A Summary of Studies on Organizational Diversity

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Abstract. This paper focuses on the theory and classification methods about organizational diversity reviews and compares the previous measurements. Then we pay attention to the effectiveness about organizational diversity. And we also discuss the existing research and make recommendation for future research, and in order to contribute to the future research.

Introduction

With the faster and faster development of our country’s economy, many provinces and cities have joined in fighting for talent. The members of the economic organization are becoming more and more complex and diversified. Previous practices have shown that the diversity of members often brings complex and changeable effects on organization. Therefore, analyzing and discussing theoretically the impact of organizational diversity on organizations and the reasons behind them has becoming the key of academic research in recent years.

The Concept of Organization Diversity

In the early research, the concepts of organizational diversity focus on the individual level. Jackson thought organizational diversity is the general term for the characteristics or differences of an organization at the individual level. Some scholars believe that organizational diversity is the distribution of various working units in the organization, including the characteristics of different attributes, like age, sex, and educational background. With the deepening of research, the definition of diversity has also risen from the individual level to the organization level. For example, the diversity of organizational diversity includes the diversity of single indicators such as specialties, sexes and races, as well as multiple indicators such as faultlines [1].

In the past, the classification of organizational diversity is mainly dichotomous and three points. For example, low work related diversity and high work related diversity, task related diversity and relationship related diversity, practical diversity and perceptual diversity, social classification diversity, information diversity and values diversity [2].

The theoretical study of organizational diversity mainly adopts the theory of social classification and the theory of information decision. From the perspective of social classification, organization members classify them on the basis of similar features, and they have a good feeling and a fun sense of identity to them group. However, the deepening stereotype and discrimination of the members of the organization cause group cohesion reduction, communication reduction and intensification of conflict. From the perspective of information decision, organizational diversity brings wide knowledge, information, and resources, which could improve the efficiency of information processing, and be good for creating ideas and promoting organizational creativity.

Measurement of Organizational Diversity

With the in-depth study of organizational diversity, scholars have gradually explored the measurement of diversity. For example, Allison difference coefficient, or called Standard deviation coefficient, which is the ratio of the standard deviation to the mean value of a variable, and the coefficient is suitable for the determination of continuous variables, such as age, service life and so on.
The Relevant of Research on Organizational Diversity

There are two different views on the impact of organizational diversity. One is based on the theory of social classification. Organizational members are divided into "He-I" group within the organization, where there are less communication, more conflicts between subgroups. Under this situation, subgroups will reduce organizational cohesion and have negatively affected on organizational performance. Another view is based on information decision theory, diversity brings diverse perspectives, knowledge, resources and perspectives of problem-solving, which are conducive to the generation of creative ideas, thus under this situation, diversities have positively affect on organizational outcomes. As Milliken and Marktins point of view, organizational diversity can also impact on two aspects, both positive and negative. That is to say, organizational diversity brings a double-edged sword to organization.

Positive Effect

The positive effect of diversity to organization is mainly based on the theory of information decision. Scholars, who support this view, firmly believe the diversity of ideas, knowledge, resources and the perspective of solving problem will produce creative ideas, which has positive effect on organizational results. Williams and O’Reilly found that it is easy to generate diverse views, improve the ability to analyze, solve problems, and promote the promotion of decision-making and performance in a team with high gender, educational background, and professional experience. One study added that age diversity could also improve organizational performance because of less emotional conflict between people of different ages. After an empirical study of MBA students and 8 companies, Zhao and Chen found that the diversity of knowledge and experience can enhance the learning ability of organizational members, and this relationship is continuously strengthened when members’ emotional guidance level and fact orientation level are deepened. Besides, in the South African Stock Market, the race and sex of the TMT members play a positive role in promoting the stock market valuation [3].

Negative Effect

Based on the theory of social classification, the members of the organization form the "He-I" group in the organization because of some similar characteristic attributes. These groups are less communicating and disagree with each other, and this separation result in more conflicts, lower organizational cohesion, and a negative effect on organizational performance. Fan et al., found that diversity of cognition created differences in ideas, reduced communication and collaboration, and formed cognitive conflicts [4]. Besides, the heterogeneity, which related work, like characteristics of educational background is more likely to form a task conflict, and race, tenure, etc. are prone to emotional conflict. Diversity leads to differences in characterization and evaluation bias, and there is coordination and dysfunctional conflict. In a dynamic environment, this negative effect is more obvious [5].

In addition, the effect of diversity on organizational output can also be produced in other ways. Communication between individuals will be reduced due to communication difficulties, which will greatly increase social burden. Chen et al., found that diversity is easy to cause communication anxiety and reduce the quality of decision making in the organization.

Non-linear Effects

In recent years, more studies of diversity have found that the impact of organizational diversity on the organization is not a simple linear relationship, but a relationship either the U type or the inverted U type. A study showed that the diversity of interpersonal relationships and organizational
productivity show an inverted U relationship [6]. Support groups can promote the diversity of atmosphere staff retention, reduce the member turnover rate [7].

When the heterogeneity of entrepreneurial team members is low or relatively high, the members’ cognition legitimacy and the acquisition ability of entrepreneurial resources are also higher. Therefore, the heterogeneity and cognition legitimacy of entrepreneurial team also have a U relationship [8]. Especially, a study showed the heterogeneity of industrial experience and the innovation performance of the enterprise has a U relationship.

Lack of Follow-up Study

First, the study of localization in China is still too little. Influenced by Chinese relations and cultural situations, the actual situation is very different from the West. Second, the continuous exploration of research theory and measurement methods. The practice of diversity studies is paradox. Last, we should take full consideration of the dynamic changes process of diversity. The impact of diversity on organizations is not time-based, but continuous and constantly changing [9].

References