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The incidence and impacts of diversity management: A survey of New Zealand employees

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Abstract

There have been few studies of how New Zealand employers manage the increasing diversity in their workplaces and how workers respond to these efforts. This paper reports a telephone survey of 500 New Zealand workers' perceptions of, and responses to, diversity management activities. Conducted in 2010, the survey was designed to reflect the gender and ethnicity profile of the contemporary workforce, and enables us to compare responses across different types and sizes of organisation. While the use of formal diversity policies and support activities is higher in the public sector, we find widespread use of family-friendly employment practices and a general perception of a good climate for diversity. Employees who report higher levels of family-friendly and proactive EEO practices are more committed to their organisation, more satisfied in their jobs, and more trusting of their employer. This helps to underline the 'employee case' for diversity management.

Keywords

diversity climate, diversity management, equal employment opportunity, family-friendly employment practices

Demographic trends show that the issue of workforce diversity is increasingly important for New Zealand. The characteristics of the New Zealand workforce have changed markedly over the last half-century (NZ Department of Internal Affairs 2008; NZ Department of Labour 2007; Singham 2006). Female participation in the workforce

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has grown enormously. As of December 2010, women made up 48.3% of the workforce, with 57.4% working full-time and 42.6% working part-time (Statistics New Zealand 2010a). Furthermore, ethnic diversity has become much more salient (NZ Ministry of Social Development 2009). There has been accelerated immigration from East Asia, India, Africa and the Middle East, and there are significant differences among New Zealand's major ethnic groups in birthrates. In the period to 2026, the Māori population is projected to increase by an average of 1.3% a year, the Pacific Island population by 2.4% a year, and the Asian population by 3.4% a year (Statistics New Zealand 2010b). During this period, the European or 'Pākehā' population is projected to increase by a mere 0.4% a year. On this trajectory, by 2026, the European group will comprise 69.5% of the population, down from 76.8% in 2006. Alongside ethnic diversification, the New Zealand workforce is 'greying'. As early as 2013, there will be roughly equal numbers of workers aged 25 to 44 and 45 to 64 and, by 2021, the proportion of people in the labour force aged 65 and over is expected to increase from 2% to 4% of the workforce (Statistics New Zealand 2006).

In a nutshell, there is now a much closer gender balance in the NZ workforce, much greater ethnic diversity, and an older average age. As a reflection of this accelerating demographic diversification, the notion of 'diversity management' has become more prominent in business, in the media and in government policy analysis (e.g. NZ Department of Labour 2004; NZ Ministry of Social Development 2009). However, we need a much better understanding of how employers manage the increasing diversity in their workplaces and how workers respond to diversity and their employer's attempts to manage it. The analysis reported in this paper is drawn from a telephone survey of New Zealand workers conducted in 2010. Constructed to reflect the gender and ethnic make-up of the workforce, the survey examines the experiences and attitudes of a random sample of the NZ working population ($n = 500$). It provides a major database on diversity management, which can be interrogated in various ways. Our aim in this paper is to examine what it says about the incidence of diversity management policies and practices in New Zealand, as perceived by employees, and their relationship with such attitudes as commitment, satisfaction and trust in management.

The paper begins with a review of the literature on diversity management and what is known about it in New Zealand. We then outline our survey, reporting the contours of diversity management in New Zealand and linking these managerial intentions and activities to key employee attitudes. This leads to a discussion of the implications and our conclusions.

Diversity management: the international debate and the local evidence

The term 'diversity' is commonly used to refer to personal differences relating to gender, ethnicity, culture, age and disability (EEO Trust 2008; Milliken and Martins 1996). Activities designed to respond effectively to a diverse workforce are commonly grouped under the umbrella label of 'diversity management'. According to Milliken and Martins (1996), diversity management refers to the ability to manage heterogeneous groups. Thomas and Ely (2001) describe it as a way of responding to the changing demographics of the labour force by adjusting workplace processes and practices to

recognise different norms, values, goal priorities and interpersonal styles among individuals. Thomas (1999) suggests that effective diversity management requires managers to value workforce differences in order to create a working environment that enables each person to maximise their potential while also pursuing the goals of their organisation.

What is increasingly called the 'business case for diversity' (BCFD) views intergroup differences as assets that can be managed in a way that realises the positive potential of diverse types of workers (e.g. Prasad and Mills 2000; Rutherford and Ollerearnshaw 2002). The BCFD has generated a broad and growing body of international literature. Thousands of on-line articles and websites (often derived from non-academic sources and written by diversity consultants) have sprung up in recent years, espousing the idea that recruiting and integrating diverse employee groups into organisations is good for businesses. Advocates assert that employees from diverse backgrounds, when managed effectively, are more productive, more satisfied in their jobs, more trusting in their employer and in their colleagues, more innovative in their work, and more helpful in connecting the business with diverse communities of customers (e.g. Aronson 1999; Cox 1993, 2001; Jackson and Joshi 2004; Keller 2001; Kirton and Greene 2005; Konrad 2003; Richard et al. 2003; Thomas 1990).

