POWER AND CONTEXTUAL RELEVANCE EXPLANATIONS OF WORK GROUP DIVERSITY EFFECTS ON INDUSTRIAL RELATIONS CLIMATE

This study explores power relationships and contextual relevance as predictors of the relationship between specific diversity measures and industrial relations climate. Diversity measures of gender, unions, job functions, and education were taken within 105 work units of a telecommunications organization in Australia. Findings indicated that differential power positions and relevance to the contextual issue affected work unit perceptions of industrial relations climate. Interpretations of the results and their implications are discussed.

Humans commonly use attributes to develop categories that can simplify their experience of the world. Perceptions of diversity are one consequence of these categorizations and diversity can be recognized through any attributes used to acknowledge differences between people. As early as the 1970s (Herman, Dunham, and Hulin, 1975) researchers found that those of similar demographic backgrounds such as age, sex, and education can have similar perceptions of work satisfaction and work environment. Over the past decade or so, demographic diversity has become one of the topics at the forefront of management and organizational research. The literature has examined the relationship between diversity and various organizational processes and outcomes (e.g. Lawrence, 1977; Tusi, Egan, and O'Reilly, 1992; O'Reilly, Caldwell, and Barnett, 1989; Williams and O'Reilly, 1998;). The increase in researchers’ interest in studying diversity stems from many factors such as the growth in workforce diversity and the connection between work group diversity and performance (Eisenhardt and Schoonhoven, 1990; Pelled, Eisenhardt, and Xin, 1999). Despite this heightened level of interest in the subject, the results of studies on the impact of diversity on groups and organizations are far from conclusive. Diversity effects often vary from study to study, from situation to situation. Pelled (1996) concluded that the relationship between diversity and group outcome variables is interrelated with other factors that have not been fully explored. She noted that context and its affect on the salience and relevance of diversity issues appear to be important to explaining the relationship between diversity and outcomes.

Research has shown that the context created by organizational climates can have a strong influence on group performance (Bain, Mann and Pirola-Merlo, 2001; West and Anderson, 1996; Anderson and West, 1998) and group effectiveness (e.g. Campion, Medsker, and Higgs, 1993). Recognizing such relationships between group level climate and outcomes, the present study examines the associations between group diversity and aspects of group climate. More specifically, based on the literature of industrial relations climate (Dastmalchian, Blyton and Adamson; 1989; 1991) and the subsequent research on the topic (e.g. Deery, Iverson and Erwin, 1994; Iverson and Buttigieg, 1997) we intend to examine work group diversity and within the context of industrial relations climate. It will be suggested diversity will affect industrial relations climate perceptions as a consequence of the power relationships between specific diversity groups.
Background and Hypothesis Development

Industrial Relations Climate

The concept of organizational climate has been the subject of a large number of studies since the 1960s. Climate measures assess attributes of the organizational environment and a climate is evaluated by a variable, or a set of variables, that represent the norms, feelings and attitudes prevailing at a workplace (Payne, 1971; Litwin and Stringer, 1968). Organizational climate is considered one of the key variables that help to understand the functioning and the behaviour of the organizational groups, and the experiences of the organizational members (e.g. Dastmalchian, 1986; Schneider, 1990).

Climate is often considered to be similar to other concepts such as job satisfaction, morale, or more recently organizational culture (Rousseau, 1988; Denison, 1996), however, there is general agreement that even though these concepts are related, they represent independent constructs. For example, Schein (2000) has recently stated that the culture and climate constructs are indeed different and that they both need to be taken into account for a better understanding of the organization. Climate researchers have reduced the "boundary" problem by adopting an "issue-specific" climate approach (Schneider and Reichers, 1983), focusing on for example the "safety" climate (Zohar, 1980), "service" climate (Schneider, 1975; Schneider, 1990), or "industrial relations" (IR) climate as we have in this paper (e.g. Dastmalchian Blyton, and Adamson, 1991; Blyton, Dastmalchian and Adamson, 1987).

