 4 (at 17 weeks).

For Intervals 1 and 2, the overall performance of homogeneous groups was higher than heterogeneous groups. However, by Intervals 3 and 4, there were no significant differences in overall performance between the groups, but the heterogeneous group outperformed the homogeneous group in generating a greater range of perspectives and producing a greater number of alternatives.

This research suggests that although homogeneous groups may initially outperform culturally diverse groups, over time diverse groups benefit from a wider range of ideas to choose from when solving a problem. Based on the **cognitive diversity hypothesis**, these benefits stem from the multiple perspectives generated by the cultural diversity of group members. On the other hand, it takes time for members of diverse groups to work together effectively due to their unfamiliarity with one another, which explains why homogeneous groups outperform heterogeneous groups in the early stages of group functioning. (This is related to the similarity-attraction paradigm, discussed in the next section.) Other studies have shown that ethnically diverse groups cooperate better than homogeneous groups at tasks that require decision-making and are more creative and innovative. While homogeneous groups may be more efficient, heterogeneous groups sacrifice efficiency for effectiveness in other areas.



TERM TO KNOW

Cognitive Diversity

Differences between team members regarding characteristics such as expertise, experiences, and perspectives.

Cognitive Diversity Hypothesis

Multiple perspectives stemming from the cultural differences between group or organizational members result in creative problem-solving and innovation.

3. Similarity-Attraction Paradigm

The cognitive diversity hypothesis explains how diversity benefits organizational outcomes. The **similarity-attraction paradigm** explains how diversity can have negative outcomes for an organization.

Some research has shown that members who belong to diverse work units may become less attached, are absent from work more often, and are more likely to quit (Tsui et al., 1992). There is also evidence that diversity may produce conflict and higher employee turnover. **Similarity-attraction theory** is one of the foundational theories that attempts to explain why this occurs; it posits that individuals are attracted to others with whom they share attitude similarity (Byrne, 1971).

Attitudes and beliefs are common antecedents to interpersonal attraction. However, other traits such as race, age, sex, and socioeconomic status can serve as signals to reveal deep-level traits about ourselves. For example, numerous studies investigating job-seeker behaviors have shown that individuals are more attracted to companies whose recruitment literature includes statements and images that reflect their own identity group. One study showed that companies perceived to value diversity based on their recruitment literature are more attractive to racial minorities and women compared to Whites (Perkins et al., 2000). Another study showed that when organizations use recruitment materials that target sexual minorities, the attraction of study participants weakened among heterosexuals (Lambert, 2015). Even foreign-born potential job candidates are more attracted to organizations that depict international employees in their job ads (Lambert et al., 2017).



TERMS TO KNOW

Similarity-Attraction Paradigm

Individuals' preferences for interacting with others like themselves can result in diversity having a negative effect on group and organizational outcomes.

Similarity-Attraction Theory

Posits that individuals are attracted to others with whom they share attitude similarity

4. Social Cognitive Theory

Social cognitive theory is another theory that seeks to explain how diversity can result in negative outcomes in a group or organization. Social cognitive theory suggests that people use categorization to simplify and cope with large amounts of information. These categories allow us to quickly and easily compartmentalize data, and people are often categorized by their visible characteristics, such as race, sex, and age. Thus, when someone sees a person of a particular race, automatic processing occurs and beliefs about this particular race are activated. Even when the person is not visible, he or she can be subject to this automatic categorization. For example, when sorting through resumes a hiring manager might engage in sex categorization because the

person's name provides information about the person's sex or racial categorization because the person's name provides information about their race (Bertrand & Mullainathan, 2004). **Stereotypes** are related to this categorization, and refer to the overgeneralization of characteristics about large groups. Stereotypes are the basis for prejudice and discrimination. In a job-related context, using categorization and stereotyping in employment decision-making is often illegal. Whether illegal or not, this approach is inconsistent with a valuing-diversity approach.



TERMS TO KNOW

Social Cognitive Theory

Suggests that people use categorization to simplify and cope with large amounts of information.

Stereotypes

Overgeneralization of characteristics about groups that are the basis for prejudice and discrimination.

5. Social Identity Theory

Social identity theory is another explanation of why diversity may have a negative outcome. Social identity theory suggests that when we first come into contact with others, we categorize them as belonging to an in-group (i.e., the same group as us) or an out-group (not belonging to our group) (Tajfel, 1974). We tend to see members of our in-group as heterogeneous but out-group members as homogeneous. That is, we perceive out-group members as having similar attitudes, behaviors, and characteristics (i.e., fitting stereotypes).

