Perceived Organizational Diversity and Employee Behaviour

Aaron Hsiao\textsuperscript{a}, Chris Auld\textsuperscript{b}, Emily Ma\textsuperscript{c}

Abstract

While the impact of organizational diversity on employees’ work outcomes has received significant research attention, there is a dearth of literature in hospitality settings, particularly in Eastern cultures. Integrating the Social Identity Theory and diversity literature, this study, using data collected from 22 hotels in Taiwan, examined the relationship of perceived organizational diversity with Job Performance (JP), Organizational Citizenship Behaviours (OCB) and Turnover Intention. The results indicated that the level of diversity perceived by hotel employees, significantly influenced employees’ JP and OCB. Ethnicity status also moderated the relationship between the perception of diversity levels and employee turnover intention. Specifically, a negative relationship between perceived diversity and turnover intention was observed among indigenous employees while a positive relationship was observed among non-indigenous employees.

Key Words: Organizational Diversity, Employee Performance, Organizational Citizenship, Turnover Intention

1. Introduction

Managers and employees are shaped by their personal backgrounds as well as by the organization’s culture. These factors jointly influence the way people behave and interact with
others at work. Perceptions of differences amongst employees is likely to be a factor influencing workplace behaviour and research in this areas has tended to adopt the term ‘diversity’ to capture the ways in which people differ. In a workplace context, diversity is reflective of individual variations in terms of personal characteristics such as ethnicity, gender or sexuality, as well as organization-related characteristics such as tenure or hierarchical position (Waight & Madera, 2011). While the effects of organizational diversity have been examined widely in the management literature (Baum, Dutton, Karimi, & Kokkranikal, 2007; Martins & Parsons, 2007), there is an ambivalence in the literature about the impacts of diversity on work performance (Furunes & Mykletun, 2007; Pinar, McCuddy, Birkan, & Kozak, 2011; Testa, 2009; Zopiatis, Constanti, & Theocharous, 2014). Most research findings tend to indicate that diversity has the potential for positive effects (like increased creativity, innovation, and flexibility) as well as for negative effects (like worse communication, increased conflicts and stereotypes), and that the actual effects strongly depend upon context factors (see Pinar, et al., 2011; Rushton, 2007; Spataro, 2005; Tracey & Hinkin, 2008) or personal factors (see Chen & Choi, 2008; Derks, van Laar, & Ellemers, 2009; Furunes & Mykletun, 2007; Hogg & Terry, 2001; Lozano & Etxebarria, 2007; Sotelo, 2000; Van Eckert, Gaidys, & Martin, 2012).

Studies on organizational diversity have become more prevalent in the hospitality and tourism industry over the past 10-15 years. For example, Iversion (2000) identified diversity as a major concern in the hospitality industry. Devine, Baum and Hears (2007) suggested that cultural diversity of employees can help hotels create a competitive edge and increase productivity because hotels with a diverse workforce and provide a greater variety of solutions to problems. More recently, Sourouklis and Tsagdis (2013) reviewed 23 papers on organizational
diversity and found that organizational diversity has positive effects on a number of key internal performance indicators such as commitment, productivity, staff turnover, and satisfaction. A review of organizational diversity literature, particularly those contextualized in the hospitality setting, reveals three key gaps. First, the majority of diversity studies were conducted in Western cultures and the available literature in Asian settings is limited despite the significant growth of the hospitality industry in Asia (Winter, 2009). Second, studies on the impacts of organizational diversity on employee behaviour have typically examined single behavioural outcomes, such as job satisfaction and turnover, while very few studies investigated multiple employment outcomes. Third, there is a lack of research attention on moderating effects of certain demographic variables in organizational diversity studies.

To address these gaps, this study explores the extent and nature of the relationship of organizational diversity with a range of employee behavioural outcomes, such as job performance, OCB and turnover intention in the context of the Taiwan hotel industry. The study also aims to test if ethnic status moderates these proposed relationships.

2. Literature Review

2.1. A Social Identity Perspective of Organizational Diversity

Social Identity Theory has been increasingly applied to study organizational diversity in the hospitality and tourism industry (Furunes & Mykletun, 2007; Ineson, Yap, & Whiting, 2013; Kang, Twigg, & Hertzman, 2010; B. Y. Kim, 2006). The social identity perspective recognises that people define themselves in relation to their social environment and identify with others
based on perceived similarity or dissimilarity (Tajfel, 1982). Individual characteristics and group memberships play a significant role in shaping attitudes, values, beliefs, and behaviour. Demographic factors (e.g., gender, ethnicity) all form the basis of organizational diversity. Singal (2014) suggested that increasing diversity in the labour market is inevitable and organizations must attract the most talented people from all backgrounds to work for the organization. Consequently, the need to effectively manage diverse employees has become an increasingly important challenge for contemporary organizations. Diversity is a subjective phenomenon, created by group members themselves, who on the basis of their different social identities, categorize others as being similar or dissimilar. Specifically, “A group is diverse if it is composed of individuals who differ on a characteristic on which they base their own social identity” (O'Reilly III, Williams, & Barsade, 1998, p. 186). Diversity in the organizational context can refer to personal characteristics such as race or ethnicity (Zopiatis et al., 2014), gender (Pinar et al., 2011), age or generation differences (Chen & Choi, 2008), as well as socio-economic factors such as income and education level. Diversity also refers to individual differences in organization-related characteristics such as tenure or hierarchical position (Kim et al., 2009; Waight & Madera, 2011). Griggs (1995) claimed that diversity is a multi-dimensional concept that differs in its primary and secondary dimensions. The primary dimensions are inborn human traits such as nationality, age, ethnicity and gender and these traits differentiate individuals and are important in the process of early socialisation and daily life. Secondary dimensions of diversity include such characteristics as cognitive and technical differences among employees such as educational level, organizational tenure, work experience, socio-economic background and personality.
Diversity in demographic attributes, such as ethnicity, has been studied extensively due to its salient characteristics and links with cultures (B. Y. Kim, 2006; Price & Wulff, 2005). Hambrick (2007) suggested that the observable dimension (primary dimension) of diversity, such as ethnicity, is readily detectable and easily measured. Therefore, this study will focus on ethnicity as a measure of organizational diversity.