Measures of the IR climate test employee perceptions specific to the organization's IR environment. In general, IR climate measures perceptions of union-management policy. The concept of IR climate has been shown to relate to outcomes such as collective bargaining and negotiation consequences, turnover, absenteeism, and IR incidents (Dastmalchian, Blyton, and Adamson 1991) to the number of grievances (Dastmalchian and Ng, 1990), and to union commitment (Deery, Iverson, and Irwin, 1994; Iverson and Buttigieg, 1997) and finally, the more positive the labor relations climate the more favorable the perceptions of organizational performance (Wagar, 1997). Consequently, the issue of IR climate is an important concern within unionized organizations. Additionally, unions provide an important voice necessary for internal democracy (Iverson and Buttigieg, 1997) and a positive attitude toward the labor relations facilitates this voice.

Labor relations issues have also created polarized attitudes among specific demographic groups with regard to its relevance to those groups (Forrest, 2001) and with regard to union commitment (Iverson and Buttigieg, 1997). Recognizing that there are relationships between IR climate and organizational outcomes, and between diversity and labor relations perceptions, the present study uses this context to examine diversity effects on attitudes toward the union-management issues.

Diversity

Studies of the workplace have principally concentrated on two types of diversity, that of demographic diversity which generally includes immutable characteristics such as race or gender and job-related diversity including attributes such as functional background or tenure. Unfortunately, no matter which form of diversity has been studied, research has yielded a number of inconsistent findings with regard to their effects within organizations. Due to these inconsistent findings, authors (Williams and O'Reilly, 1998; Lawrence, 1977) have suggested that the issue of diversity is more complex than originally perceived and have called for more sophisticated models and conceptualizations of the issue. These authors have proposed that the research must concentrate on the investigation of specific types of diversity within a contextual framework. This
more focused approach of treating each particular type of diversity as a distinct theoretical construct with potentially different outcomes appears to be a promising method of reconciling the varying diversity results.

Diversity research has largely been based upon the theories of similarity-attraction (Byrne, 1971) and social identity (Tajfel, 1982; Tajfel and Turner, 1986). Similarity-attraction theory argues that people tend to be most attracted to and influenced by those who are similar to themselves. Consequently, those of a common demographic background normally have similar interests, values, knowledge, and assumptions. From this view, diversity, in and of itself, should lead to differing viewpoints among members, and to disagreements about work issues. Unfortunately, this approach does not account for the often inconsistent findings of diversity studies.

The more multifaceted social identity theory may better explain diversity effects. The theory presumes that the self-concept is socially constructed and situation specific: particular perceptions of self tend to be activated by the social circumstances (Hogg, 1987). As one moves from situation to situation different perceptions of self become salient. Saliency of a specific identity can be increased or decreased depending upon the relatedness to the context. From a researcher's perspective, this suggests that diversity effects will not be consistent or generalizable to all situations. Researchers should be able to propose specific diversity effects within specific contexts. Consequently, in studying diversity, functional background may be relevant when examining conflict in management teams but is less relevant when considering organizational hiring practices. On the other hand, race may be a critical diversity factor when studying hiring practices. Thus specific in-group and out-group diversity comparisons are mutable and dependent upon the context.

Organizational processes or practices associated with the context can construct, reinforce, weaken, or eliminate identity group boundaries (Konrad, 2003). Such organizational practices include those that increase or decrease power and status. Recent work by Konrad (2003), as well as, Hornsey and Hogg, (2000) have suggested that issues of power and status are a primary domain of workplace scholarship but a neglected factor in diversity research. However, power threats to identity groups are known to create competition between groups while power relationships that create support for identity groups are thought to stimulate cooperative interaction (Hornsey and Hogg, 2000). Thus, specific diversity effects may be predicted by power relationships.