The diversity-management literature is replete with handbooks and texts that offer employers guidance on policy formation and 'best practices' so as to achieve these desired effects (e.g. Arredondo 1996; Greene and Kirton 2009; Kalev, Dobbin and Kelly 2006; Layne 2002; Mor Barak 2005; Plummer 2003; Porter 1995; Sadri and Tran 2002; Wrench 2007). Writers such as Thomas and Ely (1996) and Plummer (2003) emphasise the importance of promoting a diversity 'vision', overtly and visibly, throughout the organisation. In their comprehensive review of the literature, Kossek and Pichler (2007) provide an outline of policies and practices that have been argued to have a positive impact on business outcomes. Apart from the establishment of a written equal employment opportunities (EEO) policy and strategic plan, their recommendations include the adoption of techniques to ensure that diverse employees are recruited, developed and retained. These include targeted recruitment and affirmative-action hiring of women and minorities, the provision of diversity, anti-sexual harassment and anti-discrimination training for all employees, and the development of mentoring networks for minority employees and women. Other influential factors believed to be vital for achieving positive outcomes from diversity include the overall organisational climate (McKay, Avery and Morris 2008), and the role of senior managers in promoting pro-diversity attitudes (Rutherford and Ollerearnshaw 2002; Kalev et al. 2006).

A rigorous examination of the diversity-management literature, however, reveals problems with many of the claims being made (e.g. Shaw and Barrett-Power 1998). Careful reviews point to a lack of empirical research which clearly links diversity management interventions to tangible business outcomes (e.g. Kochan et al. 2003). Various studies have found that more diverse groups do not automatically perform better, do not connect more effectively with their 'own communities', and do not necessarily feel more committed to their organisations (Millikin and Martins 1996). In fact, workplace diversity can have negative effects. For example, in a survey of 545 employees (working in 92 groups), Jehn, Northcraft and Neale (1999) found that diversity (in this case, in

gender and age) can actually exacerbate conflict between employees. Sometimes, substantial financial investment in diversity interventions has no significant benefits for a business (see Kochan et al. 2003 for a discussion). In an oft-cited literature review, Williams and O'Reilly (1998) survey 40 years of diversity research, covering more than 80 studies. Their conclusion is that employee diversity in organisations is associated with inconsistent outcomes, with some companies reporting positive results while others report negative ones. In a follow-up review, van Knippenberg and Schippers (2007) examine research conducted between 1997 and 2005. They draw similar conclusions: demographic diversity does not consistently lead to improved workplace outcomes. Some studies show diversity has a positive effect while others show diversity negatively impacts on performance.

In New Zealand, where we write from, diversity management is a relatively new concept. Although anti-discrimination legislation (such as the *Human Rights Act 1993*) is in place to address discrimination in the workplace, it is not compulsory for private sector employers to actively promote EEO initiatives. Only organisations in the New Zealand state sector are required to have a formal EEO policy (under the *State Sector Act 1988*) (see Hyman 2007, 2008 for a discussion). The term 'diversity management' entered into New Zealand usage more prevalently in the early 1990s, arguably as a way of acknowledging the need to address continuing EEO issues despite the lack of compulsion on businesses to do so (Jones, Pringle and Shepherd 2000).

In 1991, the New Zealand EEO Trust, a government-subsidised employer collective, was established to foster voluntary implementation of EEO policies and practices. The trust runs annual events to recognise workplaces that support diversity and provides educational and training resources to employers for managing diverse employees. In all its communications, it has espoused the business case for diversity (e.g. EEO Trust 2008), arguing that diversity management is advantageous for organisations. Despite the fact that the trust has attracted significant support from New Zealand firms (396 New Zealand organisations are currently members (EEO Trust 2010)), it has attracted criticism that its message of 'making the most of a diverse workforce' is a conscious strategy to 'gloss over' issues of disadvantage and avoid the implementation of tougher regulations (Jones, Pringle and Shepherd, 2000, 367).

In 2005, the EEO Trust surveyed 487 organisations (318 of which were NZ EEO Trust members) to ascertain what kinds of initiatives New Zealand businesses were using to address workforce diversity. For the purposes of the study, 'diverse' employees referred to women, ethnic minorities and people with disabilities. Some 86% of respondents from organisations with at least 10 employees claimed to have an explicit EEO or diversity policy or strategy (EEO Trust 2005, 8). Only 35%, however, actually had a written action plan, while another 20% claimed to be developing one (EEO Trust 2005, 26). The main barrier reported was a lack of support from senior management. In addition, less than a quarter of respondents were able to make a link between employee diversity and business outcomes.

In a subsequent study, the EEO Trust (2007) surveyed 364 New Zealand organisations employing 242 813 employees (or 11% of the New Zealand workforce) regarding their diversity-management practices and perspectives. Overall, the study found that diversity management per se remained a low priority for organisations. Many employers reported taking some steps to manage diversity; however, their efforts were typically

limited to meeting their minimum legal obligations (such as avoiding discrimination and responding to requests for flexible working hours). The *Human Rights Act* prohibits discrimination based on ethnicity, gender, age and disability, *inter alia*, and the *Employment Relations (Flexible Working Arrangements) Amendment Act 2007* imposes a duty on employers to consider requests for flexible working from employees with caring responsibilities. Only 28% of respondents said they included 'diversity considerations in all their business initiatives and policies' (EEO Trust 2007, 9). In addition, diversity management was not seen as critical to the economic success of respondent organisations, with only 26% reporting that they believed that diversity was financially good for businesses (EEO Trust 2007, 24).