2.2. Organizational Diversity and Its Impacts on Employees’ Behaviours

Job performance, organizational citizenship behaviour and turnover intention were used to represent different forms of employee behaviours in this study. Job performance has been defined as “the duties, activities, and accomplishments considered part of the job” (Roth, Huffcutt, & Bobko, 2003, p. 28). For an organization to be managed effectively, particularly for hospitality organizations, in which increasing globalisation and diversity have become major concerns. Employees must perform their assigned duties and responsibilities; and the organization must determine for each employee the behaviours that are necessary to achieve effective performance to meet diverse customers’ needs (Cho, Woods, Jang, & Erdem, 2006). Job performance evaluations are an important means of improving workplace effectiveness which can be described as contextual performance (Rotenberry & Moberg, 2007). In addition, hospitality employees often need to go above and beyond their job requirements and engage in organizational citizenship behaviour to enhance the competitiveness of the organisation in the context of increasing transnationalism and globalisation (Dick, Grojean, Christ, & Wieseke, 2006). Choi (2009) defined organizational citizenship behaviour as “individual behaviour that is discretionary,
not directly or explicitly recognised by the formal reward system, and that in aggregate promotes the effective functioning of the organization” (p. 4). Due to its ‘above and beyond nature’ organizational citizenship behaviour is considered as extra-role performance, which differs from expected job performance (Ma et al., 2013). The following section will discuss in detail the impact of organizational diversity on a series of individual employee behavioural outcomes.

2.2.1. Organizational Diversity and Job Performance

Individual differences form the basis for organizational diversity and also shape people’s perceptions, attitudes, values, beliefs and behaviours. A number of studies (e.g., Abdel-Moneim, Bingham, Marincic, & Tomkins, 2010; David A Harrison, Price, Gavin, & Florey, 2002; Jehn & Chatman, 2000; D. C. Lau & Murnighan., 1998; Reagans, 2005) have suggested that similarities in demographic attributes enhance mutual liking and team functioning and that demographic diversity decreases both social interaction and social integration. From a Social Identity Theory perspective, when employees do not share the predominant traits of the group, they may face negative consequences, such as exclusion or fewer interactions, bias and discrimination (Foley, Hang-yue, & Wong, 2005). These negative consequences further impact on employees’ perception of the workplace, as well as their job attitudes and performance. On the other hand, a certain level of innate comfort from working with those who share similar membership traits can also lead to positive work outcomes (Hogg & Terry, 2001). Examples of these outcomes include in-role and extra role performances of employees and intention to leave or stay with the organization.
Research shows that organizational diversity can affect job performance. For example, Webber and Donahue (2001) argued that diversity factors such as personal demographic characteristics (e.g. age, gender, and ethnicity), social demographic characteristics (e.g. educational background) and organization-related characteristics (e.g. industry experience) could all impact on job performance. However, mixed results about the relationships between diversity and job performance have been reported. According to Social Identity Theory, more homogeneous work groups result in higher levels of work commitment (Riordan & Shore, 1997) and workgroup cohesion (de Chermont & Quiñones, 2003) and fewer group conflicts (Jehn & Chatman, 2000). Other studies, however, suggested that diverse groups should outperform homogeneous groups because heterogeneous groups are more likely to possess a diverse range of task-relevant knowledge, expertise and talents, therefore generating better solutions (Dunphy, 2004). Additionally, exposure to divergent and potentially unexpected views may result in more inventive and ground-breaking ideas and solutions (De Dreu & West, 2001). As an important aspect of diversity, studies showed that having employees from different ethnic background can enhance productivity and improve return on equity and market performance (Richard, 2000). Furthermore, diverse employees bring novel ideas, creativity, cultural skills, language skills to the organization. Consequently, the following hypothesis was proposed,

H₁: There is a significant positive relationship between perceived organizational diversity and job performance.

2.2.2. Organizational Diversity and Organizational Citizenship Behaviour
In addition to expected job performance and duties, having a diversified workforce may also help to foster extra-role behaviours, also referred to as Organizational Citizenship Behaviour (OCB) (Organ, 1988). OCB is thought to have an important impact on the effectiveness and efficiency of work teams and therefore on the overall productivity of the organization (e.g., Ertürk, Yilmaz, & Ceylan, 2004; Van Dyne, Graham, & Dienesch, 1994). Research has demonstrated a strong link between organizational citizenship behaviour and diversity. For example, Chattopadhyay et al. (2004) found that diversity in the workplace could generate a lack of trust, resulting in lower levels of interaction and OCB amongst dissimilar employees. Gonzalez and Garazo (2006) also suggested a negative relationship between organizational diversity and OCB, albeit mediated by trust. Additionally, dissimilarity in organizations creates bias and stereotypes which can pose problems for team identification and OCB (Northcraft, Polzer, Neale, & Kramer, 1995). On the other hand, Both Mamman, Kamoche and Bakuwa (2012) and Testa (2009) suggested that organizational diversity could affect OCB, as employees who are attracted to similar others may engage in higher levels of OCB given that such behaviour will lead to higher attraction. Therefore, the following hypothesis was proposed,

\[ H_2: \text{There is a significant positive relationship between perceived organizational diversity and organizational citizenship behaviour.} \]

2.2.3. Organizational Diversity and Turnover Intention

Research evidence also suggests that organizational diversity (real or perceived) can influence Turnover Intention (Sourouklis & Tsagdis, 2013). Employee turnover refers to a “group of employee movements that create a vacancy within the organizational unit” (Beach, Brereton,
Turnover Intention is defined as an employee’s intent to find a new job with another employer within the near future, and as such, has been suggested as an immediate precursor to actually leaving (Schwepker Jr, 2001). Subsequently, turnover intention has been incorporated into most employee turnover models in the published literature due to its ease of measurement (Lambert, Lynne Hogan, & Barton, 2001). Employee turnover always implies a high cost to companies, seriously hindering efficient, effective customer service and undermining competitiveness. Therefore, employee retention is as important to business success as customer retention (Ineson, Benke, & László, 2013).

