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# Justice and fairness in the workplace: a trajectory for managing diversity

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## Abstract

**Purpose** – The purpose of this paper is to argue that diversity management (DM) interventions, underpinned by principles of justice and fairness, create a powerful force that drives sustainable outcomes. Further, the authors argue that justice and fairness should be embedded at the core of DM.

**Design/methodology/approach** – A qualitative case study methodology was used to ascertain how four organizations approached critical issues regarding diversity. Justice and fairness principles were used as a framework to evaluate each organization's DM interventions. Different approaches adopted by the case study organizations were compared using a cross-case analysis.

**Findings** – Justice and fairness principles provide a useful framework to evaluate DM interventions. The findings show that justice and fairness principles have an effect across the continuum of DM, including identifying dimensions of diversity, executing DM programs and realizing outcomes of DM.

**Research limitations/implications** – The current study is limited to four case studies using qualitative methods.

**Practical implications** – The findings demonstrate the importance of integrating justice and fairness benchmarks when implementing DM programs.

**Originality/value** – The findings shed light on the link between DM and justice and fairness, an area lacking empirical studies. It also presents a new area for empirical enquiry—the application of social justice principles in evaluating organizational interventions in DM.

**Keywords** Social justice, Diversity management, Organizational justice, Equality, Business case, Moral case

**Paper type** Research paper

## Introduction

Organizational justice research has proliferated during the past several decades (Greenberg and Colquitt, 2013). Similarly, given the heterogeneity of the contemporary workforce, there is a rich body of research in diversity management (DM). However, while each of the two streams of research has continued to grow, there seems little interconnectedness between the two (Choi and Rainey, 2014). In the absence of empirical research, examining organizational interventions aimed at managing workforce diversity within a justice and fairness framework, the integration of justice and fairness and DM remains a matter of conjecture. Our research aims to help address this gap by investigating the association



between DM practices and principles of justice and fairness in four Australian organizations. In this context, we pose the question:

*RQ1.* How does justice and fairness integrate with the phenomenon of DM in organizations?

The research is guided by a conceptual framework derived from justice and fairness literature, which suggests that justice and fairness should be integral determinants of DM. In line with Choi and Rainey (2014), we argue that a managerial approach embedding justice and fairness would enable organizations to build the required culture and climate to effectively manage workforce diversity.

We begin with an overview of the organizational justice literature, followed by a review of justice and fairness and DM literature. The research methodology is then articulated, followed by the findings. Finally, we present the conclusion and implications of our study.

### **Justice and fairness in the workplace**

The term “organizational justice” was coined by Greenberg (1987) (Colquitt, 2001; Tan, 2014), who considered theories of justice through which organizational phenomena could be examined. Organizational justice is a strong enabler, motivating employees to achieve organizational goals, through the establishment of conducive employee-employer relationships (Greenberg and Colquitt, 2013). According to Greenberg (1987), organizational justice is the employee’s perception of being treated fairly. Such perceptions impact employee attitudes and behaviors and are manifested through organizational commitment, trust and satisfaction (Tan, 2014). Tan (2014) argued that fairness in organizational policies, payments and benefits is relevant to organizational justice. For Al-Zu’bi (2010), organizational justice is a term relevant to the work environment where the role of justice in the workplace is upheld. Cugueró-Escofet and Fortin (2014) noted that the terms justice and fairness are used interchangeably in most organizational justice research. Four categories of workplace justice and fairness exist under the umbrella term “organizational justice”: fairness of outcomes (distributive justice); procedures (procedural justice); interpersonal treatment (interpersonal justice); and information (informational justice) (Cugueró-Escofet and Fortin, 2014).

Distributive justice (the fair distribution of outcomes) is consistent with the principles of equity or equality (Colquitt, 2001; Rifai, 2005). For Tan (2014), distributive justice concerns perceptions of fair distribution of gains in accordance with the value of the contribution made by employees. For Al-Zu’bi (2010), it is the perceived fairness of the outcome an employee gets from the organization. Procedural justice, however, concerns the justice or fairness of the processes that lead to outcomes (Leventhal, 1980), and how employees perceive the fairness of rules and procedures used in a process (Nabatchi *et al.*, 2007). Here, the emphasis is on process rather than outcome, informed by the procedural emphasis in the legal system (Colquitt, 2001). Consequently, the term “interactional justice” arose, with fairness defined by the quality of interpersonal treatment in implementing organizational procedures (Bies and Moag, 1986). Interactional justice emphasizes treating employees with dignity, sensitivity and respect (Al-Zu’bi, 2010), with clear rationales for decisions (Colquitt, 2001). Mikula *et al.* (1990) suggested that perceived injustices are not restricted to distributional or procedural issues, but are largely impacted by the way employees are treated during interactions and encounters. Interactional justice was subsequently divided into two categories: the respect and sensitivity aspects of interactional justice comprise the interpersonal facet of distributive justice (Greenberg, 1993); the explanation of the rationale of interactional justice comprises the interpersonal facet of procedural justice (Colquitt, 2001). Despite lack of consensus regarding that division (Al-Zu’bi, 2010), researchers including Colquitt (2001) recognize it and adopt a four-structure approach to organizational justice.

## **A conceptual framework for applying justice and fairness principles in the workplace**

Cohen (2010) argued that principles of justice are germane to economic activity, imposing obligations upon managers, and reiterated that “if citizens’ interests aren’t protected, then society—not just business but society as a whole—can’t be fair” (2010, p. 563). Newbert and Stouder (2011) advocated for the creative application of theories of justice, including those based on contemporary political philosophy, to assess organizational practices. This section outlines three theories of justice linked to organizational justice—equity theory, social exchange theory and Sen’s idea of justice, which form the conceptual framework of our study.

