Is there really a positive climate for diversity in New Zealand organisations?

Dr Carla Anne Houkamau
Department of Management and International Business, The University of Auckland,
Auckland, New Zealand

c.houkamau@auckland.ac.nz

Professor Peter Boxall
Department of Management and International Business, The University of Auckland,
Auckland, New Zealand

p.boxall@auckland.ac.nz
Is there really a positive climate for diversity in New Zealand organisations?

ABSTRACT:
This paper uses data drawn from a 2010 telephone survey of 500 New Zealand workers to demonstrate that Māori and Pacific respondents perceive their organisations as less supportive of diversity than do their European/Pākeha counterparts. Research linking employees’ perceptions of diversity climate to favourable business and employee outcomes is outlined. The Māori and Pacific populations combined will comprise nearly 30% of New Zealand’s working age population in 2026 (EEO Trust, 2006). We argue it is critical for organisations to understand the factors that promote feelings of inclusion for these groups in order to fully leverage the benefits they offer. Suggestions are provided for creating a positive climate for diversity recognising the specific needs of Māori and Pacific employees.

Keywords: (diversity management, the business case for diversity, indigenous perspectives)

Introduction

Diversity in the NZ workforce

Ethnic diversity is fast becoming a key characteristic of the New Zealand workforce - particularly in Auckland which is New Zealand’s major city and business centre (New Zealand Ministry of Social Development, 2009). Accelerated immigration from East Asia, India, Africa and the Middle-East is driving this ethnic diversification alongside significant differences in relation to birth-rates among New Zealand’s major ethnic groups. Māori and Pacific peoples currently have relatively higher birth-rates. 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 (Statistics New Zealand, 2010b). During this period, the European/Pākeha 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. As a reflection of this diversification, the New Zealand Department of Labour has described a number of future challenges and opportunities for the national workforce, and has urged New Zealand businesses to improve their approach to managing ethnically diverse employees (e.g. New Zealand Department of Labour, 2004; New Zealand Ministry of Social Development, 2009; Office of Ethnic Affairs, 2012).
In recent years, there has been an increase in the number of government-sponsored reports focusing specifically on issues related to Māori and Pacific workers: their recruitment, retention and effective integration into New Zealand workplaces (Ministry of Social Development, 2010; New Zealand Department of Labour, 2010; Equal Opportunities Trust, 2006). Although there are number of publications that outline effective strategies for working with Māori, at the present time there is a lack of empirical data regarding the perspectives of Māori and Pacific workers in the New Zealand workforce and how they feel about the way they are treated by their managers and employers.

In 2010, we surveyed a random, representative sample of New Zealand workers (n=500) to examine their experiences and attitudes in relation to diversity management. Although the data can be analysed in various ways, our aim in this paper is to examine what it says about the differential perceptions of diversity climate among the ethnic groups sampled with focus on Māori and Pacific employees. We start with a discussion of the significance of these groups for New Zealand organisations, followed by a brief review of international research that links workers’ perceptions of diversity climate to organisational performance. Data is then discussed that demonstrates that Māori and Pacific people perceive the diversity climates in New Zealand organisations differently from members of the dominant ethnic group (European/Pākeha). Implications for organisational performance and diversity management in New Zealand are then discussed.

**Māori and Pacific**

Māori and Pacific people make up a relatively young and fast-growing share of the New Zealand working age population. The 2006 New Zealand Census showed that 643,977 people, or 17.7%, of the total population reported they were of Māori descent. Out of this group, just over half (52.8%) identified Māori as their only ethnicity (Statistics New Zealand, 2006). There were 265,974 people of Pacific ethnicity living in New Zealand at the time of the 2006 Census, representing around seven per cent of the total population. The largest Pacific ethnic groups were: Samoan (131,103), Cook Island Māori (58,011), Tongan (50,478), Niuean (22,476), Fijian (9,864), Tokelauan (6,822) and Tuvaluan (2,625). While all ethnic groups in New Zealand will increase numerically over time, the Pacific and
Māori ethnic populations are projected to grow considerably over the next twenty years (Statistics New Zealand, 2012). According to customised data produced for the EEO Trust derived from the 2006 Census, the proportion of young workers who are of Māori or Pacific heritage is projected to increase from 23.5% in 2006 to 29% in 2026 (EEO Trust, 2012a). Thus, given their share of the population and their relative youth, the Māori and Pacific workforce has become a critical part of New Zealand's current and future labour market (Ministry of Business, Innovation and Employment, 2013a; 2013a).