Researchers posit that this perspective may occur because of the breadth of interactions we have with people from our in-group as opposed to out-groups. There is often strong in-group favoritism and, sometimes, derogation of out-group members. In some cases, however, minority group members do not favor members of their own group (Goldberg, 2005). This may happen because of being continually exposed to widespread beliefs about the positive attributes of Whites or men and to common negative beliefs about some minorities and women. When in-group favoritism does occur, majority-group members will be hired, promoted, and rewarded at the expense of minority-group members, often in violation of various laws.



TERM TO KNOW

Social Identity Theory

Self-concept based on an individual's physical, social, and mental characteristics.

6. Schema Theory

Schema theory explains how individuals encode information about others based on their demographic characteristics (Fiske & Taylor, 1991). Units of information and knowledge experienced by individuals are stored as having patterns and interrelationships, thus creating schemas that can be used to evaluate one's self or others. As a result of the prior perceived knowledge or beliefs embodied in such schemas, individuals categorize people, events, and objects. They then use these categories to evaluate newly encountered people and make decisions regarding their interaction with them.

Based on schema theory, employees develop schemas about coworkers based on race, gender, and other diversity traits. They also form schemas about organizational policies, leadership, and work climates. Schemas formed can be positive or negative and will affect the attitudes and behaviors employees have toward one another.



TERM TO KNOW

Schema Theory

Explains how individuals encode information about others based on their demographic characteristics.

7. Justification-Suppression Model

The **justification-suppression model** explains the circumstances in which prejudiced people might act on their prejudices. The process by which people experience their prejudice is characterized as a “two-step” process in which people are prejudiced against a certain group or individual but experience conflicting emotions in regard to that prejudice and are motivated to suppress their prejudice rather than act upon it (Crandall & Eshleman, 2003). Theory about prejudice suggests that all people have prejudices of some sort, that they learn their prejudices from an early age, and that they have a hard time departing from them as they grow older. Prejudices are often reinforced by intimate others, and individuals use different methods to justify those prejudices.

Most people will attempt to suppress any outward manifestations of their prejudices. This suppression can come from internal factors like empathy, compassion, or personal beliefs regarding proper treatment of others. Suppression can also come from societal pressures; overt displays of prejudice are no longer socially acceptable, and in some cases are illegal.

At times, however, prejudiced individuals will look for reasons to justify acting on their prejudiced beliefs. Research has shown people are more likely to act in prejudiced ways when they are physically or emotionally tired, when they can do so and remain anonymous, or when social norms are weak enough that their prejudiced behavior will not be received negatively.



TERM TO KNOW

Justification-Suppression Model

Explains under what conditions individuals act on their prejudices.

8. Affective Commitment Theory

The **affective commitment theory** explores the emotional attachment employees have to their organizations. Diversity can enhance affective commitment when employees feel valued, respected, and included, regardless of their background. Organizations need to foster inclusive environments to strengthen employee commitment (Grant, 2002; The Decision Lab, 2023).



TERM TO KNOW

Affective Commitment Theory

Asserts that employees develop an attachment to their workplace based on their level of identification with its values, goals, and mission, and this emotional bond fosters loyalty, engagement, and a desire to contribute to the organization's success.

9. Resource Integration Theory

The **resource integration theory** emphasizes the potential of diverse teams to generate creative solutions and achieve better outcomes by leveraging different perspectives and experiences. However, it highlights the need for effective communication and collaboration tools to harness the power of diverse thinking (Hemphälä and Eneberg, 2023).



TERM TO KNOW

Resource Integration Theory

Describes the process by which organizations acquire, develop, combine, and leverage various resources to create value.

10. Intersectionality Theory

The **intersectionality theory** recognizes that individuals hold multiple intersecting identities (e.g., race, gender, sexual orientation) and that their experiences are shaped by the complex interplay of these identities.



KEY CONCEPT

Intersectionality theory is an analytical framework that examines how various social identities, such as race, gender, class, sexual orientation, and disability, interact and influence individual and group experiences within social systems. It emphasizes the interconnectedness of these identities, acknowledging that they do not operate in isolation but rather intersect and shape each other, creating unique and complex experiences of privilege and oppression.