Organizational practices can systematically advantage some sets of people over others and make salient the differential status between identity groups. According to Konrad (2003) identity groups will become particularly visible when organizational practices reinforce historical socioeconomic and power differences between these groups. It has also been recognized that in-group members in more powerful positions can build policy favorable to the in-group (Billig & Tajfel, 1973). Realistic group conflict theory (Sherif, et al. 1961; Sherif and Sherif, 1953) proposes that the in-group goals, those favourable to the in-group, will be in conflict to the out-group goals resulting in hostility between the two groups. The status differences and conflicting goals will become more salient as numbers of the out-group increase. As numbers of out-group members rise, identity is threatened by either a low status position with low expectation of increasing status or by the potential loss of status (Hornsey and Hogg, 2000). Consequently, in-group and out-group categorizations can lead to antagonism between groups when these distinctions are associated with conflicts of interest or unequal status (Iverson and Buttigieg, 1997). These views are supported by past research. For example, when allowing teams to manipulate illegitimate power differentials, Brown and Ross (1982) found that both high and low status groups showed marked out-group discrimination and maximized in-group favouritism. Such categorization biases were reduced when rewards were equitably distributed. Schmitt et al.'s (2003) study also found status and power differences created diversity effects. Participants reported higher levels of acceptance of social dominance when the in-group benefited from inequality compared to when it was disadvantaged.
Additionally, however, their research found that salience of diversity was malleable so that individual attitudes (towards inequality) would vary depending upon whether race or gender inequity was made salient. This suggests that biases are context specific and dependent on the power and status implications to the identity group. Organization policies are often developed by the high-status group who make policies favorable to itself and antagonistic to the out-group. We would expect therefore, a negative relationship between increases in out-group diversity and organizational perceptions when relevant contextual policies are favorable to the high status group but unfavorable to the out-group. The status differences should become increasingly salient as numbers of out-group members grow. In this case then, the perceptions of the favorability of the work climate should become increasingly negative as diversity increases.

Research has shown that gender diversity often results in a distinctive social categorization of in-groups and out-groups (Kramer, 1991). Gender diversity is highly visible and issues of gender bias exist both within society and within organizational practices. The impact of gender may be particularly strong in the examination of IR climate. Industrial relations literature has long identified the gender-based differences that exist in the practices, policies, and structure of IR in many western countries: women are on average paid less, hold lower status jobs, and have fewer promotional opportunities than men (Gutek, Larwood, and Stromberg, 1986; Taylor, 1986; Unger and Crawford, 1992). More significantly, males dominate the majority of unionized environments and policies in these specific unionized environments favor men as members of the more powerful in-group (Billig and Tajfel, 1973). Gender issues remain marginalized within traditional industrial relations. Union leaders have clearly suggested that the existing organizing model of unions is designed to capture the white male and gender is not significant enough issue to be considered (Forrest, 2001). Within male dominated organizations, women generally face a lower power and status positions regarding issues of IR. Women in lower status positions are less able to develop policy relevant to their needs. Within a male dominated organization, it may be expected that as gender diversity grows in an organizational unit, the differences in IR concerns between men and women will become more apparent and attitudes toward IR will be come more negative.

Hypothesis 1: There will be a significant negative relationship between gender diversity and perceptions of IR climate within the work units.

Social identity theory has primarily been used to explain the negative consequences that can arise due to perceptual contrasts between in-group and out-group members. However, researchers (Gaertner et al. 1994; Hornsey and Hogg, 2000; Sherif et al. 1961) have also proposed that a combination of subordinate and superordinate identity can produce positive relations between subgroups. Increased cooperation and promotion of identification with the larger group reduces intergroup biases. O'Reilly and Chatman (1996) found that collectivistic groups overcome tendencies to create social categorizations. While Gaertner et al. (1994) showed that individuals who identified at both the sub and superordinate group level showed the least bias against out-groups and the most support of the greater group. Building upon these findings, Hornsey and Hogg (2000) argue that while it would be almost impossible to eliminate subgroup identities, the optimal solution to increased cooperation is to remove status differences between subgroups. Their study simultaneously invoked the super-identity of "university student" at the same time as the corresponding sub-identities of "humanities" or "math-science" majors. When these super and subordinate identities were activated simultaneously out-group bias was negligible. The researchers suggested that a common identity may be achieved by increasing the salience of a preexisting super-ordinate identity. This can be created by a re-categorization of group boundaries where the in-group and out-group members see themselves as part of a larger subordinate group identity.