At present time, Māori and Pacific workers are relatively vulnerable to economic instability in the New Zealand economy. According to a recent Department of Labour report (“How have Māori and Pacific people been affected by the recession?”), Māori and Pacific people experience ‘weaker’ labour market outcomes relative to other ethnic groups in New Zealand. It notes that due to multiple factors (such as a decrease in the availability of manufacturing and labouring jobs), Māori and Pacific youth unemployment rates have more than doubled in recent years (New Zealand Department of Labour, 2010). The employment disparities that exist between the Māori, Pacific and other ethnic groups have problematic implications for social equity and general community well-being in New Zealand (Henare et al., 2011). Given the projected trends, it is little surprise that promoting education and positive employment outcomes for Māori and Pacific is increasingly the focus of Government policy and intervention efforts (Henare et al., 2011; Ministry of Social Development, 2010; Department of Labour, 2010; EEO Trust, 2006). For example, at the time of writing this paper, the New Zealand Minister of Tertiary Education announced Government funding would be directed at increasing the number of Māori and Pacific trades-training opportunities (from 600 to 3000) over the next four years. To this end, $43 million dollars has been pledged to fund Māori and Pacific youth to complete trades-training courses, which will enable them to gain the appropriate qualification for a New Zealand apprenticeship. The significant resources being directed to this programme, and other initiatives designed to enhance the employability of Māori and Pacific youth, are the testimony to the importance of ensuring that these two groups are equitably integrated into the workforce (“Budget: increase in Māori and Pacific Trades Training places”, 2013).
While Government intervention may enhance Māori and Pacific outcomes, the role of employers in supporting Māori and Pacific integration in the workforce also needs to be examined in order to understand the conditions that promote their recruitment, career development and retention. Over the course of the last decade, anecdotal material regarding how to work with Māori has emerged (EEO Trust, 2006; 2008), but academic research is somewhat scarcer. Haar and Brougham (2011) and Brougham and Haar (2012) have helped reduce the lacuna with their studies of Māori attitudes at work and how these are influenced by the extent to which their employer supports Māori cultural perspectives. They used structural equation modelling to test the outcomes of cultural satisfaction at work with a sample of 174 Māori employees. Results showed that Māori who were more satisfied with the level of understanding of their cultural values in the workplace reported better job outcomes. The researchers concluded that the cultural satisfaction levels of Māori employees directly predicted loyalty to their employer as well as the extent to which they engaged in organisational citizenship. They concluded that Māori workers who are more satisfied with the way their cultural beliefs are valued in the workplace are more likely to perform effectively in their jobs and remain loyal to their organisation (see also Haar and Brougham, 2013). Similarly, the EEO Trust and Ministry of Pacific Island Affairs recently explored techniques for engaging effectively with Pacific workers. The resulting report analysed the perceptions of 20 young Pacific Islanders and six managers who supervise employees of Pacific Island heritage. Data generated indicates that Pacific workers connect more effectively with employers who value their cultural differences. Participants reported that they were more committed and loyal to their employer when they felt their managers were sensitive and accepting of Pacific culture and accommodated their unique cultural needs. Both the employees and managers interviewed recognised that fostering and building positive working relationships were important drivers of engagement (EEO Trust, 2012b).

**Positive climate for diversity and employee engagement**

Alongside local studies, international literature in the area of diversity management holds promise for elucidating key organisational factors and managerial practices that promote a sense of acceptance and engagement for ethnic minorities. An organizational climate describes "the current common patterns
of important dimensions of organizational life or its members' perceptions of and attitudes towards those dimensions" (Peterson and Spencer, 1990, p. 173). Thomas (1990; 1999) observes that employees perceive this climate and, in turn, this influences their own attitudes and behaviours. One aspect of organisational climate is diversity management. According to Thomas and Ely (2001), effective diversity management requires that managers demonstrate a genuine appreciation for employee differences and make an effort to create a working environment that enables each person to maximize their potential while also pursuing the goals of their organisation.

Hicks-Clarke and Iles (2000) argue that for managing diversity to be successful, the organisation needs to develop a positive climate for diversity. Diversity climate refers to employees’ shared perceptions of the degree to which a firm is thought to utilise fair employee practices and policies, which socially integrate minority employees into the organisational structure (Mor Barak, Cherin, & Berkman, 1998). In order for organisations to develop a positive climate for diversity, it is important that diversity is valued and that employees from diverse backgrounds feel welcomed, accepted for who they are as individuals, and fairly included in the culture and structure of the workplace (also see McKay, Avery & Morris, 2008; 2009). According to Cox (1994), a positive climate for diversity is promoted by practices and processes operating at various levels of the organisation. On the interpersonal level, Cox (1994) suggests that negative perceptions of difference need to be discouraged and prejudice and stereotyping in organizations should not be tolerated. This means that employers and managers must adhere to fair and transparent promotion practices and expressions of discrimination should not be permitted. At an intergroup level, suggests Cox, conflict between particular groups within organisations should not be tolerated. At an operational level, policies and practices must ensure that individual differences are accommodated by the organisation through the provision of specific programmes that support the needs of diverse groups. Cox also suggests that organizational factors, such as the attitudes, behaviour and demographics of senior leadership, are important to consider in terms of understanding the general diversity climate or ‘vibe’ or the organisation (see also Thomas & Ely, 1996).
Houkamau and Boxall (2011) found that employees who report a positive climate for diversity are more committed to their organisation, more satisfied in their jobs, and more trusting of their employer. Cox (1994, p. 8) argues that the outcomes of the diversity climate in terms of individual career outcomes have two different effects. First, it includes how individuals “feel about their work and their employer”, i.e. affective outcomes; second, it includes how well the individual performs in the organisation, i.e. achievement outcomes. Several studies have found that ethnic minority employees who believe their organisation accepts and values them are likely to perform more effectively and remain more committed to their employer. For example, McKay, Avery and Morris (2008) examined the role diversity climate has in predicting turnover intentions and organisational commitment amongst an ethnically diverse group of employees. The study participants comprised managers from 50 different departments of a national retail organisation (5,345 Whites, 339 Blacks and 354 Hispanics). Participants completed web-based surveys that assessed turnover intentions, diversity climate perceptions and organisational commitment. The data collected indicated that a PCFD reduced turnover intentions and increased reported organisational commitment for all workers. Specifically, a PCFD was linked with reduced turnover intentions for Blacks, followed by Whites, then Hispanics. In addition, a PCFD was found to increase organisational commitment for Black and White employees. The authors concluded that sound diversity management practices are associated with decreased turnover intentions and increased organisational commitment for majority and minority employees.

Consistent with findings that a pro-diversity climate promotes positive business and employee outcomes, McKay, Avery and Morris (2009) assessed the relationship between subordinates’ and managers’ diversity climate perspectives on sales performance. The researchers sampled 654 store units of a large U.S. retail organization. While they found that diversity climates varied across stores, overall they found that pro-diversity climates had a significant relationship with employee performance. Specifically, they found that African-American employees in stores with high pro-diversity climates increased their sales by about $20 per hour, an annual sales gain of nearly $21,000. Hispanic employees increased hourly sales by $26, resulting in an annual gain to their organisation of $27,000. Alongside the improved performance for minorities, they found that white sales personnel
showed improvement in their sales figures (although not as strongly). They concluded that organizations that foster a PCFD by providing equitable opportunities for their minority workers can experience greater profits and a more harmonious workforce. The authors suggest that in order to ensure that employees feel an important part of the organization, they should ensure that all employees are given an opportunity to grow and do their best regardless of background.