Various demographic factors and personal factors may also contribute to turnover (Yang, Wan, & Fu, 2012). Researchers have investigated the relationship of a range of diversity variables such as age (Magd, 2003), education level (Royalty, 1998), tenure (Armstrong-Stassen, 2001) and gender (Pinar, et al., 2011) to job attitudes and turnover. Hinkin and Tracey (2000) found that organizational diversity and diversity programs could decrease employees’ Turnover Intention and the actual turnover rate. It may be that encouraging a diverse workforce and practising diversity management could lead to higher job satisfaction and lower levels of Turnover Intention (Y. Choi & Dickson, 2009).

Due to the nature of its business, the hospitality industry tends to have a diverse workforce (Baum, et al., 2007; Devine, et al., 2007) and also suffers from high levels of staff turnover (Lashley & Chaplain, 1999; Ongori, 2007). Therefore, investigating how organizational diversity may impact on turnover intention is of great practical significance to the industry. Thus the following hypothesis was developed,
H₃: There is a significant positive relationship between perceived organizational diversity and turnover intention.

2.2.4. Job Performance and Organizational Citizenship Behaviour

Measurement of job performance also refers to as contextual performance and it is an important measure of employee performance (Rotenberry & Moberg, 2007). Although the existing hospitality literature (Chiang & Birtch, 2008; Cho, et al., 2006) indicates the existence of a causal relationship between OCBs and JP, Choi (2009) suggested that contextual performance (JP) is different from OCB as JP is considered as an in-role performance while OCB is considered as extra-role performance (Roth, Huffcut, & Bobko, 2003; Ma et al., 2013). The current paper proposes that employees would need to full-fill their in-role performance before going above and beyond (OCB). The following hypothesis was developed,

H₄: There is a significant positive relationship between job performance and organizational citizenship behaviour.

2.3. Moderating Effect of Ethnic Status

Despite research findings suggesting relationships between organizational diversity and employee perceptions, attitudes and behaviours, Tsui et al. (2002) found that the effects are not the same for ethnic minorities as they are for ethnic majority. For instance, Cunningham and Sagas (2004a) found that the perceptions and attitudes toward the organization differed for black and white staff. White employees working in groups with a relatively even mix of whites and
minorities were the least committed to the organization. However, the levels of commitment did not vary between employees in groups that were mostly white or mostly black. This finding, may suggest the presence of moderating effects of ethnic status. However, no attempt has been made to look into how ethnic status may moderate organizational diversity-work performance relationships in Taiwan.

Asian settings are often considered as having a collectivistic focus (Hofstede, 2001) and Confucian ethics often overlap with characteristics of collectivism in many organizations in Asian societies (e.g., North Korea, South Korea, Japan, China and Taiwan) (M. Y. Lee & Mjelde-Mossey, 2004). Taiwan’s culture has been strongly influenced by Confucianism and collectivism and also exhibits high levels of ethnic diversity (Lin & Ho, 2009). The unique culture of Taiwan also has a great impact on the management philosophy and practices of local business organizations (see Warner, 2010). Due to the scarcity of related literature on Asian cultures, this study investigated the influence of organizational diversity on hotel employee behaviours in Taiwan.

In addition to its broader Asian culture, Taiwan also has a diverse indigenous culture. Currently, there are 439,000 indigenous people in Taiwan, which accounts for approximately 2% of Taiwan’s population (Directorate General of Budget Accounting and Statistics, 2013). The Taiwanese government has recognized indigenous culture as an important tourism attraction to help with the sustainable development of economic opportunities for the indigenous population (Lu, 2006) and thus, indigenous people are actively involved in the hospitality and tourism industry as a source of employment. The percentage of indigenous employees in the hospitality industry increased from 6.6% in 2006 to 8.5% in 2010 (Directorate General of Budget Accounting and Statistics, 2013).
Accounting and Statistics, 2013). However, there is a gap in the literature on organizational
diversity with respect to indigeneity in Taiwan, compared to that available in Canada and
Australia (see Jain, Singh, & Agocs, 2000; Lane, 1997; Syed & Kramar, 2009). With the growing
importance of indigenous employees in Taiwan’s tourism industry, it is appropriate to more
closely examine organizational diversity. In particular, do indigenous people and non-indigenous
employees perceive organizational diversity differently? Does employee ethnic status influence
perceptions of organizational diversity and employee behaviours?

The following hypotheses were thus generated,

M1: Ethnicity moderates the relationship between perceived organizational diversity and
job performance, with a positive relationship among indigenous employees and a negative
relationship among non-indigenous employees.

M2: Ethnicity moderates the relationship between perceived organizational diversity and
organizational citizenship behaviour, with a positive relationship among indigenous employee
and a negative relationship among non-indigenous employees.

M3: Ethnicity moderates the relationship between perceived organizational diversity and
turnover intention, with a negative relationship among indigenous employees and a positive
relationship among non-indigenous employees.

M4: Ethnicity moderates the relationship between job performance and organizational
citizenship behaviour, with a stronger relationship among indigenous employees than non-
indigenous employees.

2.4. Conceptual Framework
Based on the literature review, a conceptual model of ethnic diversity, three forms of employee behaviours (JP, OCB and Turnover Intention) and the moderating effect of ethnicity is proposed. The conceptual model is shown in Figure 1.

