

Martha Farnsworth Riche

Fellow, CSES, Cornell University

“The Impact of Diversity on Organizational Performance”

This paper describes a multi-phase mixed-methods research project on the organizational impact of demographic diversity in a military service. Contradictory decisions by the U.S. Supreme Court regarding the use of race and ethnicity in university admissions called into question the service’s longstanding initiative towards becoming demographically representative of the U.S. population. Given the likely effects of ongoing population changes, the service wanted to investigate making a ‘business case’ for continuing its efforts to pursue demographic diversity.

The first phase of this project required developing a theoretical construct for building a ‘business case’ for demographic diversity in the military, and reviewing the relevant empirical literature on the effects of diversity on work-group and organizational performance. This literature is located in subsets of several academic disciplines, including social psychology, organizational sociology, organizational behavior, and human resources, each with different research objectives and theoretical concerns. Revisiting this work from a demographic perspective, within in a military context, had two results. First, it produced a nuanced business case: specifically, unmanaged diversity can be costly, but managed diversity can yield organizational benefits in certain contexts. Second, it

demonstrated the value of broadening the definition of diversity to include other demographic characteristics, particularly age, as well as work-related identities, such as occupation/function and organizational tenure and affiliation—such as active duty versus reserve forces, or U.S. versus in-country nationals, which are relevant in a military setting.

The second, quantitative phase extended the initial focus on race/ethnic/gender diversity. Analysis of the Census Bureau's Current Population surveys (CPS) yielded a description of how the "recruitable" civilian pool is changing for those characteristics. This analysis required adjusting the CPS data for military requirements involving both educational attainment and citizenship. The results suggested how simple demographic change might affect not just recruiting but also the service's demographic portrait, specifically by widening demographic differences between enlisted and officers.

Subsequent research has used the broader definition of diversity, focusing on organizational diversity (e.g. working across work unit, functional, or service lines) and global diversity (e.g. working with service members from other countries, or with national within foreign countries, as well as on demographic diversity. This research has used a variety of qualitative methods, including face-to-face interviews, focus groups, and 360-degree case studies. A major concern has been methodological, specifically how to analyze the resulting qualitative

data rigorously, grounding the analysis in the data but also assuring inter-rater reliability and other ways to avoid bias.

Each qualitative research activity has validated the empirical literature findings, informed (but not changed) the original model, and led to new research questions. For instance, managed diversity can indeed improve organization performance, but how? The findings suggest several broad areas of policy change for the military organization. They also have broad applicability to organizations in general.