Power alliances can construct salient superordinate identities. Recognition of a collective that expands the benefits of in-group representation to both in-group and out-group should reduce identity boundaries. In this case both subordinate groups gain benefits jointly through the more
powerful superordinate association. Also, when both the in-group and out-group members perceive an advantage through collective action against a common rival, superordinate identity increases in salience and the environment becomes more positive as a common purpose is identified (Sherif et al., 1961; Sherif and Sherif, 1953).

While creating potential disadvantages for organizations (Machin, Stewart, and Van Reenan, 1993; Truett and Truett, 1997) multiple unionism has been known to result in advantages for employees in reduced numbers of shifts (Truett and Truett, 1997), and increased adoption of new employee oriented workplace practices such as flexibility or teamwork (McNabb and Whitfield, 1997). High status unions can craft more favourable union-management strategies and policies than can low status unions. At the same time these strategies and policies are valuable to less powerful unions who can accrue advantages from the IR activities of the more powerful unions. Also, multiple unions may create pressures for management to treat all represented unions in an equal manner and to be more responsive to IR issues. Thus, as union diversity increases within a work unit, the saliency of the superordinate identity and its advantages should also increase. The presence of multiple unions may produce a supportive environment for IR issues and lead to increased positive perceptions of the IR climate.

Hypothesis 2: There will be a significant positive relationship between union diversity and perceptions of IR climate within the work units.

Identity groups become salient within a context. As noted previously, social identity theory posits that as one moves from situation to situation different perceptions of self become salient and the saliency of a specific identity can be increased or decreased depending upon the relatedness to the context. It has been argued that the saliency of diversity and its consequent impact on the work environment is a function of the power relationships that exist between demographic groups within the considered context. To extend and complete this argument, we would expect to see no relationships between work unit diversity and organizational perceptions when power differences between comparison groups are unrelated to the context. Therefore, increases and decreases in work unit diversity that is unrelated to IR issues or policies should not affect IR attitudes. Pelled et al. (1999) tested this concept of relevancy in studying conflict and performance in product development teams. They confirmed that the low relevance diversity characteristics of age had no significant link to task conflict while the high relevance diversity characteristic of functional background was significantly correlated. Only diversity characteristics relevant to the context affected individual perceptions.

While it is hypothesized that gender and unionism should have direct association with IR climate, it is expected that other diversity measures do not. For example, functional and educational diversity are unlikely create identity groups related to power and status issues within an IR context. In general educational and functional diversity have not been issues of interest for those studying diversity and labour relations. There is no indication that identity groups become salient within categories of job functions or education with regard to IR interests. With no salient identity groups, development of in-group favouritism and rivalries for status and power should not occur. Therefore, we do not expect functional and educational diversity to be related to IR climate perceptions.

Hypothesis 3: There will be a non-significant relationship between functional and educational diversities and perceptions of IR climate within the work units.

Method

Sample
The data for this study were collected from an organization in the telecommunication industry in Australia. The organization employed some 21000 people at the time of the study, and operated in eight divisions that were geographically spread throughout Australia. Permission was obtained from both the senior management and the unions to distribute 8500 questionnaires to a representative sample of employees across the eight divisions. In total we received 4849 completed questionnaires. This constitutes the population from which the "work unit" sample will be drawn, as described in the following section.

To capture context effects, a number of researchers have called for an examination of diversity not at the organizational level but within groups in the organization (Baugh and Graen, 1997; Martins et al., 2003, Pelled, 1996; Tsui, Xin, and Egan, 1995; Williams and O'Reilly, 1998). Measurement of heterogeneity at the level of the group rather than the organization is critical because these individuals regularly engage in face-to-face interactions, making the dynamics and consequences of diversity particularly salient (Milliken and Martins, 1996; Pelled, 1996). Therefore, this study will examine the impact of proportional representation of various diversity characteristics within the work unit. The work unit has been defined as a department within a location. Those within the work unit are most likely to interact with each other, to be aware of the demographic make-up and distinct entities of the unit, and to potentially develop opinions based upon the interaction of diversity and social issues that are particular to the unit. Members also would work together closely enough to have influence on each other’s perceptions and attitudes regarding the work environment. Additionally, it was decided to include work groups having more than 5 members since it was important to have a sufficient group size to potentially have some diversity among members and to potentially create intra-group variance in attitudes.