More recently, McKay, Avery and Morris (2010) found that a PCFD within organisations is also related to increased customer satisfaction. Utilizing longitudinal data from 59,592 employees and 1.2 million customers of 769 store units of a large U.S. national retail organization, the researchers examined the link between minority and female representation in the organisation, evaluations of diversity climate among employees, and customer satisfaction data. They found that diversity climate was positively and significantly related to customer satisfaction measured a year later. They go on to suggest that pro-diversity climates may be relatively more important to minorities as they are most vulnerable to discrimination. Therefore, if they believe that all employees in their organisation (themselves included) are treated without bias, this should foster positive attitudes and improved performance (Mor Barak, Cherin & Berkman, 1998). Thus, evidence suggests that there are significant relationships between diversity perceptions and job satisfaction and organisational commitment among employees from diverse backgrounds. At the same time, it is important to note that diversity climate perceptions are highly personal for individuals. Mckay, Avery and Morris (2008) have observed that minorities are more sensitive to issues of inequality in the workplace (potentially due to their increased vulnerability to discrimination) and therefore may be less likely to perceive a positive climate for diversity. Similarly, in a sample of US army reservists, Estrada and Harbke (2008) found that people from different minority groups can be relatively more sensitive to different facets of the diversity climate. This was echoed in Kossek and Zonia’s (1993) research amongst American academics, which found that hierarchical level in the organisation, ethnicity and gender all affect perceptions of diversity climates.
Further empirical data backs these views. For example, Mor Barak, Cherin and Berkman (1998) found ethnic differences in employee perceptions of diversity climate. In an evaluation examining gender and racial/ethnic differences in the diversity perceptions of 2,686 employees of an electronics company located in a multicultural community, the authors explored employees’ views in relation to fairness, inclusion and diversity-related values. They found that white men perceived the organization as more fair and inclusive than did white women and racial and ethnic minorities.

It seems that ‘pro diversity’ climates help ensure employees from diverse backgrounds feel valued by their employer and motivated to perform at their best. However, what is the outcome if employees perceive a less positive climate for diversity? A substantial database of information relating to the antecedents of employee engagement indicates that when employees feel part of an organisation and valued for who they are they will work harder and feel more engaged (Albrecht & Albrecht, 2010; Harter Shmidt and Hayes, 2002; Yalabik et al., 2013; Shantz et al., 2013) while marginalised workers may disengage, and this can be a drain on organisational functioning (Hacey & Schneider, 2008). Cox (1994) suggests that if individuals do not feel valued because of their race or gender, they may potentially disengage and withdraw from their work (also see Cox and Blake, 1991).

Similarly, Larkey (1996) has suggested that minority ethnic workers often experience feelings of being slighted and misunderstood in their day-to-day interactions with colleagues. Laer and Janssens (2011) have shown that minority workers may routinely experience subtle discrimination in the workplace, which is sometimes ambiguous but can permeate the workplace and is perpetuated by routine encounters. For example, if minority workers try to express their ideas and these are not taken seriously by their colleagues they may, over time, withdraw due a sense of disempowerment. This is problematic in terms of organisational performance, as employee engagement is important for productivity and optimal organisational performance (Albrecht & Albrecht, 2010; Harter, Schmidt & Hayes, 2002; Saks, 2006). As the literature review above shows, the organisational diversity climate has an impact on whether the organisation will achieve the best outcomes from a diverse workforce. Furthermore, pro-diversity climates may be relatively more important to minorities as they are the most vulnerable to discrimination. If they believe that all employees in their organisation (themselves
included) are treated without bias, this should foster positive attitudes and improved engagement and performance (Mor Barak, Cherin & Berkman, 1998).

**The current study**

Given that Māori and Pacific peoples will comprise a significant percentage of our future workforce and that supporting their full contribution to the New Zealand economy is a desirable policy (Department of Labour, 2010), we need a deeper understanding of how Māori and Pacific workers feel about the diversity climates in New Zealand organisations. At present, there has been no research on this specific construct and little is known of the perceptions of Māori and Pacific workers in this regard. To advance knowledge in this area, in 2010 we surveyed a random, representative sample of New Zealand workers (n=500) to examine their experiences and attitudes in relation to diversity management. Data was collected using computer-assisted telephone interviews (CATI). The interviews took, on average, twenty 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 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 worked 40.74 hours a week, with a range from 2 to 85 hours. Their mean age was 46.91 years, ranging from 18 to 80 years. The surveyors, Phoenix Research Ltd, were asked to ensure that exactly 50% of respondents were male and 50% female. The survey company also ensured that ethnic groups were included according to their proportions in the New Zealand workforce: NZ European/New Zealander (66.6%), Māori (13.6%), Pacific (5.6%), and Other (14.0%). Some 34.8% of the sample had care-giving responsibility for a child under 14 years and some 7.4% say they live with an impairment or disability. Overall, the survey is the most representative to date of NZ employee experiences of, and attitudes to, diversity management.
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. We examined the role of ‘diversity vision’ (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 also asked respondents to report the levels of ‘diversity support’ within the organisations. 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). We included measures of organisational commitment, jobs satisfaction, worker stress, loyalty and morale, as well as personal perspectives of diversity and tolerance for ethnic groups other than one’s own. We also measured climate for diversity using McKay, Avery and Morris’s (2008) 4-item scale, which assesses the extent to which diverse individuals feel fairly treated and respected. The items are “I trust my organisation to treat me fairly”, “My organisation maintains a diversity-friendly work environment”, “My organisation respects the views of people like me”, “Top leaders in my organisation demonstrate a visible commitment to diversity”, to which respondents answer on a five point scale (1 = strongly disagree, 5 = strongly agree). Given the restrictions of this paper, we analyse and present data relating to perceptions of diversity climate only. The relationships between climate for diversity and employee attitudes towards their manager, job and colleagues will be presented in forthcoming publications. For a fuller description of the study, see Houkamau and Boxall (2011). We used SPSS to analyse the data.