Apart from the EEO Trust's surveys, only a few studies have examined attitudes to diversity management and its implementation. During 1993–94, Jones (1998) conducted interviews with 26 EEO and biculturalism practitioners across a range of government organisations, exploring their views around the concept of 'managing diversity'. She found that while Māori EEO practitioners criticised 'managing diversity' as an Americanised term that treated all minorities equally (and therefore undermined the unique status of Māori in New Zealand), Pacific Island practitioners saw the language of diversity as positive, transcending what they saw as the divisive language of biculturalism. Though using a small sample, this study demonstrated how diversity management may be understood in different ways, both by different observers and in different cultural contexts, such as New Zealand.

In a larger study, Edgar (2003) examined employer and employee attitudes towards EEO practices in 40 organisations based in Wellington and Christchurch, surveying an HRM manager in each organisation and 628 employees across them. As might be expected, given different legal requirements, her study indicated that public-sector employers placed much greater importance on EEO than private-sector ones. However, the gender and ethnicity of the workers she surveyed did not predict whether they valued EEO practices. Furthermore, the open-ended responses of employees to her questionnaire suggested that some Pākehā respondents resented EEO initiatives as they believe they give 'preferential treatment' to specific groups (such as women or ethnic minorities).

Local managerial attitudes to diversity were the subject of a study carried out in 2006 by Victoria University's Centre for Applied Cross-Cultural Research. In this study, 100 Wellington employers were surveyed regarding their attitudes to hiring and managing new migrants, and 18 expert interviews were conducted with selected participants (Podsiadlowski 2006, 2007). The study found that despite being acutely aware of skill shortages, employers were often reluctant to take steps to employ people from a different cultural background than 'New Zealanders'. When asked why, they reported that it was a challenge managing diverse employee groups due to their cultural differences, different working styles, and divergent priorities. Language barriers, cultural misunderstandings and attitudinal differences deterred employers from hiring new migrants.

So far, then, research suggests there is a level of scepticism around diversity management among employers and employees alike, and a need to find a way forward that can work in the New Zealand context. Despite the fact that diversity has been strongly promoted here and elsewhere, the few studies we have suggest that New Zealanders

are cautious about the sorts of claims made in BCFD publications. We clearly need more research that addresses local perspectives on diversity management. In this context, we decided to study how New Zealand employees experience diversity management and how diversity management efforts may impact positively (or negatively) on the way they feel about their organisation. This is not the full business case for diversity but it is about the *employee case* for diversity management (ECFD). The latter is connected to the BCFD but focuses on the value of diversity management for employees. We turn, then, to a description of our recent survey of New Zealand workers, and what it tells us about how they perceive, and respond to, the diversity-management activities of their organisation.

Data and method

Employee-generated data is important, both in terms of what it reveals about employee well-being, but also in terms of understanding management practices and their outcomes in organisations. Like Macky and Boxall (2008), we regard employees as the best respondents on what management is actually doing in the workplace and on whether it is positively affecting attitudes and behaviour.

Data was collected in 2010 using computer-assisted telephone interviews (CATI) of 500 randomly selected New Zealand employees. A telephone survey was chosen in order to contact respondents who would not normally complete written surveys due to literacy issues. The phone survey also allowed us to ensure equal numbers of men and women participated, as well as ethnic subgroups who are normally underrepresented in survey research. The survey is the most representative so far of NZ employee experiences of, and attitudes to, diversity management.

The interviews took, on average, 20 minutes to complete. To be included in the study, participants needed to be employees aged 18 and over, have worked for their employer for at least 6 months, in a firm with a minimum of 10 employees. The weighted response rate was 71%. This high response rate may be attributed to a combination of factors, including the professionalism of the interview team (Phoenix Research Ltd) as well as a willingness on the part of participants to discuss their employment-related experiences (a topic that is personally meaningful to them). The majority (75.4%) were permanent, full-time employees, while 17.2% were permanent part-time employees, 3% were employed full-time on a fixed-term contract, 4% were employed part-time on a fixed-term contract and 0.4% were casual, part-time employees. On average, the employees had been with their current organisation for 9.4 years (median tenure is 7 years) with a range from 6 months to 42 years. On average, they work 40.74 hours a week, with a range from 2 to 85 hours. Their mean age is 46.91 years, ranging from 18 to 80 years.