### *Equity theory*

Existing research links Adams’ (1965) equity theory and distributive justice (Bonache, 2004; Tan, 2014). Cugueró-Escofet and Fortin (2014) argued that equity theory is founded on Aristotle’s principle of merit, where proportionate equality of distribution of goods is said to be just (Greenberg and Cohen, 1982). People compare the ratios of their contribution and the output they receive against others, to determine whether inequality exists between what they have gained (output) through their contribution (input) (Adams, 1965), in terms of a fair distribution of rewards. Organizationally, distributive justice applies to various payments—rewards, bonuses, premiums and benefits (Beugr, 2002; Folger and Konovsky, 1989).

### *Social exchange theory*

Social exchange theory has also been linked to organizational justice (Ko and Hur, 2014; Rahman *et al.*, 2016). This theory posits that individuals evaluate the justice of what they receive through social exchange and tend to reciprocate it (Gould-Williams and Davies, 2005). Linking organizational justice with social exchange positions workplace justice as a predictor of behaviors driven by feelings of sentiment toward the organization, where employees react through reciprocal behaviors that positively affect the organization (Barclay *et al.*, 2005; Masterson *et al.*, 2000). For Ko and Hur (2014), social exchange theory comprises two types of exchange: perceived organizational support (the exchange relationship between employee and workplace); and leader-member exchange. Further, Ko and Hur (2014) examined the importance of procedural justice in social exchange theory. They considered procedural justice as perceived organizational support (see also Parzefall and Salin (2010) and Rhoades and Eisenberger (2002). Accordingly, Ko and Hur (2014) argued that procedural justice, an element of perceived organizational support, is positively related to desired work attitudes in employees, such as increased job satisfaction and decreased turnover intentions.

Otto and Mamatoglu (2015) suggested a connection between social exchange theory and interactional justice, concluding that perceived organizational support mediates the relationship between interactional justice and organizational loyalty, and that bullying mediated the relationship between interactional justice and mental impairment. Employees consider organizations as human characters, developing a set of beliefs that the organization cares about employee well-being (perceived organizational support) (Otto and Mamatoglu, 2015). In social exchange theory, if employees are treated by the organization in the manner they expect, they reciprocate favorably (Otto and Mamatoglu, 2015).

### *Amartya Sen’s idea of justice*

Amartya Sen developed his theory of justice based on reason through critically evaluating and challenging the hitherto existing frontiers of social justice (Osmani, 2010; Wiener, 2013). In focusing on Rawls theory of justice and fairness, Sen extended the theory by deviating from and challenging key elements (Marin and Quintana, 2012; Osmani, 2010).

Rawls, through his seminal work *A Theory of Justice*, developed one of the most influential philosophical views of justice (Bonache, 2004). Whereas theories of organizational justice address the fairness of specific practices, Rawls considered the justice of the social system (Bonache, 2004). Bonache (2004) demonstrated that Rawlsian concepts are applicable to organizations, assessing “fairness” of organizational practices through social legitimization.

One of Sen’s main criticisms of Rawls’s theory is its supposition of a perfectly just society, governed by a single set of just rules; Sen considered it unfeasible (Newbert and Stouder, 2011; Osmani, 2010), asserting it is difficult to conceptualize a “perfectly just society” in an imperfect world with plurality of perspectives regarding what is “just” due to the existence of different social conditions (Osmani, 2010). Sen argued that defining an ideal society is futile, as it will not help society become less unjust (Osmani, 2010). Sen criticized Rawls’s notion that equality in social primary goods leads to the achievement of justice and fairness, as this conception disregards human diversity, such as physical characteristics, opportunities, working conditions and temperament (Marin and Quintana, 2012; Robeyns and Brighouse, 2010). Sen argued that under Rawls’s theory, a severely disabled person will not be entitled to additional resources, as Rawls’s differentiation principle does not provide special consideration based on impairment (Robeyns and Brighouse, 2010).

Contrary to Rawls, Sen approached justice from a capability approach (Robeyns and Brighouse, 2010), advocating the exploration of characteristics that enable the conversion of primary goods into outcomes a person values. For Sen, individuals should have substantive freedoms, namely, the capability to choose a life that one values (Robeyns and Brighouse, 2010). Each society must then decide on their specific capability requirements through a process of democratic social dialogue (Routh, 2014).

Sen (2009) contended that the Rawlsian “original position,” a hypothetical status where individuals are ignorant of their attributes, such as social class, gender and disability (Waldman and Ojelabi, 2016), may entail “exclusionary neglect,” as that approach neglects issues of equal access to participation (Wiener, 2013). Whilst Rawls emphasized just institutions and the distribution of resources as enablers to achieve social justice, Sen focused on ends rather than means (Osmani, 2010; Thomas, 2014), on the justice of the outcome—the actual realization of justice in the societies involved, rather than merely the “institutions and rules” (Sen, 2009, p. 9). Sen suggested the Rawlsian approach of emphasizing justice within social institutions disregards the need to consider justice at the level of individual conduct (Thomas, 2014). Sen advocated a “comparative view of justice,” focusing on the “the advancement and or retreat of justice” (Sen, 2009, p. 8) instead of concentrating on a “just society” (Wiener, 2013). Thus, Sen’s approach assesses justice from an inclusive and comparative perspective where pluralistic views are considered, as opposed to the narrow and exclusionary perspective which underpins the Rawlsian “original position,” behind “a veil of ignorance” (Wiener, 2013). Sen proposed augmenting justice and fairness that are actually experienced by people, rather than an illusionary utopian construct of universal justice (Sondak, 2010).

Sondak (2010) argued that Sen’s approach provides a useful platform to study organizational justice and fairness. This consideration of behaviors and reactions of individuals in assessing procedures and outcomes, along with the pragmatic approach embedded in Sen’s notion of justice, makes it a plausible option in any organization (Sondak, 2010). Influenced by the importance placed on employee voice by psychologists studying fairness, Sondak (2010) highlighted Sen’s acknowledgment of a person’s voice: “A person’s voice may count either because her interests are involved or because her reasoning and judgment can enlighten a discussion” (Sen, 2009, p. 108 cited in Sondak, 2010, p. 353). Thus, employee voice would evoke diverse perspectives, being an impetus for just and fair outcomes through considering alternatives. The flexibility and pragmatism of Sen’s view of justice, where individuals are directly involved in determining their own capability

enhancing factors, is evidenced through Rouths' (2014) research. Routh claimed that this participatory process of developing capabilities through social dialogue combats inequality.