Key tenets of Intersectionality Theory in business contexts:

- **Multidimensionality:** Individuals possess multiple intersecting identities, and understanding these intersections is crucial for effective Diversity, Equity, and Inclusion (DEI) initiatives.
- **Power Dynamics:** Intersectionality acknowledges the power structures that privilege certain identities and disadvantage others, enabling analysis of how these dynamics manifest within organizations.
- **Contextualization:** Experiences within organizations are not solely shaped by individual identities but also by the broader social, cultural, and economic contexts.
- **Dynamic and Evolving:** Intersectionality recognizes that identities and their interactions are not static, necessitating ongoing adaptation and refinement of policies and practices.

Intersectionality Theory Applications in Business:

- **Recruitment and Talent Management:** Identifying and addressing potential biases in recruitment practices and creating inclusive talent development programs.
- **Workforce Culture:** Fostering a workplace culture that acknowledges and respects diverse experiences and perspectives.
- **Customer Engagement:** Understanding the intersectional needs and preferences of customers to inform marketing and product development strategies.
- **Policy Development:** Designing policies that consider the potential impact on diverse groups within the organization.
- **Leadership Development:** Fostering awareness among leaders of the impact of intersectionality on employee experiences and organizational dynamics.
- **Marketing & Customer Relations:** Understanding the diverse needs and preferences of customers based on their intersecting identities to develop more targeted and inclusive strategies.

Limitations of Intersectionality Theory:

- Intersectionality can be complex and nuanced, requiring careful consideration and application to specific contexts.
- Potential for misinterpretation or misuse if not implemented with understanding and sensitivity.

Intersectionality theory is a complex and evolving framework with diverse interpretations and applications. Its core concepts and potential implications relate to diversity, groupthink, and organizational management, effectiveness, productivity, and profitability. Businesses need to consider these intersectionalities to create truly inclusive environments (De Silva, 2021).



TERM TO KNOW

Intersectionality Theory

A critical analytical framework used to understand how various social identities, such as race, gender, class, sexual orientation, disability, and religion, intersect and overlap to create unique and complex experiences of privilege, discrimination, and oppression.



SUMMARY

In this lesson, you learned about different **key theories** that can help managers understand diversity. These competing viewpoints attempt to explain how diversity is either harmful or beneficial to organizational outcomes. You learned that a theory like the **cognitive diversity hypothesis** explains how diversity benefits organizational outcomes, positing that multiple perspectives stemming from the cultural differences between group or organizational members result in creative problem solving and innovation. You also learned that other theories, such as the **similarity-attraction paradigm**, **social cognitive theory**, and **social identity theory** suggest that diversity can have a negative effect on group and organizational outcomes, while **resource integration theory** emphasizes the creative potential of diverse teams. **Schema theory** explains how individuals encode information about others based on their demographic characteristics (these schemas can be positive or negative), while the **justification-**

suppression model explains under what conditions individuals act on their prejudices. You also learned how **affective commitment theory** asserts that employees develop attachments to the workplace based on how well they identify with the company's values. Finally, you learned **intersectionality theory** provides a critical analytical framework used to understand how various social identities overlap to create unique and complex experiences of privilege, discrimination, and oppression.

Best of luck in your learning!

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TERMS TO KNOW

Affective Commitment Theory

Asserts that employees develop an attachment to their workplace based on their level of identification with its values, goals, and mission, and this emotional bond fosters loyalty, engagement, and a desire to contribute to the organization's success.

Cognitive Diversity

Differences between team members regarding characteristics such as expertise, experiences, and perspectives.

Cognitive Diversity Hypothesis

Multiple perspectives stemming from the cultural differences between group or organizational members result in creative problem-solving and innovation.

Intersectionality Theory

A critical analytical framework used to understand how various social identities, such as race, gender, class, sexual orientation, disability, and religion, intersect and overlap to create unique and complex

experiences of privilege, discrimination, and oppression.

Justification-Suppression Model

Explains under what conditions individuals act on their prejudices.

Resource Integration Theory

Describes the process by which organizations acquire, develop, combine, and leverage various resources to create value.

Schema Theory

Explains how individuals encode information about others based on their demographic characteristics.

Similarity-Attraction Paradigm

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Social Identity Theory

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Stereotypes

Overgeneralization of characteristics about groups that are the basis for prejudice and discrimination.