The survey company ensured that 50% of respondents were male and 50% female, which is close to their actual proportions in the workforce (51.7% to 48.3%). This is no easy feat. In telephone surveys, it is usually problematic getting enough men to respond and we were keen to get the male proportion up to an appropriate level. The survey company also ensured that ethnic groups were included according to their proportions in the New Zealand workforce: NZ European/Pākehā (66.6%), Māori (13.6%), Pacific (5.6%), and Other (14.0%). Some 34.8% have caregiving

responsibility for a child under 14 years of age and some 7.4% say they live with an impairment or disability. The majority of respondents, 56.0%, work in the private sector while 39.8% work in the public sector, 3.6% in the voluntary sector, and 0.6% don't know. This is approximately double the proportion of public sector workers in the relevant organisational population. This over-sampling of workers in the public sector may have occurred because our survey rules out those under 18, those with short tenure and those in very small organisations. For the analysis that follows of the incidence of diversity management, we reweighted the data to reflect the current proportions of employees in the public and private sectors in New Zealand (private sector: 80.5%; public sector: 19.5%), as confirmed to us by Statistics New Zealand. Respondents from not-for-profit organisations ($n=18$) were excluded in the calculation of the weighted proportions, as were 3 respondents for whom the type of organisation was missing. We used SPSS to analyse the data.

Diversity management: incidence and impacts on employee attitudes

There is little knowledge in New Zealand of which policies and practices employees experience in relation to diversity management, so our survey aimed to map employee perceptions of the incidence of these. To begin with, we report the descriptive statistics on the incidence of Diversity vision and Diversity support activities, followed by a key set of family-friendly employment practices, and a set of practices we call 'proactive EEO practices'. These data are interesting to management practitioners and public policy-makers in themselves. We then turn to more analytical statistics, using regressions to examine whether the incidence of these practices varies across different types of organisation and across organisations of different sizes. Finally, we report regressions showing the relationship between diversity management activities and employee attitudes.

Diversity vision

Diversity vision was defined as the formal policies management puts in place to guide their organisation's activities in relation to diversity management. This is not what employers actually do: it is what *they say they will do* in managing diversity (e.g. words, images and symbols that indicate an intention or vision to commit to EEO and diversity). We conducted a review of relevant literature (e.g. Arredondo 1996; Greene and Kirton 2009; Kossek and Pichler 2007; Layne 2002; Porter 1995; Plummer 2003; Mor Barak 2005; Sadri and Tran 2002; Thomas and Ely 2005; Wrench 2007), and constructed an index of five items to assess this variable.

In order to ensure that respondents understood what we were asking them to discuss, terms and concepts were explained during the course of survey administration. For example, prior to being asked about Diversity vision, respondents were told: 'Diversity refers to how people are different (in terms of gender, ethnicity, age, sexuality and physical ability). Diversity management is like EEO and includes all things that employers do to hire, develop and retain workers from diverse groups. The following section asks you about EEO and diversity at your work and what

you think about these things.' In respect of any item, employees could answer, 'yes', 'no' or 'don't know'.

The results are shown in table 1. They reveal a high proportion of 'no' and 'don't know' responses. The mean score on our index of five Diversity vision items is 2.04 ($SD = 1.70$) and the median score is 2 items. Only 43% of respondents were aware of a written EEO or diversity policy in their organisation. Some 32% of employees said that their organisations had specific EEO or diversity goals that management aims to meet but a larger proportion did not know (44%).

Diversity support

Diversity support was defined as the resources and support activities used in organisations for the purposes of diversity management. This variable represents what employers *actually do* to implement their Diversity vision (e.g. offering special support and assistance for women and ethnic minorities). Again, we reviewed relevant research in this area (e.g. Kossek and Pichler 2007; Plummer 2003; Thomas and Ely 1996) to identify key activities. We chose 16 provisions and practices organisations may employ to actively manage diversity. These are shown in table 2.

In terms of the responses, the pattern here is similar to what we observe with Diversity vision: together, 'no' or 'don't know' responses generally out-number 'yes' responses. The mean score on the index is 4.99 ($SD = 4.56$) while the median score is 4 items. The highest responses are having an HR department that looks after EEO or diversity issues (56%) and having opportunities to voice one's opinion on them (52%). Special mentoring and support groups for women and ethnic minorities are

Table 1. Diversity vision in New Zealand organisations: what employees report ($n = 479$)

Item	Yes (%)	No (%)	Don't know (%)
A written EEO or diversity policy	43	19	38
Specific EEO or diversity goals management aims to meet	32	24	44
Messages for employees on its website or in employee newsletters that emphasise the importance of EEO or diversity	42	37	21
Messages directed to the public through its marketing and advertising material (for example, website, brochures or posters) that emphasise the importance of EEO or diversity	39	39	22
Art work, decorations or objects in its work environment that emphasise the importance of EEO or diversity	38	47	15

Numbers may not add to 100 due to rounding.

Table 2. Diversity support activities in NZ organisations (selected items), as perceived by employees (n = 479)

Item	Yes (%)	No (%)	Don't know (%)
A person especially appointed to look after EEO or diversity issues	36	41	24
A human resource department which looks after EEO or diversity issues	56	27	17
Funding or a sum of money dedicated to meeting EEO or diversity goals	23	31	45
Recruitment targets for women	18	47	35
Recruitment targets for ethnic minorities	20	45	35
Mentoring programmes for women	20	54	26
Mentoring programmes for ethnic minorities	18	52	30
Support groups for women	23	54	23
Support groups for ethnic minorities	20	53	27
Career development programmes for women	31	49	20
Career development programmes for minorities	25	51	24
Induction courses for employees which recognise the importance of diversity and EEO issues	45	34	21
Training for employees in diversity or EEO issues	36	41	23
Training for managers in diversity or EEO issues	37	29	34
Open discussions about the importance of EEO or diversity at staff meetings	35	48	18
Opportunities for employees to say what they think about EEO or diversity issues (like employee surveys and suggestion boxes)	52	38	11

Numbers may not add to 100 due to rounding.

reported by around 20% of workers while induction courses or training in diversity are reported by around 40%. Funding or a sum of money dedicated to meeting EEO or diversity goals was discerned by 23%.