![Figure 1 The Conceptual Framework](image)

3. Method

3.1. Measurements

A questionnaire, based on the literature review and consisting of two parts was developed. Part One sought information related to employee ethnicity, gender, age, education level and job position. Part Two elicited data on employee perceptions of the level of diversity
in their hotels, as well as measures of JP, OCB and Turnover Intention. Measurements for the three employee behaviours were selected based on their use in previous research and their established validity and reliability. A five-point Likert scale with anchors ranging from (1) Strongly Disagree to (5) Strongly Agree was used for these measures. Employee perceived organizational diversity was measured using an overall statement “My organization has a high level of ethnic composition”. Job performance was measured using the seven-item Job Performance Scale developed by Williams and Anderson (1991). Recent studies utilising this scale reported Cronbach’s alpha between .81 and .92 (Makover, 2003; Spotts & Chelte, 2005; Vigoda, 2000). Construct validity of the scale has also been demonstrated (Hoffman, Blair, Meriac, & Woehr, 2006; LePine, Erez, & Johnson, 2002). Organizational citizenship behaviour was measured using the 13-item OCBO and OCBI scaled developed by Williams and Anderson (1991). In recent studies, the OCBO subscale demonstrated Cronbach’s alpha ranging from .71 to .83, and the OCBI subscale from .70 to .86 (V. C. Lau, Au, & Ho, 2003; Nasurdin & Ramayah, 2003; Paré & Tremblay, 2000), and also demonstrated strong construct validity (Hoffman, et al., 2006; LePine, et al., 2002). Turnover intention was measured using a three-item scale based on the Michigan Organizational Assessment Questionnaire (Nadler, Jenkins, Cammann, & Lawler, 1975). Several studies demonstrated Cronbach’s alpha for this scale ranging from .70 to .95 (Bernhard & Sverke, 2003; Boxall, Macky, & Rasmussen, 2003; Hofhuis, Van Oudenhoven-van der Zee, & Otten, 2008; Ragins & Cornwell, 2001). The construct validity of the Turnover Intention scale has also been well established (Bernhard & Sverke, 2003; King, Xia, Quick, & Sethi, 2005; Tayyab, 2007).
The questionnaire was translated into Chinese using the translation/back-translation procedure as described by Brislin and Anderson (1976) to ensure the equivalence of both versions of the questionnaire. In order to minimize common method bias, procedure remedies, including using measures of tested constructs from difference sources and ensured the anonymity of response, were performed (Padsakoff et al., 2003). In addition, a pilot test with a convenience sample of 34 Taiwanese hotel employees was performed. The pilot study indicated that the instrument was easily understood by participants and Cronbach’s alphas of the latent constructs ranged from .71 to .95, indicating good scale reliability (Nunnally & Bernstein, 1994).

3.2. Sample and Procedure

The target population was composed of hotel employees in small to medium hotels in Taiwan. Hotels of this nature were chosen for the study firstly because information from managers indicated that these hotels are more likely to hire indigenous employees than are five-star hotels. In order to obtain sufficient numbers of ethnic minority representatives (indigenous participants) in the sample, five-star hotels are therefore excluded. Secondly, Blau (1977) suggested that smaller size organizations offer a better platform for organizational diversity studies due to the increased level of interactions and associations amongst employees.

Within the sampling frame, snow-ball sampling was used for data collection. The researcher made initial contact by phone to six hotel managers based on existing social networks. After gaining their cooperation to participate in the study, these hotel managers were also asked to recommend other hotels with similar characteristics. The researchers then emailed the nominated contacts at each hotel in order to determine the characteristics of the hotel (e.g., size
and nature of the workforce), communicate the main goals of the study and to gain access to potential participants. Additionally, Blau (1977) argued probability of intergroup associations is greater for smaller groups than larger ones. Therefore the group size is necessary to be controlled in the study. Thus the organisations researched in this study are Taiwanese locally owned small- to medium-sized hotels (i.e. hotels with a minimum of 60 rooms in one hotel and between 30 and 80 employees). Eventually, only those hotels with indigenous employees were included in the study and 22 hotels participated in the study.

In the data collection stage, the researcher visited each of the 22 hotels in order to collect data from employees. Managers of participating hotels introduced the researcher to their employees and the researcher explained the purpose of the study and hand delivered questionnaires to employees. Questionnaire collection points were provided at each hotel. A total of 758 surveys were distributed and 305 completed valid surveys were used for the data analysis, representing a valid response rate of 40.2%. The ethnic compositions of participating hotels are summarized in Table 1. Hotels with less than or equal to 30% of indigenous employees were classified as having a low level of ethnic diversity. Hotels with more than 30% but less than 40% of indigenous employees were classified as having a medium level of ethnic diversity and hotels with 40% or more indigenous employees were then assigned as organizations with a high level of ethnic diversity.
Table 1 Ethnic Compositions of Participating Hotels