For the reasons cited above, the sample of participants for this study contained 4236 persons and 105 work units or groups. People within the sample represented 89 different occupations, such as drafting officer, work processor, mechanic, and plant manager. The number of employees working within a unit ranged from the minimum of 5 to a maximum of 426, however, the median group size was 16. The majority (79.5%) of people working for the organization were male. Within the work units, the average percent of male representation was 76.8. Half of the work units were made up of 20 percent or fewer females. No work unit employed more than 60 percent females. This organization was a predominantly male environment. The ages of employees ranged from 16 years to 70 years of age ($\bar{x} = 35.8, SD = 10.35$), length of tenure varied from 1 year to 46 years, with 12.84 ($SD = 9.8$) being the mean number of years that employees had worked for the organization. Just over 50% (50.7%) of employees had either university education or some post-secondary training, while the remaining 49% had education ranging from grade 8 to grade 12. Approximately, 40% of employees indicated that they held a supervisory position and 99% of the sample belonged to a union (a total of 6 unions were represented, one of which was a professional union).

Measures

**Independent variables.** Measures of diversity were collected for each work unit in the organization. The variables included measures of gender diversity, functional diversity, educational diversity, and union diversity. Each variable had distinctive group categories so the entropy-based index (Jehn, Northcraft, and Neale, 1999; Pelled, Eisenhardt, and Xin, 1999; Teachman, 1980) was used. The index is based upon the proportional representation of each of the possible categories of the variable:

$$\text{Diversity} = - \Sigma P_i \ln(P_i)$$

where $P_i$ is the proportion of members of the work unit that fall into the category. As a result, the diversity index represents the sum of the products of each characteristic’s proportion in the work
unit and the natural log of its proportion. For example, if in a unit of 10 people, 4 are males and 6 are females, the diversity index would be .673. The higher the diversity index, the greater the distribution of characteristics within the unit. If only one category of a variable is represented in the unit the diversity measure equals 0.

**Dependent variables.** The IR climate measures developed by Dastmalchian, Blyton, and Adamson (1991) were used to test the relationship between group diversity and climate perceptions. Through a series of testing and refinement (Dastmalchian, Blyton and Abdollahian, 1982; Blyton, Dastmalchian and Adamson, 1986) a 20-item measure of IR climate representing five dimensions (Dastmalchian, Blyton, and Adamson, 1991) was produced. The IR climate factors include: 1) harmony in dealings between union and management; 2) member support for the union; 3) general legitimacy of the union; 4) union-management consultation and openness; and 5) mutual regard and respect. Items were measured on a scale ranging from 1 (strongly disagree) to 5 (strongly agree). Evaluation of the internal consistency of the items (alpha) in each scale showed acceptable reliability estimates (above .70) for the first three factors but somewhat weaker reliabilities for support and legitimacy (see Table 1). The overall reliability of the complete IR climate scale was .87. The differences in reliabilities reported in this study and those of Dastmalchian, Blyton, and Adamson (1991) are likely to be the consequence of the variances generally found from sample to sample.

**Table 1**

**Industrial relations climate reliabilities and aggregation measures**

<table>
<thead>
<tr>
<th>Climate Constructs</th>
<th>N of Items</th>
<th>Coefficient Alpha</th>
<th>ICC1 (K = 105)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmony Climate</td>
<td>6</td>
<td>.76</td>
<td>.60</td>
</tr>
<tr>
<td>Union-Management Consultation Climate</td>
<td>6</td>
<td>.79</td>
<td>.50</td>
</tr>
<tr>
<td>Mutual Regard Climate</td>
<td>3</td>
<td>.77</td>
<td>.60</td>
</tr>
<tr>
<td>Membership Support for Unions Climate</td>
<td>3</td>
<td>.58</td>
<td>.54</td>
</tr>
<tr>
<td>Union Legitimacy Climate</td>
<td>2</td>
<td>.50</td>
<td>.46</td>
</tr>
<tr>
<td>Total IR Climate</td>
<td>20</td>
<td>.87</td>
<td>.57</td>
</tr>
</tbody>
</table>