Family-friendly employment practices

The mere existence of formal policies in an organisation does not necessarily impress employees or generate positive attitudes. The actual practices that shape employment conditions are arguably much more important to employees: this is where 'the rubber hits the road'. On this basis, we constructed an index of key family-friendly employment practices and asked employees if they had access to these.

As shown in table 3, we are now looking at high levels of 'yes' responses, apart from the ability to work from home (although even this figure, at 45%, is high given that many workplaces are not geographically flexible). The mean number of family-friendly

Table 3. Family-friendly employment practices in NZ, as perceived by employees (n = 479)

Item	Yes (%)	No (%)	Don't know (%)
The ability to take time off work when necessary for caregiving (e.g. of children, elderly or other dependants)	87	8	4
Flexible start-and-finish times for employees who need them	81	17	3
The ability to work from home for employees who need it	45	49	7
Permanent part-time work for people who cannot work full-time	76	17	7
Extra parental leave provisions above the legal minimum requirements. This could mean graduated return to work, job sharing options or extra time off for mothers and fathers who have recently had a child	56	22	22

Numbers may not add to 100 due to rounding.

practices reported is 3.45 (SD = 1.34) with a median of 4 practices. In our data, 87% have the ability to take time off when they have caregiving priorities, 81% have access to flexible start-and-finish times if they need them, and 76% report that permanent part-time work is available for those who cannot work full-time. Some 56% report extra parental leave provisions above legal requirements.

Proactive EEO practices

We also constructed an index of critical dimensions of diversity management apart from family-friendly issues (table 4). These concern the environment for people with disabilities, how organisations support those suffering from some kind of bullying or sexual harassment, and three practices that are valuable for people with low English literacy or who have arrived in NZ from a non-Anglo environment. The latter dimensions, particularly, might be considered proactive or 'going the extra mile' as our society becomes more ethnically and ideologically diverse.

The mean score on the index is 2.60 (SD = 1.42) and the median is 3 practices. The organisations of our respondents do best at supporting people who are dealing with bullying and harassment (78% say they are supportive here, which is on a par with the family-friendly practices). They are rated less highly in terms of supporting those with a disability (61% are seen as supportive), and rank lowest in the activities that assist people who need English-language support (around one-third are in organisations that help individuals learn English or gain NZ qualifications). However, being in a workplace that allows recognition of different religious or cultural holidays (53%) may be growing.

Comparisons across organisational types and sizes

Our database enables us to test whether the incidence of these diversity management policies and practices varies across different types and sizes of organisation. For this purpose, separate regressions were run in SPSS for each of diversity vision, diversity

Table 4. Proactive EEO practices, as perceived by employees (n = 479)

Item	Yes (%)	No (%)	Don't know (%)
A supportive environment for employees with disabilities	61	21	17
Support for employees dealing with bullying or sexual harassment issues	78	12	10
Support for people who need help to learn English skills	30	44	26
Support or training for new migrants who want to get New Zealand qualifications	34	41	25
Unpaid leave for people who want to observe religious or cultural holidays	53	20	27

Numbers may not add to 100 due to rounding.

Table 5. The predicted mean scores* for organisations of different types from the regression models of diversity management

Type of organisation	Mean score			
	Diversity vision (range: 0–5)	Diversity support (range: 0–16)	Family-friendly employment practices (range: 0–5)	Proactive EEO practices (range: 0–5)
NZ-owned firm	1.75	4.60	3.56	2.69
Foreign-owned firm	2.37	5.67	3.45	2.59
NZ public sector	2.93	6.81	3.60	2.94

*The predicted means are weighted to the sample proportions for categorical values and the sample mean was used for continuous variables in the calculation of the mean scores.

support, family-friendly employment practices and proactive EEO practices, using the generalised linear models procedure. Weighted predicted means were calculated for three types of organisation: New Zealand private-sector firms (40.8% of the sample), foreign-owned firms (15.4% of the sample), and organisations in the New Zealand public sector (40% of the sample, comprising 18.3% in government departments, 17.5% in publicly funded organisations, such as hospitals or schools, and 4.2% in local government). The predicted means were weighted to the sample proportions for categorical values and the sample mean was used for continuous variables in the calculation of the mean scores. The mean scores were controlled for organisational size and for other significant variables, as appropriate for each model. The results are shown in tables 5 and 6, and are interesting for what is different and what is similar.