Results

Perceptions of Diversity Climate

Overall, we found that the perception of the climate for diversity in New Zealand organisations was positive across the entire sample. 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. Table 1 shows how our organisations rate in this regard. When you aggregate the ‘agree’ and ‘strongly agree’ responses, around three out of four New Zealanders think their organisation is diversity friendly.

<table>
<thead>
<tr>
<th>Item</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>I trust my organisation to treat me fairly</td>
<td>3.4</td>
<td>8.4</td>
<td>11.4</td>
<td>49.2</td>
<td>27.2</td>
<td>0.4</td>
</tr>
<tr>
<td>My organisation maintains a diversity-friendly work environment</td>
<td>1.2</td>
<td>6.6</td>
<td>12.4</td>
<td>53.6</td>
<td>24.6</td>
<td>1.6</td>
</tr>
<tr>
<td>My organisation respects the views of people like me</td>
<td>3.2</td>
<td>8.4</td>
<td>11.6</td>
<td>50.2</td>
<td>25.6</td>
<td>1.0</td>
</tr>
<tr>
<td>Top leaders in my organisation demonstrate a visible commitment to diversity</td>
<td>2.2</td>
<td>8.4</td>
<td>18.4</td>
<td>46.6</td>
<td>19.6</td>
<td>4.8</td>
</tr>
</tbody>
</table>

**Ethnic differences in diversity perceptions**

While it is reassuring to see that New Zealand workers, overall, perceive a positive climate for diversity in their organisations, we discovered that there were differences in mean diversity climate scores for people of different ethnicities. A closer examination of the data demonstrates that people of Māori and Pacific ethnicities perceive the diversity climate to be less supportive than people of NZ European ethnicity. We estimate that, on average, holding all other variables in the model constant, compared to people of New Zealand European ethnicity, the mean diversity climate score is 0.25 units lower (on a scale from 1 to 5) for people of Māori ethnicity (95% C.I. 0.08 to 0.42) and 0.27 units lower (on a scale from 1 to 5) for people of Pacific ethnicity (95% C.I. 0.01 to 0.53).

**Discussion**

Mor Barak, Cherin, and Berkman (1998) observe that in order for employees to perceive that their organisations provide a positive climate for diversity, they need to feel they have equal opportunity to succeed on the job and feel as if they are accepted and integrated into the organisation (Ely & Thomas, 2001; McKay et al., 2007; Thomas & Ely, 1996). Previous research indicates perceptions of organisational diversity climate vary as a function of ethnicity – with minority groups tending to
evaluate their organisations as being less supportive of diversity. We expected the same to apply in New Zealand and found that this is the case. Specifically, we found that Māori and Pacific employees perceive a less positive climate for diversity compared to European/Pākeha. This indicates these two groups are less likely to feel respected and valued at work and less likely to believe their organisations treat them fairly and inclusively. This finding, although not surprising, is of concern. A considerable amount of research has confirmed that the perceptions employees have of diversity climate are an important determinant of organisational commitment, productivity and turnover intentions (McKay, Avery & Morris, 2009). Aligned with this, Haar and Brougham (2011) and Brougham and Haar (2012) have shown that Māori workers who are more satisfied with the way their cultural beliefs are valued in the workplace are more likely to perform effectively in their jobs and remain loyal to their organisation. Similar data have been collected for Pacific workers (EEO Trust, 2012b). With this evidence in mind, we argue that there is a genuine need for New Zealand organisations to consider how to relate more effectively with their Maori and Pacific employees to promote their inclusion. Creating a positive climate for diversity is a challenging task. However, the literature is starting to provide useful guidance (e.g. Arredondo 1996; Greene and Kirton 2009; Kirton, G. & Greene, 2005; Konrad, 2003; Kossek, & Pichler, 2007; Layne, 2002; Sadri, & Tran, 2002) and studies have been examining the key determinants of worker perceptions in this regard. Mor Barak, Cherin and Berkman (1998) note that in order to promote feelings of inclusion, employees need to believe that their organisation and those within it see diversity as valuable. Several local publications have provided relevant guidelines for working effectively with Māori workers (EEO Trust, 2006). In terms of identifying factors that help to engage Māori and Pacific workers, research suggests that, in order for managerial efforts to be effective, they must accommodate the distinct values, beliefs and cultural practices of these groups. Promotion and performance management processes need to be transparent and fair and Māori and Pacific workers need to believe their views are taken seriously. Apart from the role of organisational policy in respecting cultural differences, our research suggests that managers at all levels need to have sensitivity to individual employee needs and sincerity in addressing them regardless of background (Houkamau and Boxall 2011: 457). How to achieve this is, we believe, the key issue. Further research is clearly needed. What matters most to Māori and Pacific peoples in terms
of the organizational climate for diversity? How well do our managers, individually and collectively, interact with Māori and Pacific workers? What are their strengths and weaknesses? How can government best assist, especially when so many of our organisations are financially stretched? These are useful questions to explore. We urge researchers to continue to examine the impact of the diversity climate on Māori and Pacific attitudes and behavior as better research will help New Zealand to leverage the potential of these two significant groups.
References


Office of Ethnic Affairs (2012). Riding the Wave: Riding Moving from the 'Right Thing' to do to the Bright Thing to do when maximising the benefits that ethnic diversity brings to our workplace. Wellington: Ethnic Affairs.