More recently, Shrivastava *et al.* (2016) asserted that Sen's version of social justice is a useful framework that can be used in an organization to achieve outcomes valued by employees. They maintained that Sen's approach helps identify unjust outcomes by enabling the achievement of both procedural and distributive justice, compared with other theories of justice focusing either on procedural or distributive justice. Shrivastava *et al.* (2016) affirmed that the Rawlsian view on justice and Sen's approach to justice could lead to very different outcomes, with the Rawlsian approach condoning individuals acting in their self-interest and potentially promoting inequity, disregarding people and alienating external stakeholders from the ambit of justice, because they are external to a given society. Shrivastava *et al.* (2016) emphasized that the Rawlsian approach allows for differentiation, or inequities in the distribution of primary resources, only if it is beneficial to everyone.

### **Justice and fairness within the realm of DM**

In this section, we examine literature relevant to the linkage between DM and organizational justice and fairness. Roberson and Stevens (2006) suggested that justice is central to workforce diversity. Choi and Rainey (2014) examined whether DM, implemented in an environment of perceived organizational fairness and fair treatment, enhances job satisfaction. They found when employees perceive a higher level of organizational fairness, diversity efforts become more effective through enabling higher levels of job satisfaction. Roberson and Stevens (2006), studying justice and DM, established that justice concerns are raised by employees regarding DM incidents; employee concerns about fair outcomes and fair processes were significant in relation to discrimination, management treatment (such as equal treatment) and relationships (such as cohesiveness between diverse employees).

Spaaij *et al.* (2014) argued that DM emphasizes power and separation, which can lead to stigmatization, because a clear demarcation is created between those who manage and the managed (Zanoni and Janssens, 2004). Diversity is inherent in those who are "managed" when judged against the referent group, those who "manage" (Lorbiecki and Jack, 2000). According to Mamman *et al.* (2012), whilst all employees react to incidents of injustice, minority employees interpret and experience injustice in a unique way, leading to different outcomes to those of the dominant group. These reflections on power differences and divergent reactions to injustice between the dominant group and the less privileged, we believe calls for justice and fairness to be central to DM. Further, literature on the rationale and outcomes of DM show justice and fairness as integral.

#### *The moral case and the business case rationale for DM*

The fundamental question, "what motivates an organization to focus on diversity?" uncovers two streams of anticipated outcomes: the classical approach of the moral case for diversity and the pragmatic approach of the business case (Kramar, 2012; Van Ewijk, 2011). Underlying both these approaches is a DM rationale, one based on moral justification, where the well-being of "people" is fundamental, and the other on economic legitimization, focusing on the organization's bottom line (Köllen, 2015).

The business case argument for diversity proposes that diversity engenders competitive advantage and leads to positive outcomes (Kramar, 2012), such as a better corporate image, increased performance and the ability to attract and retain human capital (Bleijenbergh *et al.*, 2010). The social justice approach requires organizations to act morally to achieve equality and fairness, addressing unequal regimes that reflect power differences within the workforce (Noon, 2007; Spaaij *et al.*, 2014).

The dominance of the business case approach to DM has been criticized for valuing diversity provided it benefits organizations financially (O'Leary and Weathington, 2006)

and for undermining the achievement of social justice and equality (Greene and Kirton, 2011; Noon, 2007). Lorbiecki and Jack (2000) asserted that the business case approach could perpetuate inequalities and maintain the privileged position of the mainstream employee. The business case approach would defeat the basis for DM, namely, to create a just and equitable workplace (Noon, 2007; O'Leary and Weathington, 2006; Syed and Kramar, 2009). Drawing on ethical perspectives, O'Leary and Weathington (2006) questioned the diversity for profit approach, given that interventions supporting marginalized groups, such as employees with disabilities, may not necessarily deliver significant economic benefits to organizations that managers are able to quantify through a cost benefit approach which leads to a compelling business justification. Questioning the narrow view advocated by the business case rationale for diversity, the authors highlight potentially catastrophic outcomes if organizations are to abandon diversity programs due to a lack of bottom line benefits. Thus, they argue that the business case approach is too narrow to be of value to managers in achieving fair and equitable outcomes for minority groups as enshrined in anti-discrimination legislation. In a similar vein, Gotsis and Kortezi (2013) argued that valuing diversity for tangible benefits may replicate and perpetuate social inequalities and, in the absence of tangible gains, DM may recede from the management agenda. To this end, the authors make a convincing case for an ethical framework for DM.

For Bleijenbergh *et al.* (2010), concentrating exclusively on the business case for diversity places organizations at a risk. They proposed incorporating social justice and sustainability elements, cautioning that attempting to implement DM initiatives devoid of equality and equity principles may spark resistance and hinder its implementation. Furthermore, ambiguities exist regarding a straightforward link between diversity and performance (Pitts and Wise, 2010). These, coupled with a lack of short-term performance enhancements (Bleijenbergh *et al.*, 2010), may invoke doubts regarding the legitimacy of diversity initiatives if an organization relies exclusively on a business case rationale. Jones *et al.* (2013), challenging the rigid application of the business case in failing to deliver desirable outcomes for minority groups, advocated for a DM founded on ethics of care. Wallace *et al.* (2014) found that such an approach is evident in the majority of organizations rated as best places to work.

According to Tomlinson and Schwabenland (2010), considering employees merely as instrumental in achieving profits in line with the rigid application of the business case is unacceptable. Similarly, the authors highlight that it is difficult to justify the persistence of an approach in which the welfare of disadvantaged employees takes precedence over serving the organizational customers. Thus, the authors argue that business and the social justice mission should co-exist. Van Dijk *et al.* (2012) argued that the equality and the business case perspectives diverge because they emanate from opposing moral perspectives—the first from the utilitarian conviction that diversity produces better business outcomes, the latter from a deontology suggesting that it is wrong to discriminate. The authors propose that a virtue ethics perspective to DM (where individual attributes are disregarded unless they are pivotal for job function) is a more sustainable DM approach, enhancing both equality and business outcomes. While advocating a business case for diversity as a compelling motivator to embark on DM, Mor Barak (2011) also proposed that, based on moral and ethical considerations, organizations should break down socio-economic disparities within the workforce. Accordingly, we argue that DM should be implemented within the parameters of a justice and fairness framework, irrespective of whether organizations are driven by economic motives or a moral rationale for DM.