As might be expected, the index of Diversity vision is significantly higher in foreign-owned firms than in NZ firms ($p < 0.01$) and is significantly higher in the public sector than in both NZ firms ($p < 0.001$) and foreign-owned firms ($p < 0.05$). The NZ public sector also records the highest level of Diversity support activities with the difference between the public sector and NZ firms significant at $p < 0.001$, while the

Table 6. Tests of statistical significance in diversity management across different types of organisation

Outcome variable	Type of organisation (2df)	
	Likelihood ratio chi-square statistic	p-value
Diversity vision	43.3***	.000
Diversity support	20.6***	.000
Family-friendly employment practices	.7	.690
Proactive EEO practices	5.7	.059

Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

other pair-wise differences on this variable are significant at $p < 0.10$. Higher scores for Diversity vision and Diversity support are expected for public sector organisations, which are required to have formal EEO policies. One might also expect higher scores for foreign-owned companies, which are typically larger and under greater scrutiny in terms of their HR policies.

Looking at the scores for family-friendly employment practices, however, we note a relatively uniform level of implementation of these critical features of diversity management across different kinds of organisations in our survey. There are no significant differences here. Finally, in respect of our proactive EEO practices, the public sector comes out on top. The difference between the public sector and foreign-owned firms is significant at $p < 0.05$ while that between NZ and foreign firms is not significant and that between NZ firms and the public sector is significant at $p < 0.10$. However, the differences are not that large: in terms of what we consider the more proactive EEO practices, our organisations are not that far apart.

The same analysis was used to answer questions about differences between organisations of different sizes (tables 7 and 8). Here, the presented means are controlled for type of organisation and for the same variables used in the comparisons of the type of organisation. The pattern here, as we might expect, is that organisations with at least 100 employees are likely to have a higher index in terms of our diversity vision variable compared with organisations with 10–19 employees ($p < 0.05$), organisations with 20 to 49 employees ($p < 0.001$) and organisations with 50 to 99 employees ($p < 0.10$). The differences among organisations with less than 100 employees are not significant. For diversity support activities, there are significant differences between those with 100 employees and those with 10–19 ($p < 0.10$) and those with 20 to 49 ($p < 0.01$) while no other pair-wise comparisons are significant.

In terms of the critical practices, we again see a fairly uniform picture. Size of organisation does not explain any differences in the level of family-friendly employment practices. Although there are no significant differences, the interesting thing here is that the highest incidence is actually in the smallest organisations, which are typically more flexible. Only one pair-wise comparison is significantly different for proactive EEO practices: that between organisations with 50–99 employees, which have the highest level, and organisations with 10–19 employees, which have the lowest ($p < 0.05$).

Table 7. The predicted mean scores* for organisations of different sizes from the regression models of diversity management

Size of organisation	Mean score			
	Diversity vision (range: 0–5)	Diversity support (range: 0–16)	Family-friendly employment practices (range: 0–5)	Proactive EEO practices (range: 0–5)
10–19 employees	1.61	4.17	3.76	2.29
20–49 employees	1.31	3.57	3.59	2.60
50–99 employees	1.74	4.87	3.32	2.94
100 or more employees	2.33	5.68	3.54	2.75

* The predicted means are weighted to the sample proportions for categorical values (except for type of organisation for which weights were used that reflect the current proportions in the population) and the sample mean was used for continuous variables in the calculation of the mean scores.

Table 8. Tests of statistical significance in diversity management across different sizes of organisation

Outcome variable	Size of organisation (3 df)	
	Likelihood ratio chi-square statistic	p-value
Diversity vision	21.7***	.000
Diversity support	12.5**	.006
Family-friendly employment practices	2.0	.573
Proactive EEO practices	4.7	.198
Diversity climate	1.2	.746

Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Employee attitudes

Our data enabled us to measure employee perceptions of the organisational climate in respect of diversity. The diversity literature generally argues that diversity management, if effective, should create a pro-diversity climate, in which all individuals feel fairly treated and respected. We measured diversity climate using McKay et al.'s (2008) 4-item scale (1 = strongly disagree, 5 = strongly agree). Table 9 shows how our organisations rate in this regard. The mean score on the scale is 3.89 (SD = 0.83), which is a generally positive perception of diversity climate (well above the mid-point in the scale). We find that 78.3% of our respondents agree or strongly agree that they trust their organisation to treat them fairly while 78.6% rate their organisations as diversity friendly and 77.8% feel that their views are respected. Top leaders get the lowest rating: 65.3% are seen to be demonstrating a visible commitment to diversity.

Average scores for diversity climate range from 4.03 for NZ-owned firms down to 3.93 for foreign-owned firms and 3.74 for public sector organisations. The difference

Table 9. NZ worker perceptions of the diversity climate in their organisation (n = 479): percentages in each category

Item	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Don't know
I trust my organisation to treat me fairly	3.9	6.9	10.4	52.4	25.9	.4
My organisation maintains a diversity-friendly work environment	1.3	6.0	11.9	55.7	22.9	2.1
My organisation respects the views of people like me	3.1	7.1	11.1	53.3	24.5	1.1
Top leaders in my organisation demonstrate a visible commitment to diversity	2.4	8.4	18.2	48.0	17.3	5.7

Numbers may not add to 100 due to rounding.

between NZ-owned firms and the public sector is significant ($p < 0.001$) and that between foreign-owned firms and the public sector is significant ($p < 0.05$). Thus, while the public sector has a greater incidence of formal diversity management, it has the least positive rating in terms of diversity climate. There are no significant differences in diversity climate scores across different sizes of organisation.