Is there really a positive climate for diversity in New Zealand organisations?

ABSTRACT:

This paper uses data drawn from a 2010 telephone survey of 500 New Zealand workers to demonstrate that Māori and Pacific respondents perceive their organisations as less supportive of diversity than do their European/Pākeha counterparts. Research linking employees’ perceptions of diversity climate to favourable business and employee outcomes is outlined. The Māori and Pacific populations combined will comprise nearly 30% of New Zealand’s working age population in 2026 (EEO Trust, 2006). We argue it is critical for organisations to understand the factors that promote feelings of inclusion for these groups in order to fully leverage the benefits they offer. Suggestions are provided for creating a positive climate for diversity recognising the specific needs of Māori and Pacific employees.

Keywords: (diversity management, the business case for diversity, indigenous perspectives)

Introduction

Diversity in the NZ workforce

Ethnic diversity is fast becoming a key characteristic of the New Zealand workforce - particularly in Auckland which is New Zealand’s major city and business centre (New Zealand Ministry of Social Development, 2009). Accelerated immigration from East Asia, India, Africa and the Middle-East is driving this ethnic diversification alongside significant differences in relation to birth-rates among New Zealand’s major ethnic groups. Māori and Pacific peoples currently have relatively higher birth-rates. 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 (Statistics New Zealand, 2010b). During this period, the European/Pākeha 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. As a reflection of this diversification, the New Zealand Department of Labour has described a number of future challenges and opportunities for the national workforce, and has urged New Zealand businesses to improve their approach to managing ethnically diverse employees (e.g. New Zealand Department of Labour, 2004; New Zealand Ministry of Social Development, 2009; Office of Ethnic Affairs, 2012).
In recent years, there has been an increase in the number of government-sponsored reports focusing specifically on issues related to Māori and Pacific workers: their recruitment, retention and effective integration into New Zealand workplaces (Ministry of Social Development, 2010; New Zealand Department of Labour, 2010; Equal Opportunities Trust, 2006). Although there are number of publications that outline effective strategies for working with Māori, at the present time there is a lack of empirical data regarding the perspectives of Māori and Pacific workers in the New Zealand workforce and how they feel about the way they are treated by their managers and employers.

In 2010, we surveyed a random, representative sample of New Zealand workers (n=500) to examine their experiences and attitudes in relation to diversity management. Although the data can be analysed in various ways, our aim in this paper is to examine what it says about the differential perceptions of diversity climate among the ethnic groups sampled with focus on Māori and Pacific employees. We start with a discussion of the significance of these groups for New Zealand organisations, followed by a brief review of international research that links workers’ perceptions of diversity climate to organisational performance. Data is then discussed that demonstrates that Māori and Pacific people perceive the diversity climates in New Zealand organisations differently from members of the dominant ethnic group (European/Pākehā). Implications for organisational performance and diversity management in New Zealand are then discussed.

**Māori and Pacific**

Māori and Pacific people make up a relatively young and fast-growing share of the New Zealand working age population. The 2006 New Zealand Census showed that 643,977 people, or 17.7%, of the total population reported they were of Māori descent. Out of this group, just over half (52.8%) identified Māori as their only ethnicity (Statistics New Zealand, 2006). There were 265,974 people of Pacific ethnicity living in New Zealand at the time of the 2006 Census, representing around seven percent of the total population. The largest Pacific ethnic groups were: Samoan (131,103), Cook Island Māori (58,011), Tongan (50,478), Niuean (22,476), Fijian (9,864), Tokelauan (6,822) and Tuvaluan (2,625). While all ethnic groups in New Zealand will increase numerically over time, the Pacific and
Māori ethnic populations are projected to grow considerably over the next twenty years (Statistics New Zealand, 2012). According to customised data produced for the EEO Trust derived from the 2006 Census, the proportion of young workers who are of Māori or Pacific heritage is projected to increase from 23.5% in 2006 to 29% in 2026 (EEO Trust, 2012a). Thus, given their share of the population and their relative youth, the Māori and Pacific workforce has become a critical part of New Zealand's current and future labour market (Ministry of Business, Innovation and Employment, 2013a; 2013a).