<table>
<thead>
<tr>
<th>Organisational Code</th>
<th>Total staff no.</th>
<th>Indigenous no.</th>
<th>Ratio</th>
<th>N (305)</th>
<th>Ethnic Diversity Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>40</td>
<td>9</td>
<td>22.78</td>
<td>13</td>
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</tr>
<tr>
<td>B</td>
<td>41</td>
<td>8</td>
<td>19.81</td>
<td>17</td>
<td>✓</td>
</tr>
<tr>
<td>C</td>
<td>43</td>
<td>8</td>
<td>18.82</td>
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</tr>
<tr>
<td>D</td>
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<td>15</td>
<td>25.75</td>
<td>15</td>
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<tr>
<td>E</td>
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<td>7</td>
<td>23.77</td>
<td>10</td>
<td>✓</td>
</tr>
<tr>
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<td>7</td>
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<tr>
<td>J</td>
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<td>30.70</td>
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</tr>
<tr>
<td>K</td>
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<td>26</td>
<td>33.67</td>
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<tr>
<td>L</td>
<td>40</td>
<td>14</td>
<td>35.65</td>
<td>23</td>
<td>✓</td>
</tr>
<tr>
<td>M</td>
<td>41</td>
<td>11</td>
<td>35.65</td>
<td>9</td>
<td>✓</td>
</tr>
<tr>
<td>N</td>
<td>54</td>
<td>28</td>
<td>52.48</td>
<td>15</td>
<td>✓</td>
</tr>
<tr>
<td>O</td>
<td>56</td>
<td>23</td>
<td>41.59</td>
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<tr>
<td>P</td>
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<td>17</td>
<td>49.51</td>
<td>12</td>
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<tr>
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<td>17</td>
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<td>11</td>
<td>✓</td>
</tr>
<tr>
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<tr>
<td>T</td>
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<td>24</td>
<td>50.50</td>
<td>28</td>
<td>✓</td>
</tr>
</tbody>
</table>

*Ratio refers to percentage ratio between indigenous and non-indigenous employees.
Left being indigenous while right being non-indigenous employees

3.3 Data Analysis

SPSS 17.0 software was utilised to analyse the quantitative data collected from the surveys. Descriptive statistics were performed to determine the general characteristics of employees. Regressions were performed to assess the impact of organizational diversity on employee behaviours (JP, OCB and Turnover Intention). The moderating effect of ethnicity on employee behaviours in the hotels was also tested by using hierarchical regression. The purpose was to determine if employees’ ethnic status moderated the relationships between organizational diversity level and each measurement of employee behaviours in the hotels. To address the issue
of potential common method bias, Harman’s single factor tested was performed as a statistical remedy as suggested by Anderson and Bateman (1997). The results showed that multiple factors appeared and no single factor accounted for the majority of the covariance among the measures, suggesting that the dataset is free of common method bias.

4. Findings

4.1. Respondents profile and correlations of latent constructs

The total sample comprised 172 (56.4%) indigenous and 133 (43.6%) non-indigenous employees. There were more than twice as many women (69.2%) than men (30.8%) and most respondents were aged 25-34 years (51.8%), followed by 35-44 years (28.7%). The remainder were aged 18-24 years (12.5%) or 45-55 (7.0%). The highest education level achieved for more than half of respondents was senior high school (52.3%), followed by junior high school education or less (27.2%) and those with college education or above (20.5%). More than two-thirds of respondents were non-managers (68.2%) and almost one third had managerial positions (31.8%). Chi-square tests were performed to identify if there are differences among organizations with different levels of diversity, based on demographic profiles (ethnicity, gender, age, educational background, employment duration and job positions).

The six demographic characteristics of respondents as above are described and compared among the organizations with three levels of ethnic diversity and are displayed in Table 2. It was established that there were no significant differences in ethnicity \( \chi^2 (2, N = 305) = 4.913, p > .05 \), age \( \chi^2 (8, N = 304) = 14.019, p > .05 \), educational background \( \chi^2 (4, N = 302) = 3.567, p > .05 \),
and job positions \( [\chi^2 (2, N = 305) = 5.744, p > .05] \), between the organizations with three levels of ethnic diversity. However, there were significant differences in gender composition \( [\chi^2 (2, N = 305) = 6.619, p < .05] \) and employment duration \( [\chi^2 (6, N = 290) = 13.378, p < .05] \).

### Table 2. Cross-tabulation of Demographic Characteristics Effect by Ethnic Diversity Levels

<table>
<thead>
<tr>
<th>Ethnic Diversity levels</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Items</strong></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>63.6</td>
<td>47.7</td>
<td>53.8</td>
<td>.086</td>
</tr>
<tr>
<td>Non-Indigenous</td>
<td>36.4</td>
<td>52.3</td>
<td>46.2</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 20</td>
<td>4.1</td>
<td>1.5</td>
<td>1.7</td>
<td>.079</td>
</tr>
<tr>
<td>20-29</td>
<td>44.6</td>
<td>44.6</td>
<td>28.8</td>
<td></td>
</tr>
<tr>
<td>30-39</td>
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<td>50-59</td>
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<td>3.1</td>
<td>1.7</td>
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</tr>
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<td>Gender</td>
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</tr>
<tr>
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<td>20.0</td>
<td>29.4</td>
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<tr>
<td>Female</td>
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<td>80.0</td>
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<tr>
<td>Education levels</td>
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<tr>
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<td>20.0</td>
<td>31.0</td>
<td>.468</td>
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<tr>
<td>Senior high school</td>
<td>50.4</td>
<td>61.5</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>University/College or above</td>
<td>22.3</td>
<td>18.5</td>
<td>19.0</td>
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<tr>
<td>Employment duration</td>
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<td></td>
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<tr>
<td>&lt;3 years</td>
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<td>36.9</td>
<td>42.2</td>
<td>.035*</td>
</tr>
<tr>
<td>3-5 years</td>
<td>30.6</td>
<td>33.8</td>
<td>21.1</td>
<td></td>
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<tr>
<td>6-10 years</td>
<td>15.7</td>
<td>21.5</td>
<td>22.0</td>
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<tr>
<td>&gt;10 years</td>
<td>4.1</td>
<td>7.7</td>
<td>14.7</td>
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</tr>
<tr>
<td>Job positions</td>
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<tr>
<td>Managers</td>
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<td>27.7</td>
<td>26.1</td>
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<tr>
<td>Employee</td>
<td>60.3</td>
<td>72.3</td>
<td>73.9</td>
<td></td>
</tr>
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</table>

*Significant level at \( p < .05 \)

Missing values are not calculated in percentage (%).

Total percentages may not equal 100 due to rounding.