We then explored the links with employee attitudes. Affective commitment was measured using the relevant items from the Organisational Commitment Questionnaire (OCQ) (Mowday, Steers and Porter, 1979) ($\alpha = 0.88$). For job satisfaction, we used one question from Warr, Cook and Wall (1979): 'taking everything into consideration, how do you feel about your job as a whole?' We used Cook and Wall's (1980) 6-item scale for trust in management ($\alpha = 0.90$). Table 10 shows the univariate statistics of, and correlations among, all continuous variables (with relevant Cronbach alphas in the diagonal). Table 11 reports regression results (unstandardised betas and standard errors) for the direct relationships between our diversity-management independent variables and selected employee attitudes, taking account of controls.

The regressions show that family-friendly and proactive EEO practices are associated with the employee attitudes of commitment, job satisfaction and trust. Higher levels of family-friendly and proactive EEO practices are linked to greater employee commitment, higher job satisfaction and greater trust in management. For example, one extra family-friendly practice increases affective commitment by 0.09 of unit, job satisfaction by 0.13 of a unit and trust in management by 0.16 of a unit on a 5-point scale. Diversity support activities have a very small association with affective commitment but, apart from that, formal diversity policies (Diversity vision) and diversity support activities are not connected to these employee attitudes.

Table 11 also shows that a number of controls are significant. We find that people are more committed in smaller organisations and outside the public sector. The latter may

Table 10. Univariate statistics and Pearson correlations for continuous variables

Variable	Mean (SD)	1	2	3	4	5	6	7	8
1 Diversity vision	2.36 (1.78)								
2 Diversity support	5.58 (4.73)	.72**							
3 Family-friendly employment practices	3.51 (1.33)	.21**	.29**						
4 Proactive EEO practices	2.74 (1.41)	.36**	.48**	.37**					
5 Diversity climate	3.89 (.83)	.28**	.31**	.40**	.42**	(.89)			
6 Affective commitment	3.65 (.76)	.15**	.23**	.28**	.33**	.67**	(.88)		
7 Job satisfaction	3.99 (.94)	.12**	.13**	.25**	.24**	.48**	.57**		
8 Trust in manager	3.55 (.94)	.10*	.16**	.31**	.31**	.75**	.72**	.53**	(.90)
9 Tenure (months)	112.61 (100.75)	.16**	.16**	.06	.09*	.00	-.06	.06	-.06

be explained by relatively high job insecurity in the public sector due to budget cuts and rounds of restructuring. We also find that employees are more trusting in management in smaller organisations, a common finding in this kind of research (e.g. Macky and Boxall 2007), and we find that Māori and Other (mainly Asian) workers are less satisfied with their jobs, while both Māori and Pacific employees have lower trust in management.

Discussion and conclusions

This is the first New Zealand study of diversity management, as perceived by a random sample of employees. While it is limited by its cross-sectional nature and is restricted to those working in organisations with at least 10 employees, a key strength of the study is that the sample fairly reflects the gender breakdown and ethnic profile of the contemporary New Zealand workforce. It measures the incidence of diversity management, including policies, practices and the overall diversity climate, and enables us to examine links with commitment, job satisfaction and trust in management.

The results imply that NZ organisations, in general, are not big users of formal diversity policies. After weighting the data to reflect the current proportions of public- and private-sector workers, we find that only 43% of respondents are aware of a diversity or EEO policy and only one in three can point to EEO or diversity goals in their organisation. This contrasts with the 93% of management respondents who report such a policy in the EEO Trust's (2007) employer survey. The EEO Trust is careful to note that its surveys are not representative of employer behaviour but, even so, this sort of difference in what is claimed by management and what is perceived by workers is not unusual. At the very least, it should remind us that a management policy has little cachet if people are unaware of it.

In terms of diversity support activities, around six out of ten do have access to an HR specialist who can help but only one in five is aware of classical support activities such as mentoring and support groups for women or ethnic minorities. Employees who perceive that their organisation helps people with English-language or qualification

Table 11. Regression results for diversity management and employee attitudes

Variable	Affective commitment		Job satisfaction		Trust in manager	
	β	s.e.	β	s.e.	β	s.e.
<i>Controls</i>						
<i>Ethnicity</i>						
<i>LR chi-sq (3 df)¹</i> (compared to NZ European)				9.73*		13.99**
Other			-.25	.12*	-.15	.11
Pacific			-.12	.18	-.58	.17***
Māori			-.31	.12**	-.23	.11*
<i>Size of organisation</i>						
<i>LR chi-sq (3 df)¹</i> (compared to 100 or more employees)		13.02**				10.99*
10–19 employees	.34	.14*			.38	.16*
20–49 employees	.29	.10**			.28	.12*
50–99 employees	-.03	.13			.21	.15
<i>Type of organisation</i>						
<i>LR chi-sq (3 df)¹</i> (compared to NZ public sector)		11.12**				
NZ-owned firm	.24	.07***				
Foreign-owned firm	.20	.09*				
R ² due to controls	.024		.021		.037	
<i>Independent variables</i>						
Diversity vision	.03	.03	.02	.02	.02	.03
Diversity support	.02	.01*	.00	.01	.01	.01
Family-friendly employment practices	.09	.03***	.13	.03***	.16	.03***
Proactive EEO practices	.14	.03***	.12	.03***	.18	.03***
Total R ²	.193		.106		.193	
N	452		493		488	
F	13.3***		11.5***		12.7***	

Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

¹Likelihood ratio chi-square test for whether the term overall is significant.

issues are somewhat higher at one in three. In general, employees tell us that there is a lot that they do not know about their organisation's formal policies and management activities in the EEO and diversity area. However, as expected, the incidence of formal diversity vision and resourcing is significantly higher in the public sector. This no doubt stems from the special legislative requirements on the public sector and from its greater formalisation in management policy, but it could also reflect greater trade union membership and the influence of HR departments that actively promote EEO policies and practices.

On the other hand, the survey tells us that a high proportion of our employers are making an effort to create a family-friendly environment in the New Zealand workplace. New Zealand organisations may do less with formal policy on EEO and diversity but they are doing much better 'at the sharp end' in terms of family-friendly employment practices. Our respondents tell us that their organisations are good at providing time off when people need it for caregiving. They are also good at providing flexible start-and-finish times. These two practices are available for eight to nine out of ten of the employees we have surveyed. On top of this, around three-quarters have access to permanent part-time work if they cannot work full-time. We may be seeing here the impact of the *Employment Relations (Flexible Working Arrangements) Amendment Act 2007*, which, as noted, requires employers to consider requests for flexible working from employees with caring responsibilities. We may also be seeing a growing recognition that this dimension of flexibility is highly valued by the contemporary workforce.

Furthermore, we do not find significant variations across types or sizes of organisation in these critical family-friendly practices. Overall, the pattern is one in which the public sector and the largest organisations have a higher level of formal policy in diversity management but are no better at creating family-friendly conditions than organisations that are smaller or in the private sector. It is not surprising that public-sector and larger firms have greater formalisation in policy. What is interesting, and encouraging, is that family-friendly practices are prevalent across the types and sizes of organisation we have surveyed. Furthermore, while the public sector is ahead in what we consider proactive EEO practices, the differences with other organisations are not great.

We also find that the perception of the climate for diversity in New Zealand organisations is generally positive. The average response on the scale measuring diversity climate is close to the 'agree' level (3.89 on a 5-point scale). This is well above the ambivalent level (3 = 'neither agree nor disagree'), indicating that most of our respondents believe that they are treated fairly and that their views are respected. A salutary finding, however, is that while the public sector has a greater incidence of formal diversity management, it has the lowest rating in terms of diversity climate. It seems counterintuitive that public-sector employees would rate their employers as less 'diversity friendly' given the formalisation of EEO policies within this sector. One interpretation of this finding is that public-sector workers who derive no benefit from EEO policies come to resent what they perceive as favouritism towards EEO target groups (Edgar 2003, 99). In addition, those who stand to benefit from EEO programmes may also develop negative views if they believe that these policies are, on the whole, ineffective (see Edgar (2003) for a discussion). There are risks, then, in having a high-profile emphasis on formal diversity management: this may antagonise some groups while raising the expectations of others, which are not always met. Employees become dispirited if they feel senior management's rhetoric does not square with reality.

What, really, do employees value in diversity management? Our results show that family-friendly employment practices and what we call proactive EEO practices are connected to employee commitment, satisfaction and trust in management. Employees are more committed, more satisfied and more trusting in management in organisations that have more of these practices. On the other hand, diversity vision (i.e. formal policies) and support activities, which are more distal aspects of diversity management,

are generally not connected to employee outcomes. One would naturally expect large organisations to have a policy framework and to commit time and money to diversity support, but it is whether these sentiments and resources are translated into valuable employment conditions that matters to employees.

Our results imply that the positive outcomes for employees can be achieved just as effectively, or more so, in organisations with little formal policy or few resources. While family-friendly practices require some give-and-take, they do not require a high level of formality or specialist HR or EEO managers to implement them. There are no significant differences in diversity climate scores across different sizes of organisation. This suggests that creating a positive climate for diversity is well within the grasp of the owner-managers of small firms. The key issue for management is one of responding positively to the family-friendly needs and diversity concerns of the contemporary workforce, and in so doing ensuring that all individuals feel fairly treated and respected. In studying our results, the essence of diversity management strikes us as having sensitivity to individual employee needs and sincerity in addressing them, regardless of the individual's background or identity.

The links we find between diversity practices and employee outcomes are not the full 'business case' for diversity, but they are a critical part of it. They underline an 'employee case' for good diversity management: the effective implementation of family-friendly and diversity-sensitive practices is valued by New Zealand employees. Greater access to these practices is associated with more positive employee attitudes.

While there are important dimensions of this story that require further analysis, we see clear implications for employers seeking greater trust and organisational commitment. We can expect higher trust and commitment levels to link to better operating performance or customer service. What we now need are studies inside organisations, using both employee surveying and data on performance outcomes, to test and map these links.

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