At present time, Māori and Pacific workers are relatively vulnerable to economic instability in the New Zealand economy. According to a recent Department of Labour report (“How have Māori and Pacific people been affected by the recession?”), Māori and Pacific people experience ‘weaker’ labour market outcomes relative to other ethnic groups in New Zealand. It notes that due to multiple factors (such as a decrease in the availability of manufacturing and labouring jobs), Māori and Pacific youth unemployment rates have more than doubled in recent years (New Zealand Department of Labour, 2010). The employment disparities that exist between the Māori, Pacific and other ethnic groups have problematic implications for social equity and general community well-being in New Zealand (Henare et al., 2011). Given the projected trends, it is little surprise that promoting education and positive employment outcomes for Māori and Pacific is increasingly the focus of Government policy and intervention efforts (Henare et al., 2011; Ministry of Social Development, 2010; Department of Labour, 2010; EEO Trust, 2006). For example, at the time of writing this paper, the New Zealand Minister of Tertiary Education announced Government funding would be directed at increasing the number of Māori and Pacific trades-training opportunities (from 600 to 3000) over the next four years. To this end, $43 million dollars has been pledged to fund Māori and Pacific youth to complete trades-training courses, which will enable them to gain the appropriate qualification for a New Zealand apprenticeship. The significant resources being directed to this programme, and other initiatives designed to enhance the employability of Māori and Pacific youth, are the testimony to the importance of ensuring that these two groups are equitably integrated into the workforce (“Budget: increase in Māori and Pacific Trades Training places”, 2013).
While Government intervention may enhance Māori and Pacific outcomes, the role of employers in supporting Māori and Pacific integration in the workforce also needs to be examined in order to understand the conditions that promote their recruitment, career development and retention. Over the course of the last decade, anecdotal material regarding how to work with Māori has emerged (EEO Trust, 2006; 2008), but academic research is somewhat scarcer. Haar and Brougham (2011) and Brougham and Haar (2012) have helped reduce the lacuna with their studies of Māori attitudes at work and how these are influenced by the extent to which their employer supports Māori cultural perspectives. They used structural equation modelling to test the outcomes of cultural satisfaction at work with a sample of 174 Māori employees. Results showed that Māori who were more satisfied with the level of understanding of their cultural values in the workplace reported better job outcomes. The researchers concluded that the cultural satisfaction levels of Māori employees directly predicted loyalty to their employer as well as the extent to which they engaged in organisational citizenship. They concluded that Māori workers who are more satisfied with the way their cultural beliefs are valued in the workplace are more likely to perform effectively in their jobs and remain loyal to their organisation (see also Haar and Brougham, 2013). Similarly, the EEO Trust and Ministry of Pacific Island Affairs recently explored techniques for engaging effectively with Pacific workers. The resulting report analysed the perceptions of 20 young Pacific Islanders and six managers who supervise employees of Pacific Island heritage. Data generated indicates that Pacific workers connect more effectively with employers who value their cultural differences. Participants reported that they were more committed and loyal to their employer when they felt their managers were sensitive and accepting of Pacific culture and accommodated their unique cultural needs. Both the employees and managers interviewed recognised that fostering and building positive working relationships were important drivers of engagement (EEO Trust, 2012b).

**Positive climate for diversity and employee engagement**

Alongside local studies, international literature in the area of diversity management holds promise for elucidating key organisational factors and managerial practices that promote a sense of acceptance and engagement for ethnic minorities. An organizational climate describes "the current common patterns
of important dimensions of organizational life or its members' perceptions of and attitudes towards those dimensions" (Peterson and Spencer, 1990, p. 173). Thomas (1990; 1999) observes that employees perceive this climate and, in turn, this influences their own attitudes and behaviours. One aspect of organisational climate is diversity management. According to Thomas and Ely (2001), effective diversity management requires that managers demonstrate a genuine appreciation for employee differences and make an effort to create a working environment that enables each person to maximize their potential while also pursuing the goals of their organisation.

Hicks-Clarke and Iles (2000) argue that for managing diversity to be successful, the organisation needs to develop a positive climate for diversity. Diversity climate refers to employees’ shared perceptions of the degree to which a firm is thought to utilise fair employee practices and policies, which socially integrate minority employees into the organisational structure (Mor Barak, Cherin, & Berkman, 1998). In order for organisations to develop a positive climate for diversity, it is important that diversity is valued and that employees from diverse backgrounds feel welcomed, accepted for who they are as individuals, and fairly included in the culture and structure of the workplace (also see McKay, Avery & Morris, 2008; 2009). According to Cox (1994), a positive climate for diversity is promoted by practices and processes operating at various levels of the organisation. On the interpersonal level, Cox (1994) suggests that negative perceptions of difference need to be discouraged and prejudice and stereotyping in organizations should not be tolerated. This means that employers and managers must adhere to fair and transparent promotion practices and expressions of discrimination should not be permitted. At an intergroup level, suggests Cox, conflict between particular groups within organisations should not be tolerated. At an operational level, policies and practices must ensure that individual differences are accommodated by the organisation through the provision of specific programmes that support the needs of diverse groups. Cox also suggests that organizational factors, such as the attitudes, behaviour and demographics of senior leadership, are important to consider in terms of understanding the general diversity climate or ‘vibe’ or the organisation (see also Thomas & Ely, 1996).
Houkamau and Boxall (2011) found that employees who report a positive climate for diversity are more committed to their organisation, more satisfied in their jobs, and more trusting of their employer. Cox (1994, p. 8) argues that the outcomes of the diversity climate in terms of individual career outcomes have two different effects. First, it includes how individuals “feel about their work and their employer”, i.e. affective outcomes; second, it includes how well the individual performs in the organisation, i.e. achievement outcomes. Several studies have found that ethnic minority employees who believe their organisation accepts and values them are likely to perform more effectively and remain more committed to their employer. For example, McKay, Avery and Morris (2008) examined the role diversity climate has in predicting turnover intentions and organisational commitment amongst an ethnically diverse group of employees. The study participants comprised managers from 50 different departments of a national retail organisation (5,345 Whites, 339 Blacks and 354 Hispanics). Participants completed web-based surveys that assessed turnover intentions, diversity climate perceptions and organisational commitment. The data collected indicated that a PCFD reduced turnover intentions and increased reported organisational commitment for all workers. Specifically, a PCFD was linked with reduced turnover intentions for Blacks, followed by Whites, then Hispanics. In addition, a PCFD was found to increase organisational commitment for Black and White employees. The authors concluded that sound diversity management practices are associated with decreased turnover intentions and increased organisational commitment for majority and minority employees.

Consistent with findings that a pro-diversity climate promotes positive business and employee outcomes, McKay, Avery and Morris (2009) assessed the relationship between subordinates’ and managers’ diversity climate perspectives on sales performance. The researchers sampled 654 store units of a large U.S. retail organization. While they found that diversity climates varied across stores, overall they found that pro-diversity climates had a significant relationship with employee performance. Specifically, they found that African-American employees in stores with high pro-diversity climates increased their sales by about $20 per hour, an annual sales gain of nearly $21,000. Hispanic employees increased hourly sales by $26, resulting in an annual gain to their organisation of $27,000. Alongside the improved performance for minorities, they found that white sales personnel
showed improvement in their sales figures (although not as strongly). They concluded that organizations that foster a PCFD by providing equitable opportunities for their minority workers can experience greater profits and a more harmonious workforce. The authors suggest that in order to ensure that employees feel an important part of the organization, they should ensure that all employees are given an opportunity to grow and do their best regardless of background.