#### *Enablers of positive outcomes through DM*

The organizational approach to DM is vital to the outcomes of workforce diversity (Kossek *et al.*, 2005; Roberson *et al.*, 2003). Thus, elements of the required organizational approach need to be addressed. Therefore, diversity research must investigate how

diversity programs are managed, and the overall organizational environment required for diversity to thrive (Choi and Rainey, 2014).

Research demonstrates that a deep organizational commitment to diversity is necessary for it to be a source of competitive advantage (Slater *et al.*, 2008). Strategies enabling a sustainable and genuine commitment include addressing potential negative reactions to diversity by ensuring that all employees consider organizational diversity programs as fair (Slater *et al.*, 2008). Fujimoto *et al.* (2013) considered organizational justice as integral to the process and outcomes of DM and argued that integrating organizational justice principles leads to implementation of DM in a just and socially responsible manner. Ashikali and Groeneveld (2015) argued that DM involves changing organizational climate and practices to effectively manage a diverse workforce. Gonzalez and Denisi (2009, p. 24) defined the diversity climate as the “aggregate perceptions about the organization’s diversity-related formal structure characteristics and informal values.” Chrobot-Mason and Aramovich (2013) argued that there has been a trend to adopt a more theoretically based approach to conceptualize a positive diversity climate, rather than the traditional more pragmatic and organizational-specific conceptualization. They argued that the diversity climate is multidimensional and often defined by encompassing the two concepts of fair or equal treatment and integration of shared employee perceptions. Spataro (2005) suggested the organizational shared beliefs and expectations regarding their preferred employee “type,” based on demographic characteristics, could potentially lead to latent discrimination. Similarly, Findler *et al.* (2007) argued that demographic characteristics of employees influence their organizational treatment, in turn, influencing the way they perceive fairness, inclusion and social support. Kim and Park (2017) suggested that when employees acknowledge that the organization promotes diversity, they form perceptions of fairness. Therefore, DM can be a managerial tool organizations can utilize to create perceptions of fair treatment amongst minority employees enhancing their sense of justice (Kim and Park, 2016; Otaye-Ebede, 2016). Perceptions of fair treatment in the context of DM lead, in turn, to positive outcomes such as organizational commitment and lower turnover intentions (Buttner *et al.*, 2010), interpersonal trust (Kim and Park, 2017), organizational attachment (Otaye-Ebede, 2016), organizational citizenship behavior (Mamman *et al.*, 2012) and enhanced team performance (Buengeler and Den Hartog, 2015).

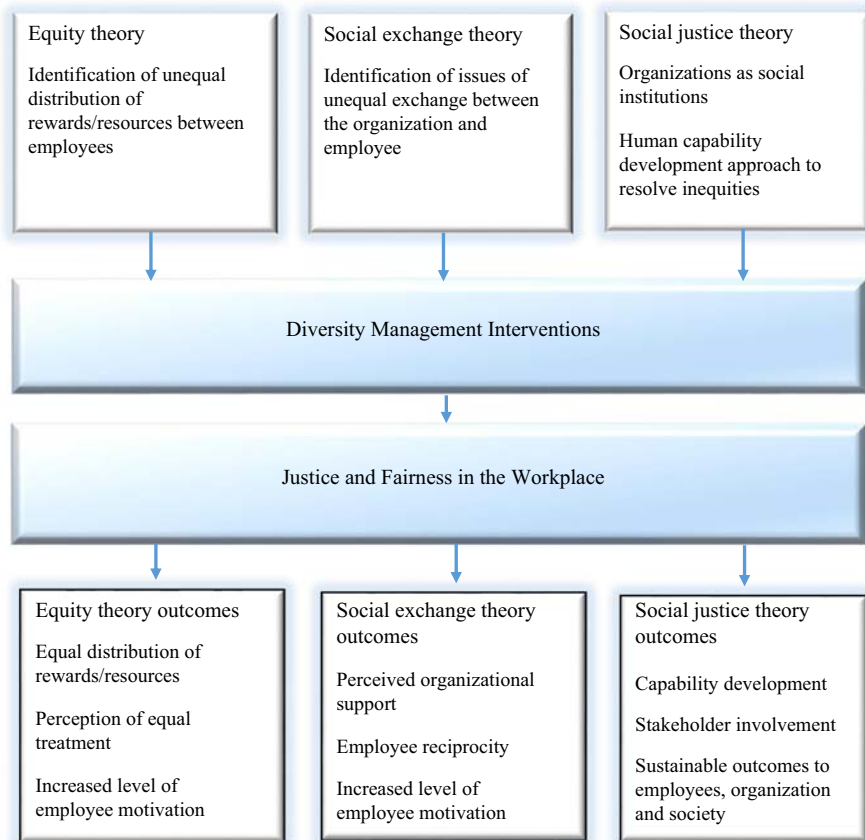
In the light of this research suggesting that justice and fairness are integral as determinants and outcomes of DM, we argue, in line with Choi and Rainey (2014), that a managerial approach embedding justice and fairness could enable organizations to build the required culture and climate to effectively manage workforce diversity. On the basis on this nexus between DM and justice and fairness, our aim is to elucidate the impact of justice and fairness principles on DM interventions in contemporary organizations. In particular, we investigate DM practice in four Australian organizations through the lens of justice and fairness using organizational justice, equity theory, social exchange theory and social justice theory. Our conceptual framework is presented in Figure 1.