Prior to aggregating these factors into the IR climate measure for each work unit, analyses were undertaken to determine whether such group aggregations were appropriate. These "collective climates" would then be used as a group level variable representing the perceptions of each of the work units within the organization. Intra-class correlations (ICC1) (Glick, 1985; Shrout and Fleiss, 1979) measured how much of the construct’s total variance was due to the group level properties of the data and tested within-group and between-group agreement. Scores ranged from .46 to .60, with a median value of .54 (Table 1), well above the value of .12 reported as an appropriate cut off by

1 A confirmatory factor analysis (CFA) was performed (Jöreskog, and Sorbom, 1993) to assess fit to the 5-factor IR climate model proposed by Dastmalchian et al. (1991). The CFA results were as follows: $\chi^2 = 203.64$ ($d.f. = 155$; $p = 0.005$); $\chi^2/df = 1.3$ GFI = 0.93; AGFI = 0.91; NFI = 0.90; CFI = 0.97; and RMSEA = 0.032. These results indicate a reasonable fit between the data and the hypothesized factor structure. The 5-factor model showed a significantly ($p<.05$) better fit to the data when compared to the 1 factor ($\chi^2 = 331.86$; $d.f. = 169$; $p = 0.00$) and null model ($\chi^2 = 2003.75$; $d.f. = 190$; $p = 0.00$).
James (1982). The preceding evaluations and values suggest that is acceptable to aggregate the climate data to create indicators of the collective climate within each of the work units.

**Results**

Table 2 presents the descriptive statistics for the variables used in this study. Regression analyses assessed the relationship between the diversity measures and the climate perceptions of each work unit. These results can be seen in Table 3. When examining the work unit scores, there was found to be an overall significant relationship between diversity and IR climate perceptions ($R^2=.13$, $p=.007$). More importantly, the IR climate showed unique relationships to the specific forms of diversity.

**Table 2**

Means, standard deviations and correlations for group measures*

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gender diversity</td>
<td>.24</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Union diversity</td>
<td>.21</td>
<td>.23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Educational diversity</td>
<td>.33</td>
<td>.75</td>
<td>.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Functional diversity</td>
<td>.29</td>
<td>.08</td>
<td>-.05</td>
<td>-.08</td>
<td></td>
</tr>
<tr>
<td>5. IR climate</td>
<td>.43</td>
<td>1.02</td>
<td>1.18</td>
<td>1.84</td>
<td>3.03</td>
</tr>
<tr>
<td>Mean</td>
<td>.23</td>
<td>.35</td>
<td>.26</td>
<td>.63</td>
<td>.21</td>
</tr>
<tr>
<td>SD</td>
<td>.00</td>
<td>.38</td>
<td>.00</td>
<td>2.25</td>
<td></td>
</tr>
<tr>
<td>Max.</td>
<td>.69</td>
<td>1.60</td>
<td>1.53</td>
<td>2.94</td>
<td>3.55</td>
</tr>
<tr>
<td>Correlations above .20 are significant at the .05 level; N=105</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 3**

Regression analysis of diversity relationships to IR climate

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B (Constant)</td>
<td>3.054</td>
<td>.101</td>
<td>30.205</td>
</tr>
<tr>
<td>Gender diversity</td>
<td>-.277</td>
<td>.092</td>
<td>-.299</td>
</tr>
<tr>
<td>Union diversity</td>
<td>.198</td>
<td>.087</td>
<td>.333</td>
</tr>
<tr>
<td>Functional diversity</td>
<td>-.083</td>
<td>.054</td>
<td>-.253</td>
</tr>
<tr>
<td>Educational diversity</td>
<td>.039</td>
<td>.087</td>
<td>.049</td>
</tr>
</tbody>
</table>

Model: R-squared .13
Adjusted R-squared .10
Significance .007
Results show that under conditions where identity group power roles were relevant to the contextual issues there were relationships between increased diversity and IR climate. As proposed in hypothesis 1, increases in gender diversity had a strong significantly negative relationship to climate perceptions (p=.003). As the gender diversity increased within work units increased, climate perceptions of union-management policy became more negative.