More recently, McKay, Avery and Morris (2010) found that a PCFD within organisations is also related to increased customer satisfaction. Utilizing longitudinal data from 59,592 employees and 1.2 million customers of 769 store units of a large U.S. national retail organization, the researchers examined the link between minority and female representation in the organisation, evaluations of diversity climate among employees, and customer satisfaction data. They found that diversity climate was positively and significantly related to customer satisfaction measured a year later. They go on to suggest that pro-diversity climates may be relatively more important to minorities as they are most vulnerable to discrimination. Therefore, if they believe that all employees in their organisation (themselves included) are treated without bias, this should foster positive attitudes and improved performance (Mor Barak, Cherin & Berkman, 1998). Thus, evidence suggests that there are significant relationships between diversity perceptions and job satisfaction and organisational commitment among employees from diverse backgrounds. At the same time, it is important to note that diversity climate perceptions are highly personal for individuals. Mckay, Avery and Morris (2008) have observed that minorities are more sensitive to issues of inequality in the workplace (potentially due to their increased vulnerability to discrimination) and therefore may be less likely to perceive a positive climate for diversity. Similarly, in a sample of US army reservists, Estrada and Harbke (2008) found that people from different minority groups can be relatively more sensitive to different facets of the diversity climate. This was echoed in Kossek and Zonia’s (1993) research amongst American academics, which found that hierarchical level in the organisation, ethnicity and gender all affect perceptions of diversity climates.
Further empirical data backs these views. For example, Mor Barak, Cherin and Berkman (1998) found ethnic differences in employee perceptions of diversity climate. In an evaluation examining gender and racial/ethnic differences in the diversity perceptions of 2,686 employees of an electronics company located in a multicultural community, the authors explored employees’ views in relation to fairness, inclusion and diversity-related values. They found that white men perceived the organization as more fair and inclusive than did white women and racial and ethnic minorities.

It seems that ‘pro diversity’ climates help ensure employees from diverse backgrounds feel valued by their employer and motivated to perform at their best. However, what is the outcome if employees perceive a less positive climate for diversity? A substantial database of information relating to the antecedents of employee engagement indicates that when employees feel part of an organisation and valued for who they are they will work harder and feel more engaged (Albrecht & Albrecht, 2010; Harter Shmidt and Hayes, 2002; Yalabik et al., 2013; Shantz et al., 2013) while marginalised workers may disengage, and this can be a drain on organisational functioning (Hacey & Schneider, 2008). Cox (1994) suggests that if individuals do not feel valued because of their race or gender, they may potentially disengage and withdraw from their work (also see Cox and Blake, 1991).

Similarly, Larkey (1996) has suggested that minority ethnic workers often experience feelings of being slighted and misunderstood in their day-to-day interactions with colleagues. Laer and Jannssens (2011) have shown that minority workers may routinely experience subtle discrimination in the workplace, which is sometimes ambiguous but can permeate the workplace and is perpetuated by routine encounters. For example, if minority workers try to express their ideas and these are not taken seriously by their colleagues they may, over time, withdraw due a sense of disempowerment. This is problematic in terms of organisational performance, as employee engagement is important for productivity and optimal organisational performance (Albrecht & Albrecht, 2010; Harter, Schmidt & Hayes, 2002; Saks, 2006). As the literature review above shows, the organisational diversity climate has an impact on whether the organisation will achieve the best outcomes from a diverse workforce. Furthermore, pro-diversity climates may be relatively more important to minorities as they are the most vulnerable to discrimination. If they believe that all employees in their organisation (themselves
included) are treated without bias, this should foster positive attitudes and improved engagement and performance (Mor Barak, Cherin & Berkman, 1998).

The current study

Given that Māori and Pacific peoples will comprise a significant percentage of our future workforce and that supporting their full contribution to the New Zealand economy is a desirable policy (Department of Labour, 2010), we need a deeper understanding of how Māori and Pacific workers feel about the diversity climates in New Zealand organisations. At present, there has been no research on this specific construct and little is known of the perceptions of Māori and Pacific workers in this regard. To advance knowledge in this area, in 2010 we surveyed a random, representative sample of New Zealand workers (n=500) to examine their experiences and attitudes in relation to diversity management. Data was collected using computer-assisted telephone interviews (CATI). The interviews took, on average, twenty 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 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 worked 40.74 hours a week, with a range from 2 to 85 hours. Their mean age was 46.91 years, ranging from 18 to 80 years.

The surveyors, Phoenix Research Ltd, were asked to ensure that exactly 50% of respondents were male and 50% female. The survey company also ensured that ethnic groups were included according to their proportions in the New Zealand workforce: NZ European/New Zealander (66.6%), Māori (13.6%), Pacific (5.6%), and Other (14.0%). Some 34.8% of the sample had care-giving responsibility for a child under 14 years and some 7.4% say they live with an impairment or disability. Overall, the survey is the most representative to date of NZ employee experiences of, and attitudes to, diversity management.
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. We examined the role of ‘diversity vision’ (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 also asked respondents to report the levels of ‘diversity support’ within the organisations. 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). We included measures of organisational commitment, jobs satisfaction, worker stress, loyalty and morale, as well as personal perspectives of diversity and tolerance for ethnic groups other than ones’ own. We also measured climate for diversity using McKay, Avery and Morris’s (2008) 4-item scale, which assesses the extent to which diverse individuals feel fairly treated and respected. The items are “I trust my organisation to treat me fairly”, “My organisation maintains a diversity-friendly work environment”, “My organisation respects the views of people like me”, “Top leaders in my organisation demonstrate a visible commitment to diversity”, to which respondents answer on a five point scale (1 = strongly disagree, 5 = strongly agree). Given the restrictions of this paper, we analyse and present data relating to perceptions of diversity climate only. The relationships between climate for diversity and employee attitudes towards their manager, job and colleagues will be presented in forthcoming publications. For a fuller description of the study, see Houkamau and Boxall (2011). We used SPSS to analyse the data.

