DIVERSITY AND CORPORATE PERFORMANCE: A REVIEW OF THE PSYCHOLOGICAL LITERATURE*

JENNIFER K. BROOKE** & TOM R. TYLER***

This Article examines two approaches to diversity management in the context of procedural justice theory: 1) maximizing the benefit of diversity in the workplace and 2) minimizing any potential harm. With regard to the former, this Article argues that the application of procedural justice theory will create conditions under which employees of all backgrounds feel comfortable contributing their unique perspectives, thus maximizing the benefits of diversity. Applying procedural justice theory may also reduce potential conflicts arising from a diverse workforce by encouraging non-prejudiced, respectful behavior and strengthening organizational identity. As a test of these principles, a data set of 2,366 employees is examined. These data show that procedural justice principles promote better productivity among both white and black employees. Thus, procedural justice may be an important tool in diversity management.

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** Doctoral student, New York University Department of Psychology. B.A., Emory University, M.A., New York University. For many thoughtful comments on an earlier draft, thanks go to Mary Ellen Bonner and Michael Flynn. Thanks also to Margarita Krochik and Avital Mentovich for many valuable discussions regarding these ideas. I would also like to thank the following individuals for their outstanding research assistance: Christine Anerella, Maria Astashkevich, Lana Buksbaum, Melody Chen, Kyle A. Grazier G'Sell, Daria Gluhareva, MaryBeth Grove, Nicholas Kenna, Chinedu Eke, Vincent Morello, Victor Rios, Catherine Tourangeau, and Jesse Wynhausen.

*** University Professor of Psychology/Law, New York University. B.A., Columbia University, M.S., Ph.D., UCLA. Thanks go to the conference participants at the University of North Carolina School of Law.

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INTRODUCTION

As the American workforce becomes more heterogeneous, there has been heightened interest in diversity management.[1] Insights from psychological research offer several suggestions for effectively managing diversity in the workplace.[2] This Article will explore two perspectives on diversity management: maximizing diversity's benefits and reducing potential harms.[3] Additionally, this Article will argue that both perspectives on diversity management are strengthened by the application of procedural justice theory, a psychological theory that examines the impact of fair procedures upon individuals.[4]

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1. *See, e.g.*, Rohni Anand & Mary-Frances Winters, *A Retrospective View of Corporate Diversity Training from 1964 to the Present*, 7 ACAD. MGMT. LEARNING & EDUC. 356, 356 (2008) (summarizing the history of corporate diversity programs since 1964); Neal M. Ashkanasy et al., *Diversity and Emotion: The New Frontiers in Organizational Behavior Research*, 28 J. MGMT. 307, 312 (2002) (stating that diversity management has become an ongoing concern in organizational research).

2. For purposes of this conference, the broad research question this Article examines is how diversity influences the performance of corporate boards. As many recent reviews of the literature have observed, employee diversity may not necessarily lead to changes in corporate or organizational performance, and when changes occur they can be either positive or negative. *See infra* notes 15–19 and accompanying text. This Article argues that diversity is only likely to be helpful when supportive social conditions exist. In other words, for diversity to be of value, it must be accompanied by a set of organizational conditions that facilitate its possible benefits. In reviewing the psychological literature on diversity in work organizations, it became clear that most of that literature is directed at diversity in work settings, but not particularly toward corporate boards. *But see* David A. Carter et al., *Corporate Governance, Board Diversity, and Firm Value*, 38 FIN. REV. 33, 35 (2003) (discussing corporate board diversity). Since this Article's goal is to focus on research findings, this Article will be focused primarily upon studies of diversity at lower levels of the workforce.

3. In this Article, the term "diversity" will be used to describe individuals from different social groups, as well as individuals with a diversity of social skills and backgrounds. Although the literature we review primarily examines diversity related to race and sex, the ideas found in this Article are also applicable to other types of diversity (sexual orientation, age, etc.). For a further discussion of the many uses of the term diversity, see *infra* note 10 and accompanying text.

4. *See generally* E. ALLAN LIND & TOM R. TYLER, THE SOCIAL PSYCHOLOGY OF PROCEDURAL JUSTICE (1988) (providing an in-depth discussion of the procedural justice theory).

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Broadly, two research traditions examine diversity's impact on the workplace: 1) maximizing diversity's benefits and 2) minimizing any harms that might result from diversity.[5] The first approach focuses on maximizing the benefits of diversity in corporations and generally stems from research on teamwork, information processing, and decision making.[6] The second approach focuses on potential interpersonal conflicts associated with diversity and generally originates from research on social categorization.[7] This Article will examine each framework separately.