### Methodology

A qualitative case study approach was used to identify how organizations managed workforce diversity. Case studies are suitable to explore contemporary phenomena that are fluid and complex (Yin, 2003), by examining processes, real-life experiences of such processes, interventions and outcomes within an organizational context (Tharenou *et al.*, 2007; Yin, 2003).

We identified several priority areas when examining DM in the selected organizations. Gender pay inequity and cultural diversity were selected as contemporary workplace diversity issues in Australia. Our study identified the interaction between DM and the concept of justice and fairness in organizational responses to contemporary diversity issues.





**Figure 1.**  
Conceptual framework  
of the study

As multiple case studies are considered more robust and reliable than single case studies (Yin, 2012), and facilitate intra- and cross-case analysis enabling deeper understanding of phenomena (Baxter and Jack, 2008; Cooper and Schindler, 2006; Yin, 2012), two case studies were used to investigate each diversity issue. In order to empirically illuminate the theoretical perspectives relevant to the phenomena investigated (Yin, 2012) and select cases where the phenomenon under investigation is "intense and visible" (Buchanan, 2012, p. 361), we selected organizations in which key DM issues were salient. We selected Organizations A and B to examine issues surrounding the gender pay gap, as both organizations evidenced distinctive approaches to resolve gender pay inequity that existed in the two organizations. Similarly, we selected Organizations C and D to investigate cultural diversity, as cultural diversity was prominent in the diversity space of the organizations.

Case studies often involve multi-methods where data come from a variety of sources (Buchanan, 2012; Yin, 2012). In the current study, data collection included the in-depth semi-structured open-ended interviews and organizational documents. The two sources provided rich data and enabled triangulation by using multiple sources of evidence which Yin (2012) advocated to increase construct validity in case studies. The convergence of data that came from these multiple sources provided an accurate and holistic understanding of the phenomena under study, as anticipated by Baxter and Jack (2008). The interview participants were senior executives accountable for DM in their organizations (experts in the domain of DM), with

lived experiences of the operational and strategic organizational issues relevant to this study. In addition to their direct involvement in the data collection process, the interviewees provided relevant organizational documents, ensuring both the accuracy and authenticity of documentation data. The documents examined included diversity, inclusion and equal opportunity policies, diversity plans, annual reports, sustainability reports, codes of ethics and business conduct, employee surveys and employee demographic reports.

As the first process of data analysis, we developed detailed case notes using the data as recommended by Buchanan (2012). We then used the conceptual framework developed in this study to guide the process of analysis. Researchers such as Yin (2012) and Eisenhardt (1989) advocated the use of priori constructs in case studies to guide the analysis process as a theoretical orientation provides a coherent frame for the study, illuminates relevant contextual conditions, provides accurate measures for constructs and helps emergence of new empirically grounded theory. Our conceptual framework consisted of the following constructs:

- organizational justice—employee perception of being treated fairly, including distributive justice, procedural justice, interpersonal justice and informational justice;
- organizational equity—concerned with the fair distribution of rewards when employees make comparisons with one another and comparable with distributive justice in an organizational setting;
- social exchange—perceptions of equity and reciprocity in social exchange processes within the workplace; and
- social justice—achieved through building capabilities of individuals identified through a process of democratic social dialogue.

The case study organizations were four large-scale organizations in Australia, representing diverse industries. Organization A (approximately 900 employees) was in the manufacturing sector and a subsidiary of a US-owned multinational. The human resource manager participated in the interview. Organization B (approximately 32,000 employees) was a public information media and telecommunications company. The head of diversity participated in the interview. Organization C (approximately 1,300 employees) was a local government public-sector organization. Interview participants were the people and culture manager, the diversity and inclusion team leader and the language aid expert. Organization D (approximately 8,300 employees) was in the public sector (higher education). The senior officer of equity and diversity participated.

### **Analysis and findings**

The analysis and findings illustrating the justice and fairness perspectives of diversity initiatives are presented in two sections. The first examines gender pay equity, and the second examines how organizations manage cultural diversity.

#### *The gender pay gap*

The gender pay gap is a striking diversity-related issue prevalent in many Australian workplaces. The Workplace Gender Equality Agency (WGEA) (2016) reported that Australia's gender pay gap at present is 16.2 percent. Further, gender pay gaps exist across every industry and occupational group, with male fulltime average earnings higher than that of women (WGEA, 2016). Addressing inequity in pay is a critical issue that organizations strive to address through DM.

The disparity in rewards relates directly to issues concerning fair distribution of rewards, and could be informed through distributive justice and equity theories. Distributive justice addresses issues such as whether the reward reflects the effort one has made, and whether it

reflects what an individual contributes to the organization (Colquitt, 2001). When gender pay inequity exists, women who receive lower levels of remuneration than men are likely to switch into a comparison mode, as explained by equity theory (Adams, 1965), and are likely to feel that there is a lack of fair and just distribution in rewards. People compare the ratios of their contribution and output with others to determine whether there is inequality regarding what they have gained through their contribution (Adams, 1965). In addition to distributive justice, we argue that gender pay inequity has elements compromising procedural justice (Colquitt, 2001). For example, are procedures determining reward decisions applied consistently? Are they free of bias? Are ethical and moral standards embedded in procedures? Are these procedures transparent? These are issues that female employees may contemplate when they experience pay inequity.

We examined how two organizations responded to gender pay inequity. Organization A considered achieving gender pay equity as an initiative that supported the organization's efforts to increase female participation in the industry that was perceived as male dominated. The key occupational group where gender balance was to be established was engineering, a male-dominated occupation. According to the human resources manager, the caring roles of female employees preventing them from having uninterrupted careers are a key cause of gender pay inequity. The human resources manager explained:

You know, it's widely known that females take maternity leave [...] it is one of the big contributors to causing them to have a reduced pay against male counterparts [...] we've got some really good data that backs us up.

To address the gender pay gap, the organization introduced changes to the annual increment process where female employees on maternity leave were given a merit increment based on their performance during the year prior to maternity leave. This process was explained by the human resources manager:

This year for the first time, we provided a merit increase to females who were on maternity leave. So they were remunerated based on their past twelve months [...] it [the increment] was reflective of their performance [...] even though they weren't given any amounts of money [...] they were informed, of their new salary package based on their previous twelve months' performance, when they will be on that package when they return to work.