### 4.2. Perceived Organizational Diversity and Employee Behaviours

Table 3 summaries the means, standard deviations, and correlations of the constructs. The means of the three constructs ranged from 2.60 to 3.48 (Five-point scale), and the standard deviation ranged from 0.47 to 0.79. Significant and positive correlations were observed among most constructs with correlation coefficients ranging from .152** to .444**.
A series of regressions were performed using “Perceived Organizational Diversity” as the independent variable and JP, OCB and Turnover Intention as dependent variables and the results are summarized in Table 4. Perceived organizational diversity was found to be a significant predictor for JP ($\beta = .152$, $t = 2.64$, $p < .01$) but not for OCB and Turnover Intention. Specifically, the analysis showed that the respondents who perceived their organizations to have a high level of ethnic diversity were more likely to report higher levels of JP. Additionally, the relationship between JP and OCB was also examined. JP was found to be a significant predictor for OCB ($\beta = .451$, $t = 3.79$, $p < .001$) which indicates that the respondents with higher levels of job performance evaluations are more likely report higher levels of organizational citizenship behaviour.
4.3 Moderating Role of Ethnic Status

The results of the t-test analysis for each of the measurements are shown in Table 5. Two measures, “Turnover Intentions” and “Job Performance”, were identified as being significantly different (p < .05). Specifically, non-indigenous workers were more likely to report significantly higher levels of turnover intention than indigenous employees. In contrast, indigenous employees were more likely to report significantly lower level of job performance than their non-indigenous co-workers. This may suggest the presence of moderating effects.
In order to further explore the potential moderating effects, a hierarchical regression was performed using the following steps. Step 1: Center the scores of the independent variables (Perceived Organizational Diversity). The purpose for centering the scores is to make the coefficients more interpretable (Aguinis, 2004). Step 2: Create the cross-products terms using Perceived Organizational Diversity and the dummy variable, Ethnic Status. Step 3: Test the moderating effect of Ethnic Status on the relationship between Turnover and Diversity Levels. Using Turnover as the dependent variable, enter Centered Perceived Organizational Diversity and Ethnic Status as independent variables in the first block, followed by the cross-product of Centered Perceived Organizational Diversity and Ethnic Status as independent variables in the second block.

<table>
<thead>
<tr>
<th>Scales</th>
<th>Indigenous</th>
<th>Non-indigenous</th>
<th>t (df)</th>
<th>Sig.</th>
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<tr>
<td></td>
<td>N  Mean  SD</td>
<td>N  Mean  SD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Performance</td>
<td>172 3.3 .64</td>
<td>133 3.43 .54</td>
<td>-1.831 (303)</td>
<td>.02*</td>
</tr>
<tr>
<td>Organisational citizenship</td>
<td>170 3.48 .48</td>
<td>133 3.46 .44</td>
<td>.358 (301)</td>
<td>.72</td>
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<tr>
<td>Turnover</td>
<td>172 2.39 .84</td>
<td>133 2.87 .63</td>
<td>-5.442 (303)</td>
<td>.00*</td>
</tr>
</tbody>
</table>

Note: N indicates number of respondents; *Significant level at \( p < .05 \)
Mean scores was computed on the score of 5 scale (1 = strongly disagree to 5 =strongly agree)
### Table 6. Moderating Effects of Ethnic on Employee Behaviours and Perceived Organizational Diversity

#### Model 1

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Job Performance</th>
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<tbody>
<tr>
<td><strong>Independent Variables</strong></td>
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<tr>
<td>Centered Perceived Organizational Diversity</td>
<td></td>
</tr>
<tr>
<td>Ethnic Status</td>
<td></td>
</tr>
<tr>
<td>Ethnic Status * Perceived Organizational Diversity</td>
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</tr>
<tr>
<td><strong>Change of R^2</strong></td>
<td>.048</td>
</tr>
<tr>
<td><strong>Significance of Change of R^2</strong></td>
<td>.038*</td>
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<table>
<thead>
<tr>
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<th>B</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
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<td>2.638</td>
<td>.099*</td>
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<td></td>
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<tr>
<td>Ethnic Status * Centered Perceived Organizational Diversity</td>
<td>.178</td>
<td>.151</td>
<td>2.654</td>
<td>.008*</td>
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<tr>
<td>Diversity</td>
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<td>-.064</td>
<td>-.815</td>
<td>.416</td>
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#### Model 2

<table>
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<td><strong>Independent Variables</strong></td>
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<td>Centered Perceived Organizational Diversity</td>
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<td>Ethnic Status</td>
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<td>Ethnic Status * Perceived Organizational Diversity</td>
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</tr>
<tr>
<td><strong>Change of R^2</strong></td>
<td>.000</td>
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<tr>
<td><strong>Significance of Change of R^2</strong></td>
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<table>
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<td>.904</td>
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<td>Ethnic Status</td>
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<td>-.011</td>
<td>-.195</td>
<td>.845</td>
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<td>Ethnic Status * Perceived Organizational Diversity</td>
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#### Model 3

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<tbody>
<tr>
<td><strong>Independent Variables</strong></td>
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<td>Centered Perceived Organizational Diversity</td>
<td></td>
</tr>
<tr>
<td>Ethnic Status</td>
<td></td>
</tr>
<tr>
<td>Ethnic Status * Perceived Organizational Diversity</td>
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</tr>
<tr>
<td><strong>Change of R^2</strong></td>
<td>.182</td>
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<tr>
<td><strong>Significance of Change of R^2</strong></td>
<td>.174</td>
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<table>
<thead>
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<th>Beta</th>
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<th>Sig.</th>
</tr>
</thead>
<tbody>
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<td>Ethnic Status</td>
<td>.611</td>
<td>.401</td>
<td>7.641</td>
<td>.000**</td>
</tr>
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<td>Ethnic Status * Perceived Organizational Diversity</td>
<td>.357</td>
<td>.213</td>
<td>2.944</td>
<td>.003*</td>
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</table>