Results

Perceptions of Diversity Climate

Overall, we found that the perception of the climate for diversity in New Zealand organisations was positive across the entire sample. 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. Table 1 shows how our organisations rate in this regard. When you aggregate the ‘agree’ and ‘strongly agree’ responses, around three out of four New Zealanders think their organisation is diversity friendly.

<table>
<thead>
<tr>
<th>Item</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>I trust my organisation to treat me fairly</td>
<td>3.4</td>
<td>8.4</td>
<td>11.4</td>
<td>49.2</td>
<td>27.2</td>
<td>0.4</td>
</tr>
<tr>
<td>My organisation maintains a diversity-friendly work environment</td>
<td>1.2</td>
<td>6.6</td>
<td>12.4</td>
<td>53.6</td>
<td>24.6</td>
<td>1.6</td>
</tr>
<tr>
<td>My organisation respects the views of people like me</td>
<td>3.2</td>
<td>8.4</td>
<td>11.6</td>
<td>50.2</td>
<td>25.6</td>
<td>1.0</td>
</tr>
<tr>
<td>Top leaders in my organisation demonstrate a visible commitment to diversity</td>
<td>2.2</td>
<td>8.4</td>
<td>18.4</td>
<td>46.6</td>
<td>19.6</td>
<td>4.8</td>
</tr>
</tbody>
</table>

*Ethnic differences in diversity perceptions*

While it is reassuring to see that New Zealand workers, overall, perceive a positive climate for diversity in their organisations, we discovered that there were differences in mean diversity climate scores for people of different ethnicities. A closer examination of the data demonstrates that people of Māori and Pacific ethnicities perceive the diversity climate to be less supportive than people of NZ European ethnicity. We estimate that, on average, holding all other variables in the model constant, compared to people of New Zealand European ethnicity, the mean diversity climate score is 0.25 units lower (on a scale from 1 to 5) for people of Māori ethnicity (95% C.I. 0.08 to 0.42) and 0.27 units lower (on a scale from 1 to 5) for people of Pacific ethnicity (95% C.I. 0.01 to 0.53).

**Discussion**

Mor Barak, Cherin, and Berkman (1998) observe that in order for employees to perceive that their organisations provide a positive climate for diversity, they need to feel they have equal opportunity to succeed on the job and feel as if they are accepted and integrated into the organisation (Ely & Thomas, 2001; McKay et al., 2007; Thomas & Ely, 1996). Previous research indicates perceptions of organisational diversity climate vary as a function of ethnicity – with minority groups tending to
evaluate their organisations as being less supportive of diversity. We expected the same to apply in New Zealand and found that this is the case. Specifically, we found that Māori and Pacific employees perceive a less positive climate for diversity compared to European/Pākeha. This indicates these two groups are less likely to feel respected and valued at work and less likely to believe their organisations treat them fairly and inclusively. This finding, although not surprising, is of concern. A considerable amount of research has confirmed that the perceptions employees have of diversity climate are an important determinant of organisational commitment, productivity and turnover intentions (McKay, Avery & Morris, 2009). Aligned with this, Haar and Brougham (2011) and Brougham and Haar (2012) have shown that Māori workers who are more satisfied with the way their cultural beliefs are valued in the workplace are more likely to perform effectively in their jobs and remain loyal to their organisation. Similar data have been collected for Pacific workers (EEO Trust, 2012b). With this evidence in mind, we argue that there is a genuine need for New Zealand organisations to consider how to relate more effectively with their Māori and Pacific employees to promote their inclusion. Creating a positive climate for diversity is a challenging task. However, the literature is starting to provide useful guidance (e.g. Arredondo 1996; Greene and Kirton 2009; Kirton, G. & Greene, 2005; Konrad, 2003; Kossek, & Pichler, 2007; Layne, 2002; Sadri, & Tran, 2002) and studies have been examining the key determinants of worker perceptions in this regard. Mor Barak, Cherin and Berkman (1998) note that in order to promote feelings of inclusion, employees need to believe that their organisation and those within it see diversity as valuable. Several local publications have provided relevant guidelines for working effectively with Māori workers (EEO Trust, 2006). In terms of identifying factors that help to engage Māori and Pacific workers, research suggests that, in order for managerial efforts to be effective, they must accommodate the distinct values, beliefs and cultural practices of these groups. Promotion and performance management processes need to be transparent and fair and Māori and Pacific workers need to believe their views are taken seriously. Apart from the role of organisational policy in respecting cultural differences, our research suggests that managers at all levels need to have sensitivity to individual employee needs and sincerity in addressing them regardless of background (Houkamau and Boxall 2011: 457). How to achieve this is, we believe, the key issue. Further research is clearly needed. What matters most to Māori and Pacific peoples in terms
of the organizational climate for diversity? How well do our managers, individually and collectively, interact with Māori and Pacific workers? What are their strengths and weaknesses? How can government best assist, especially when so many of our organisations are financially stretched? These are useful questions to explore. We urge researchers to continue to examine the impact of the diversity climate on Māori and Pacific attitudes and behavior as better research will help New Zealand to leverage the potential of these two significant groups.
References


Office of Ethnic Affairs (2012). Riding the Wave: RidingMoving from the ‘Right Thing’ to do to the Bright Thing to do when maximising the benefits that ethnic diversity brings to our workplace. Wellington: Ethnic Affairs.