The organization provided a further increment if employees took maternity leave for an additional year, giving an average merit increment, to take effect once the employee returns to work. The human resources manager stated:

Now if they go on 2 years leave they get another letter in twelve months' time [...] because they weren't here for twelve months, here is their average merit amount, and will give them 3% straight away.

These interventions adopted by the organization to address gender pay inequity can be explained through the principles of distributive and procedural justice, as it involves the fair distribution of rewards through an appropriate procedure. The data did not indicate whether information regarding the gender pay gap was communicated to all employees or stakeholders, other than informing the employees who were on maternity leave. Further, the organization focused on addressing possible future disparities rather than eliminating existing disparities.

A primary reason prompting this organization to address the gender pay gap was the need to retain female engineers currently on maternity leave. According to social exchange theory, organizational actions may support individuals' motives to evaluate the justice of what they receive and react through reciprocal behavior. This organization would expect employees to respond by returning to work post-maternity leave as a gesture of reciprocity.

Organization B addresses gender pay inequity as a strategic priority to create a culture promoting gender equality. This organization has been recognized for its efforts in addressing gender pay inequity and continues to be vigilant to ensure there is no gender bias in recruitment and selection, performance management and remuneration decisions. It has adopted a strong governance approach in remuneration decisions, including top management involvement, and reporting on adherence to policies. The diversity council of the organization, comprising senior leaders, is responsible for ensuring gender pay equity.

Remuneration data are rigorously analyzed to identify possible pay disparities that cannot be explained through performance issues, seniority or the value attached to the job. They claim to consider remuneration at the individual level to ensure pay inequities are addressed to help reduce pay gaps significantly. A separate budget is allocated to adjust remuneration where disparity exists between male and female employees. Further, there is acknowledgment, both to external stakeholders as well as internal employees, of the existence of a gender pay gap and the commitment to achieve gender pay equity. The CEO of the organization is an equal pay ambassador supporting Workplace Gender Equality Agency's national pay equity campaign. The organization also considers addressing gender pay inequity in ways beyond addressing salary disparities. Not only the career breaks that women take to fulfill their caring roles, but issues such as bias in the recruitment process, performance management and the promotional process are recognized as possible causes of the gender pay gap. Awareness raising and education across all organizational levels, working closely with recruiters to ensure the selection process is bias-free, introducing job flexibility and promoting non-traditional technical and engineering careers to schoolgirls and female university students are part of the organization's strategy to address the gender pay gap in both the short and long term. Addressing the gender pay gap is, therefore, more than a gender-related issue; it is about creating an inclusive and fair workplace. They claim that a culture of fairness helps attract, retain and engage best-in-class talent, regardless of gender.

In comparing how Organizations A and B dealt with gender pay inequity, Organization B took a more holistic view and was willing to consider issues such as recruitment and selection bias, performance management and career progression decisions, whereas Organization A appeared to exercise caution and attribute inequity to career breaks taken by women. Organization A implemented changes to the remuneration mechanism to prevent future pay disparities between genders. Thus, current and future female staff on career breaks due to maternity leave became entitled to salary adjustments. However, women who are already facing pay inequity due to career breaks in the past will continue to face injustice, resulting in the "exclusionary neglect," which for Sen is a major flaw of the Rawlsian approach of justice. Further, Organization A tends to take a narrow approach and attribute gender pay inequity solely to career breaks due to maternity leave and fails to ascertain if there are other underlying factors contributing to pay inequity. How the affected individuals experience justice and fairness is of less importance to Organization A, which tends to look at the issue at an organizational level, by attempting to create a just institution in line with the Rawlsian principles, via adjusting the organization's reward strategy as opposed to an individual-centered approach.

Organization B involves a wide group of stakeholders openly discussing gender pay inequity, affording a voice for employees and other stakeholders. Information regarding gender pay inequity is more widely shared by Organization B, which takes a more sustainable approach to resolving gender pay inequity. It endeavors to eliminate existing inequities as well as minimizing future inequities. It also attempts to build capabilities across the organization through awareness and education to eliminate gender pay inequity. We consider that Organization B's approach is consistent with Sen's principles of justice. Organization A's approach, however, is narrow, considering the benefit of

retention of female employees for the benefit of the organization, thus fitting into the Rawlsian model of justice. Organization A's approach falls short of meeting Sen's justice and fairness approach involving stakeholders and building capabilities to address issues more sustainably.

### *Cultural diversity in the workplace*

"Multiculturalism" is used to describe Australia as a nation (D'Netto *et al.*, 2014). Whilst multiculturalism is considered a source of social and economic wealth (Department of Social Services, 2014), cultural differences can result in challenges impeding the performance of teams (Fujimoto and Härtel, 2004). Therefore, given the cultural mosaic of the Australian population, we examine how two organizations responded to workplace cultural diversity.

Organization C, a municipal council, services an area where 33.7 percent of residents are born overseas, various languages are spoken and approximately 7.8 percent of the population do not speak English well or at all. The mission of the organization is underpinned by the objective of creating an "accountable democracy" through active community engagement. The organization's workforce is highly diverse and, over the last five years, the proportion of employees from non-English speaking backgrounds has increased. Comprehensive data on employee demographics are available in the organization. Of the total workforce, 20 percent were born overseas. The workforce represents 46 different non-English speaking countries, with 12 percent of the permanent workforce speaking a language other than English at home.

The organization was conscious that a national study revealed the area serviced by the organization had a higher than average rate of racism, including racism in the workplace though, paradoxically, multiculturalism was valued in the area. Consequently, the organization launched a local racism inquiry to further understand the research findings and to investigate race-based discrimination, aiming to develop a strategy to address these issues. An anti-racism strategy, underpinned by the value of "a fair go for all," was developed to address issues at three different levels in the community, including within the organization. At an organizational level, the council was eager "to build an organization that promotes freedom from racism and race-based discrimination" and to be "inclusive and reflective of the community." The anti-racism strategy encouraged employment of individuals from culturally diverse backgrounds, provided training to employees on racism and discrimination, and the use of an audit tool to assess organizational policies, practices and services to ensure that these are free from possible race-based discrimination or inhibition to cultural diversity. Undoubtedly, the organization placed a high value on cultural diversity. The diversity team leader of the organization stated:

We are probably a very informed council in terms of the importance of diversity both internally and externally. We have many processes in place that many local governments don't have.