*P<.05; **P<.01.
Table 6 summarizes the results of the hierarchical regressions and shows that the interaction effect of the regression was significant. The regression equation including the moderating effect is:

Turnover = 2.507 − .144 Centered Perceived Organizational Diversity (CPOD) + 0.611 Ethnic Status + .357 CPOD × Ethnic Status

Since Non-indigenous employees were coded as Ethnic Status = 1, the regression equation for Non-indigenous employees is:

Turnover = 2.507 − .144 CPOD + 0.611 (1) + .357 CPOD × (1)

Turnover = 3.118 + .213 CPOD

Since Indigenous employees were coded as Ethnic Status = 0, the regression equation for Indigenous employees is:

Turnover = 2.507 − .144 CPOD + 0.611 (0) + .357 CPOD × (0)

Turnover = 3.118 − .144 CPOD

The moderating effect was further plotted in Figure 2. To plot Figure 2, we let CPOD = 0 first and calculated Turnover scores for non-indigenous group (3.118) and indigenous group (3.118). We then let CPOD = 1 and calculated Turnover scores for non-indigenous group (3.248) and indigenous group (2.974). Interestingly, for indigenous employees, there was a negative relationship (β = -.144) between Perceived Organizational Diversity and Turnover Intention. For non-indigenous employees the relationship between Perceived Organizational Diversity and Turnover Intention was positive (β = .213). In addition, at all levels of diversity, indigenous employees have a much lower level of Turnover Intention than did non-indigenous employees.
5. Discussion

The overall aim of this study was to explore whether organizational diversity is associated with the job performance and work-related behaviours of Taiwanese hotel employees. Positive relationships were observed between organizational diversity and job performance as well as organizational citizenship behaviours. Despite the inconsistency in the organizational diversity literature (e.g., Martins & Parsons, 2007; Strauss, Connerley, & Ammermann, 2003), this study adds additional evidence supporting a positive relationship between organizational diversity and employees’ in-role and extra performance. According to Social Identity Theory, employee behaviours are based to a significant degree on their perception of their standing within the social system and their similarity or dissimilarity with the group members and the organization. In organizations with higher levels of ethnic diversity, there may be more possibility of working with similar proportions of indigenous and non-indigenous employees which may create a sense
of belonging that cuts across ethnic differences. Mays, Coleman, and Jackson (1996) argued that when the staff believe or sense they belong to the organization, organizational citizenship behaviour is more likely to occur. On the other hand, staff may show less organizational citizenship behaviour when they experience or feel that there is inequality in the environment which can reduce the sense of belonging to a group (e.g., the hotels with lower levels of ethnic diversity).

Moreover, the study proposed that there is a positive relationship between JP and OCB and found that JP significantly impacted on employees’ OCB. Although previous studies suggested that OCB would impact on JP (Chiang & Hsieh, 2012; Cho & Johanson, 2008), this paper argues that JP is considered as an in-role performance while OCB is considered as extra-role performance (Ma, Qu, & Wilson, 2013; Roth, et al., 2003) and then proposes that employees would need to full-fill their in-role performance before going above and beyond (OCB). The current finding supports the hypothesis of the study. Linking with previous findings (e.g., Chiang & Hsieh, 2012; Cho & Johanson, 2008) on the relationship between JP and OCB, the current findings suggest that there is a re-cursive relationship between JP and OCB, which opens up avenues for future research.

Earlier research found there is a negative relationship between levels of team heterogeneity and organizational citizenship behaviour (e.g., Martins & Parsons, 2007; Ramamoorthy & Flood, 2004). Roberto (1998) also suggested that individuals show less organizational citizenship behaviour in racially dissimilar groups than in racially similar groups. Conversely, the findings in the current study revealed that respondents in hotels with higher levels of ethnic diversity indicated significantly stronger job performance and organizational
citizenship behaviour than those in hotels with lower levels of ethnic diversity. This may suggest that in-group homogeneity is more important for Western (individualism) than North-East Asian (collectivism) contexts (Satterwhite, Feldman, Catrambone, & Dai, 2000; Uleman, Rhee, Bardoliwalla, Semin, & Toyama, 2000; Watanabe, 1991).

The study also found that employees’ ethnic status moderated the relationship between organizational diversity and Turnover Intention. For indigenous employees, a negative relationship was found between organizational diversity and Turnover Intention while for non-indigenous employees the relationship was positive. In addition, at all levels of diversity, indigenous employees have a much lower level of Turnover Intention than non-indigenous employees. This is consistent with Walker, Field, Giles, Bernerth and Jones-Farmer (2007) and Hughes and Rog (2008), who argued that diversity-management strategies such as increasing the number of representatives of minority groups attract minorities have a positive effect on their retention rates. Other research has indicated that being the minority may impact on people differently (Cunningham & Sagas., 2004; B. P. Kim, Murrmann, & Lee, 2009; McKay & McDaniel, 2006), and it seems that the effects of being different are not the same for ethnic minorities as they are for ethnic majority members. For example, the minority staff in hotels with lower levels of ethnic diversity may experience more out-group membership, which they could perceive as a form of discrimination (González & Garazo, 2006). Minority employees may perceive insufficient support for their needs and interests and consequently feel as if they don’t belong to the company. As a result, the absence of recognition of diversity can be a reason for employee frustration and dissatisfaction resulting in higher Turnover Intention (Hofhuis, et al., 2008).
It seems that both Taiwanese indigenous and non-indigenous employees tend to remain at workplaces that contain more employees with the same ethnic background as theirs. This finding supports Social Identity Theory, which proposes that ethnically similar groups possess increased levels of intergroup attraction and decreased levels of intragroup conflict. This is a critical finding because one of the strategies for managing diversity has been to increase diversity in organizations by including ethnic minorities and women and to minimise discrimination and civil rights violations (Foley, et al., 2005). As such, it is likely that non-indigenous employees may feel alienated by the increases in perceived organizational diversity and consequently express higher levels of Turnover Intention.