Additionally, diversity of unions within the work unit had a positive relationship with IR climate (p=.025). So, as the number of unions increased so did the positive perception of the union environment. Therefore hypothesis 2 was also supported. Finally, as expected (hypothesis 3) here was no significant relationship between the IR climate measure and the measures of functional (p=.125) or educational diversity (p=.653). It was proposed that these two forms of diversity would be unrelated to IR issues.

Discussion

This study tested assumptions about power differences and contextual relevance when examining diversity effects on industrial relations climate. The purpose was to build upon recent directions within the diversity literature. Diversity researchers (George and Chattopadhay, 2002; Lawrence, 1977; Pelled, Eisenhardt, and Xin, 1999) have suggested that demographic composition becomes important and will more likely produce effects on attitudes and behaviours when the diversity is salient within the context. In addition, theories such as social identity theory and realistic group conflict theory propose that demographic composition will become an issue when power differences exist between salient in-group and out-group members. Results appear to support these suppositions, showing that the perceptions of IR climates were affected by a number of specific diversity factors where comparison groups had differential power related to the specific contextual issue.

Two diversity measures taken in this study appeared important to how the IR climates were perceived within this organization: gender diversity and union diversity. There was a negative relationship between gender diversity levels and perceptions of IR climate within the work units. These results support a proposition by Iverson and Buttigieg (1997) that contrasts between identifiable in-groups and out-groups with differential power and influence can create antagonistic perceptions of the climate as numbers of out-group members increase. However, the effects of union diversity indicate that differential power positions between identity groups can sometimes lead to positive attitudes. It was hypothesized that as union diversity increased so would saliency of a superordinate union identity and that this would lead to more positive perceptions of IR climate. Results supported this supposition. As union diversity increased so did the positive perceptions of the IR climate.

As expected, diversity in positions and education had little impact on level of IR climate perceptions. The fact that results showed that these particular forms of diversity had no impact on IR perceptions may be particularly useful in understanding how diversity measures are related to organizational variables. Social identity theory suggests that categorizations lead to perceptions of in-groups and out-groups and those in-groups in powerful positions can create or manipulate policy to favor the in-group. Forms of diversity that are distinctly related to the specific policy should show effects. On the other hand, power coalitions may be more difficult to create when the form of diversity is unrelated to the dependent variable or where it is difficult to form identity groups. It was argued that that in this case, potential power relationships were unrelated to IR issues so salient identity groups and consequent power and status concerns would not form within this context. Consequently, we did not see effects for educational and functional diversity on IR climate.

The results of this study supported the supposition that diversity, in and of itself will not have consistent and universal effects. The significant and non-significant results support the
argument that the distinctness of the comparison groups, their comparative power positions, and the relevance of the specific diversity forms to the context will determine diversity effects.

Some limitations of the study should be recognized. While the results of this study supported the hypotheses, the data for the study came from only one organization. This severely limits the generalizability of these results. The analyses of within group diversity and its impact upon attitudes and behaviours, needs to be extended and confirmed in future studies.

In summary, overall results showed support for the hypotheses. Results suggested that IR perceptions became more negative when the contextual issue was relevant to the group composition and power differences existed between groups such that the IR policies would be favorable to the high status group but unfavorable to the out-group. Consequently, as gender diversity increased within the work units, perceptions of IR climate became more negative. But perceptions became more positive when the comparison groups were salient, when all groups could benefit from policies, and when a superordinate group could be identified. Increases in union diversity also lead to more positive IR climate perceptions. On the other hand, there were generally no effects for increasing diversity within work units when the comparison groups were not relevant to the issue or when the comparison groups were not salient. Functional and educational diversity were unrelated to IR climate. To close, this study supported current theoretical perspectives of diversity and those of social identity theory. Implications suggest that researchers should carefully consider diversity variables within the framework of salient comparison groups, power issues, and contextual relevance. This framework can provide a more realistic insight into how diversity impacts organizations.

References