Consistent with this, the organization had several policies and action plans. However, most were aimed ultimately at achieving outcomes for the community serviced by the organization. The organization seemed to focus heavily on achieving social justice outcomes for the culturally diverse community. Though employee cultural diversity was acknowledged and valued in the organization, it was viewed as a vehicle to deliver a better service to the community and to enable the organization achieve its business outcomes. This took precedence over the potential issues and needs of a culturally diverse workforce.

The organization considered community views regarding experiences of racism and community ideas when implementing the anti-racism strategy. However, there was no evidence of attempts to gain employee insights of their experiences of racism or threats to cultural safety (Williams, 2008). The census survey captured data on employee

demographics, including information on ethnicity, religion and languages spoken, which are attributes of cultural diversity. It did not capture any information on issues faced by culturally diverse employees nor of their general well-being in the workplace. Other than portraying the diversity profile of the organization, the census survey seemed to serve little purpose. The organization has committees that consider cultural diversity—the Anti-Racism Strategy Steering Committee, the Interfaith Council and the Intercultural Centre. The role of these committees is to address culture- and race-related issues prevalent in the community. The Intercultural Centre supports the development of English language skills, the learning of a second language and aims to facilitate intercultural engagement and anti-racism initiatives within the community. The ambit of the committees did not extend to employees.

Workforce cultural diversity was relied upon by the organization for organizational outcomes and service quality, through a language aide system where employees, who could converse in different languages spoken in the community, functioned as language aides. The organization leveraged its workforce's cultural and language diversity, deploying employees as language aides to assist customers and staff in communicating in languages other than English. Thus, cultural diversity was regarded as a resource enabling the organization to provide better client services. The human resources manager, referring to the personal care and assistance service provided to the community, commented:

So sometimes there are language barriers, for example where English is the second language, and there are cultural barriers [...] we try to cater to these. For example, there has been an increase in Muslim employees who are being sent out [for services] because we have a large proportion of Muslim clients.

The organization's cultural diversity initiatives focused on delivering an inclusive service to the community. Nevertheless, mechanisms to address racism, unconscious bias and equal employment opportunity were integrated into the human resource processes. However, valuing cultural diversity in the workforce as an integral resource to deliver organizational objectives was an overriding factor.

When applying justice principles to Organization C's management of workplace cultural diversity, we consider that the interventions are more in line with the Rawlsian principles of justice; the organization stresses principles of equal employment opportunity and fair treatment without distinction. Differentiation was made taking into consideration culturally diverse employees only when there was an advantage that benefitted the overall organization. For example, cultural diversity in the organization was valued from the perspective of its contribution in enhancing the services provided by the organization. The organization pays a language allowance to employees conversant in a language other than English. The services of these individuals can be obtained under the language aide system if a client from a non-English speaking background needs assistance. The organization considers that this mechanism not only enhances service quality, but also brings about cost savings, thus benefitting the organization. Further, the recent increase in the employment of individuals of the Muslim faith reflects Rawlsian principles, where employing minority employees is justified as advantageous to the overall organization in terms of upholding its service philosophy.

Organization D is a university focusing on cultural diversity. The organization has a comprehensive cultural diversity action plan with the aim of developing cultural competency and removing barriers, such as unconscious bias, so that culturally diverse staff can achieve their full potential. The scope of the cultural diversity action plan addressed dimensions such as first-generation migrants, accents, visible minorities and religious diversity. The organization aspires to be an employer of choice that has inclusive employment practices for culturally diverse individuals.

The organization used an innovative mechanism to recruit culturally diverse individuals. A “diversity job bank,” requiring certain jobs to be filled by culturally diverse individuals, was established. It was linked to a network of employment service providers to assist managers to source suitable candidates from within the identified groups. This practice was adopted to promote the recruitment of individuals from culturally diverse backgrounds considered as underrepresented and disadvantaged in employment outcomes. Religious differences were also considered, with the organization attempting to support the careers of Islamic employees by providing them a safe environment to practice their religion. Further, the organization had a cultural calendar depicting important religious and cultural days across a diverse range of cultures and religions. One of the core elements of promoting and upholding diversity in the workplace was prioritizing capability building across the organization, the hallmark of the organization’s diversity agenda. The diversity manager of the organization stated:

So how do you build a culture of diversity in a workplace where staff come from diverse backgrounds, migrants, aboriginal people [...] gay and lesbian people, women, people with disabilities etc.? So we have done a lot of work in raising consciousness and capacity building.

One striking factor is that in the arena of raising consciousness and capacity building relevant to a culturally diverse workforce, the organization involved culturally diverse employees as well as the general employee population and leadership. In facilitating workplace integration of employees from non-English speaking backgrounds, English language training was provided. Equity and diversity training and anti-racism workshops were in place to build cultural awareness of all employees. Further, the organization used a “cultural diversity and inclusive practice toolkit” to enhance cultural competence of staff to deal with culturally diverse colleagues as well as clients in a respectful and culturally sensitive manner. One key initiative under the cultural diversity action plan was workshops conducted under the banner “courageous conversations about race.” The workshops provided an open forum for culturally diverse staff to discuss race and privilege and voice their concerns and issues including any experiences of discrimination or threat to cultural safety. Further, ideas are sought at the workshops regarding how to resolve issues and make the culture more inclusive. The organization is mindful that the ambience is safe and welcoming for individuals to talk about their personal experiences and concerns, including workplace racism. The diversity manager explained:

So we have an affinity model for migrants. So they gather and talk freely about racial issues, discrimination and how we can make things better, and we talk about what issues they want me to take to the executive.