6. Implications for Hospitality Management

With increasing globalisation affecting the hospitality industry due to the growth of cross-cultural contacts with a range of workers and customers, there is a need for hotel managers to strategically manage cultural diversity and interaction in their organizations. People travel all over the world, not only for holidays, but also for business, education, health and other purposes. This has increased the market for the hospitality industry. In order to generate income from diverse visitors, it is necessary to reflect and meet the demands of an increasingly diverse customer base with varied needs by implementing management strategies that elicit enhanced levels of hotel employee performance and associated positive behaviours. The results of the current study provide evidence in support of increasing levels of diversity in hotel workforces in order to enhance employee behaviours such as job performance and organizational citizenship.
behaviour. However, some studies have illustrated that diversity itself may not be enough to ensure innovation and positive outcomes; the organization must also minimise conflict in groups with high levels of diversity and thus, effective diversity management is crucial. For example, the current study also demonstrated that both Taiwanese indigenous and non-indigenous employees tend to remain at hotels with more employees with the same ethnic background as their own. Barron et al. (2007) suggested that corporations can greatly enhance employee retention by including diversity policies in the job description of every manager. When managers can pass on information about diversity initiatives to other employees through their knowledge and behaviour, it shows employees that the organization cares about them as individuals, which will in turn equate to improved trust and satisfaction. As a result, the researcher suggests that hospitality organizations should offer diversity training programs that aim to educate employees about multiple cultures, promote awareness and tolerance of differences, and apply concepts of diversity to personal working experiences and life situations. Another key objective is that organizations should have HRM policies and training programs (e.g. conflict resolution and team capacity building) that recognise natural differences in groups in order to capture the positive consequences of heterogeneity (C. Lee & Chon, 2000). In other words, conflict among diverse hotel employees should be managed to enhance the positive effect of diversity on performance. Hospitality managers should also implement and communicate recruitment policies that justify, value and reward diversity and develop strategies to manage diversity by recognising cultural differences (Iverson, 2000). Taken as a whole, these results provide direction for increasing levels of diversity and valuing a diverse workforce in hospitality organizations in order to enhance employee retention.
Moreover, one of the major attractions for both domestic and international tourists in Taiwan is Taiwanese indigenous culture (e.g. heritage, arts, music and performance), all of which are considered to be major components of cultural tourism (Tao, 2006). Because of the important effects of ethnic diversity on the hospitality industry in Taiwan, the findings of this study may assist in the development of policies to help educate ethnic minorities to adapt to the hospitality industry and, equally, to educate managers and CEOs in the hospitality industry about the value of employing ethnic minority members. Indigenous labour may be used by hospitality service marketers to maintain indigenous cultural traditions and promote indigenous cultural features such as languages, food, music and dress to contribute to international and national cultural tourism marketing.

Finally, this study suggests that for Taiwanese hotels to enhance employee behaviours, workplaces need to be more diversity aware. Diversity among employees and clients is a management reality and can have either positive or negative impacts on the business, depending on how well it is understood and utilised. The question is not whether diversity is good for a business but how it can be incorporated into the company to ensure that the business benefits. It is not sufficient to increase diversity in the workforce; the benefits of diversity can only be realised if differences are valued and effectively managed.

7. Limitations and future research

The particular characteristics of the research setting that may limit the generalizability of these findings need to be acknowledged. For example, as the sample was Taiwanese based, the
research findings may not be applicable to all Asian countries. In addition, the study was based on employees at small to medium sized hotels, which may limit the findings’ applicability in other types of hotels (e.g., large international chain hotels). While this also leaves avenue for future research, which may consider including different types of hotels in Taiwan or other cultural contexts. Additionally, the measurements utilised in the study were self-reporting. Thus, the results could be influenced by different meanings and interpretations of work standards and values attached by different respondents. The researchers caution that a similar study in the future should involve objective performance reports to test whether there is any discrepancy between self-perceptions of performance and how they are measured by managers. Furthermore, although purposive sampling method was used in order to obtain a representative sampling frame for this study, it should be cautious that its non-random sampling nature may limit the generalizability of the findings. Additionally, the current study supports the view that employees’ JP would affect OCB, while other literature indicates that OCB would affect JP. That is, this study opens a window for the future research agenda that employee behaviours will need to be broadened to examine re-cursive relationship between JP and OCB.

8. Conclusion

There is substantial research in Australia, Canada and the USA in relation to ethnic minority employees in the hospitality industry, but few studies have investigated diversity in the Taiwanese hospitality setting. Therefore, it was crucial that this research produced both theoretical and practical benefits in Taiwan. The findings of this study contribute to the body of literature that informs research on diversity management, by analysing employee behaviours with
a specific emphasis on the Taiwanese hotel context. The results of this study found that higher perceived organizational diversity is positively associated with employee behaviours such as job performance and organizational citizenship. Accordingly, the research findings provide evidence of positive impacts from diversity in the Taiwanese hotel industry. The findings suggest that there is need to consider the effects of the ethnic composition of the workplace due to the increasing numbers of ethnic minority employees in the labour force in Taiwan. This study has also demonstrated that Social Identity Theory may be viable framework to explore the effects of organizational diversity levels on employee behaviours in Asian settings. However, it is also noted that it is necessary to take different cultural contexts into account when applying Social Identity Theory in research on diversity impacts. The topic of organizational diversity has not previously received much attention in Taiwan and this research opens a window for future investigation in the area. The study makes a significant contribution in bridging gaps in the organizational diversity literature and also has important practical implications for the Taiwan hotel industry by assisting to better understand employee perceptions about diversity and how diversity impacts on employee behaviours as well as how hotels can more effectively manage diversity issues in the workplace.
References