Critical issues in the workplace concerning culturally diverse employees are escalated to the level of the executive, to be addressed by the leadership. The organization also employs employee surveys to ascertain concerns regarding diversity and inclusion. Hence, various opportunities exist for employees to voice their opinions; not only culturally diverse employees but also other employees. Diversity and equity advisors support and assist employees regarding diversity and inclusion. The organization’s diversity agenda, as enumerated in its diversity policy, aims to build “a workplace and a learning environment founded on inclusivity, respect, fairness and dignity.”

When considering principles of organizational justice, it could be argued that Organization D is committed to establishing equal opportunity in employment outcomes. It also emphasized following the right procedures. It was compulsory for members of recruitment panels to have diversity-related training and a code of ethics established ethical principles and legal obligations required when implementing equal opportunity policies and practices, affirmative action, anti-discrimination and harassment. In comparing the

approaches of Organizations C and D, the latter upholds interactional justice, in both informational justice and interpersonal justice (Colquitt, 2001). Employee voice is emphasized in Organization D's approach. Employees are encouraged to raise issues, express their ideas and suggest solutions. The organization is committed to capacity building, enabling disadvantaged employees to build capacity and competence to enjoy positive workplace experiences similar to those in privileged positions. Organization D's approach is consistent with Sen's justice and fairness model, unlike Organization C's, which emphasizes leveraging business benefits through minority employees. Organization D, through its cultural diversity strategy, undertook to create fair and just employment outcomes for culturally diverse employees through capability building.

## Discussion, conclusion and implications

### *Summary of findings*

This study aimed to gain a better understanding of the association between DM practices and justice and fairness, and how they might be integrated. We demonstrated in the case of DM, the Rawlsian perspective of justice represents a narrow application of justice and fairness, more in line with the business case rationale for DM, as it allows for differential treatment of minorities, providing benefits to the organization. In contrast, we found that an integrated approach drawing on Sen's notion of justice provides a framework for a sustainable and more comprehensive approach to DM. What is deemed just and fair under the Rawlsian view of justice may not be seen in the same way when using Sen's framework. Furthermore, we found that DM aligned with Sen's notion of justice, though well-grounded in the tradition of social justice, is not incompatible with the business case. In fact, this approach can enhance business outcomes through positive employee outcomes in its capacity, as evident from our findings, concerning attempts to meet distributive, procedural, interpersonal and informational justice. Additionally, DM interventions following Sen's approach to justice seem consistent with the Integration and Learning paradigm (Dass and Parker, 1999; Podsiadlowski *et al.*, 2013; Thomas and Ely, 1996) which is considered to be a superior state of diversity along a continuum of DM approaches. The Integration and Learning paradigm proposes managing workforce diversity not merely to meet organizational goals, but to cater to individual well-being, and to address social inequities, whilst focusing on change and learning (Podsiadlowski *et al.*, 2013). Thus, the Integration and Learning paradigm and DM based on the Senian notion of justice are comparable, as both approaches are individual centered, and consider achieving change through developing individuals and organizations important. Moreover, both approaches tend to view individuals who belong to minority groups as having innate strengths to be sharpened—for Podsiadlowski *et al.*, through mutual adaptation underpinned by learning, and for Sen, through capability development.

In focusing on the link between DM and justice and fairness, we consider organizations should be concerned not only with a moral outcome, but also with embedding justice and fairness across all DM elements. We argue that justice and fairness principles should be applied in identifying relevant dimensions of diversity that warrant focus, in managing diversity through organizational interventions and in determining outcomes from DM.

### *Implications for theory*

Our study demonstrated that principles of organizational justice, equity theory, theory of social exchange and the social justice theories of Rawls and Sen were suitable frameworks to examine organizational DM approaches. Overall, "fairness" and "justice" have received less emphasis in research on workforce diversity, perhaps due to the overemphasis on the business case rationale for DM. The business case approach focuses on economic benefits,



rather than the potential contribution of individuals, obscuring issues of social injustice and structural discrimination faced by certain groups (Squires, 2008). Thus, it is imperative that diversity scholars strive to explore DM as a phenomenon endowed with the pursuit of justice and fairness.

#### *Implications for organizations*

Associating DM with justice and fairness has implications for organizations that employ and engage with communities of diverse backgrounds. We consider that Sen's justice framework provides a powerful and pragmatic approach that can be adopted when implementing diversity interventions through a moral evaluation of DM. The framework proposes a holistic approach supporting human resource capacity building, involving stakeholders rather than unequal or preferential treatment of minority employees, which could potentially create resentment and backlash, similar to the fate of affirmative action in the USA (Lorbiecki and Jack, 2000). When employees perceive that organizational practices are favorable to some groups over others, demographic differences become salient, posing threats to cohesiveness, resulting in negative performance outcomes (Jehn and Bezrukova, 2010). Thus, we believe that integrating justice and fairness principles, underpinned by Sen's notion of justice, would address issues of fairness arising from perceived notions of favored treatment of certain groups. Furthermore, considering the ambiguity regarding the economic outcomes of DM, organizations should be cautious and avoid overemphasizing the economic benefits of workforce diversity, an inconclusive area of research due to the complexities associated with the nexus between diversity and performance (Pitts and Wise, 2010). At the same time, DM based on Senian principles is not opposed to the business case, and thus may offer an alternative that meet equality as well as economic outcomes expected from DM.

#### *Limitations and directions for future research*

Our study was limited to organizational responses to two contemporary diversity issues in Australia. We anticipate that there will be future research in this area, where DM approaches aimed at addressing critical diversity issues are compared and contrasted to enrich our understanding of the value of justice and fairness in a diverse workplace. Further, quantitative research in this area is necessary to ascertain a coherent link between DM and justice and fairness. The data for this study were obtained by interviewing diversity experts with managerial accountability for the implementation of DM interventions and by examining organizational documents. In future research, we recommend that employees' perspectives be obtained, to establish a pragmatic link between the Senian approach to DM and perceived organizational justice and a richer set of measurements and data be used.

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