Approaches to diversity research. In the first approach, research examines the creative potential inherent in a diversity of viewpoints.[8]

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5. Using different terms, many researchers have discussed these research perspectives on diversity. Williams and O'Reilly, in their classic 1998 review of diversity research, refer to these two perspectives as the "information/decision-making" perspective, focusing on the positive effects of diversity, and the "social categorization" perspective, focusing on the negative effects of diversity. Katherine Y. Williams & Charles A. O'Reilly, *Demography and Diversity in Organizations: A Review of 40 Years of Research*, *in* 20 RESEARCH ORGANIZATIONAL BEHAVIOR 77, 89 (Barry M. Staw & L.L. Cummings eds., 1998); *see also* Eden B. King et al., *Conflict and Cooperation in Diverse Workgroups*, 65 J. SOC. ISSUES 261, 267–68 (2009) (describing these two primary theoretical perspectives); Daan van Knippenberg & Michaéla C. Schippers, *Work Group Diversity*, 58 ANN. REV. PSYCHOL. 515, 517 (2007) (same); Daan van Knippenberg et al., *Work Group Diversity and Group Performance: An Integrative Model and Research Agenda*, 89 J. APPLIED PSCYHOL. 1008, 1009 (2004) (same). Along the same lines, Bowers, Pharmer, and Salas identify two diversity perspectives: "[s]imilarity theory," which argues that similar individuals work better together, and "equity theory," which argues that team performance is improved by diversity. Clint A. Bowers et al., *When Member Homogeneity Is Needed in Work Teams: A Meta-Analysis*, 31 SMALL GROUP RES. 305, 311–12 (2000). Herring summarizes these two perspectives as "diversity pays" and "diversity as process loss." Cedric Herring, *Does Diversity Pay?: Race, Gender, and the Business Case for Diversity*, 74 AM. SOC. REV. 208, 208 (2009).

6. In their review of diversity research, King, Hebl, and Beal summarize the history and origins of this research perspective. *See* King et al., *supra* note 5, at 268–71; van Knippengerg & Schippers, *supra* note 5, at 517–18.

7. *See* King et al., *supra* note 5, at 268–71; van Knippengerg & Schippers, *supra* note 5, at 517–18.

8. Many researchers have found positive effects of diversity upon creativity and innovation. *See, e.g.*, Karen A. Bantel & Susan E. Jackson, *Top Management and Innovations in Banking: Does the Composition of the Top Team Make a Difference?*, 10 STRATEGIC MGMT. J. 107, 118 (1989) (finding diversity in terms of functional background positively impacts innovation); Taylor H. Cox et al., *Effects of Ethnic Group Cultural Differences on Cooperative and Competitive Behavior on a Group Task*, 34 ACAD. MGMT. J. 827, 839 (1991) (finding that racially diverse teams were more cooperative than all-white teams); Richard Hoffman & Norman R. F. Maier, *Quality and Acceptance of Problem Solutions by Members of Homogenous and Heterogeneous Groups*, 62 J. ABNORMAL & SOC. PSYCHOL. 401, 407 (1961) (finding positive effects of team diversity upon performance where diversity was defined as same versus different sex, as well as teams composed of individuals of differing versus similar personalities); van Knippenberg & Schippers, *supra* note 5, at 518 (summarizing the positive effects of diversity); Williams & O'Reilly, *supra* note 5, at 86 (same). *But see* Katherine W. Phillips & Denise Lewin Loyd,

This research suggests that in order for the benefits of diversity to occur, a group's diversity must be relevant to the task at hand.[9] Therefore, benefits may be derived from racial or gender diversity, but may also be derived from a diversity of opinions, backgrounds, and perspectives.[10] This line of research has primarily focused on teamwork and creativity, with several researchers examining whether diversity (variously defined) leads to improvements in team functioning.[11]

A second line of research focuses on the harms or tensions arising from a diverse workforce.[12] This research is concerned with

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When Surface and Deep-Level Diversity Collide: The Effects on Dissenting Group Members, 99 ORGANIZATIONAL BEHAV. & HUM. DECISION PROCESSES 143, 157 (2006) (finding no direct effects of diversity on performance): Harry C. Triandis et al., *Member Heterogeneity and Dyadic Creativity*, 18 HUM. REL. 33, 52 (1965) (finding mixed results for diversity on creativity).

9. *See* Kristina B. Dahlin et al., *Team Diversity and Information Use*, 48 ACAD. MGMT. J. 1107, 1119 (2005) (finding that diversity of education had a stronger effect than nationality); *see also infra* notes 23–24 and accompanying text (discussing the variety of approaches to diversity management).

10. As many researchers have noted, the definition of the word "diversity" has evolved over time. *See* Ashkanasy et al., *supra* note 1, at 310–11 (discussing the historical evolution of the term "diversity" in the literature); Susan E. Jackson, *Team Composition in Organizational Settings: Issues in Managing an Increasingly Diverse Work Force*, *in* GROUP PROCESS AND PRODUCTIVITY 138, 143 (Stephen Worchel et al. eds., 1992) (identifying two classes of composition variables: "personal attributes" like personality, values attitudes, and various demographic variables and "abilities and skills," both technical and social); King et al., *supra* note 5, at 263 (summarizing the debate between researchers who wish to keep the term "diversity" reserved to historically disadvantaged groups and those researchers who wish to use the term more broadly); *see also* Marie-Elene Roberge & Rolf van Dick, *Recognizing the Benefits of Diversity: When and How Does Diversity Increase Group Performance?* 20 HUM. RESOURCE MGMT. REV. 295, 296 (2010) ("The generally accepted definition of diversity refers to differences between individuals on any attributes that may lead to the perception that another person is different from the self."); Williams & O'Reilly, *supra* note 5, at 80 (discussing the changing meaning of diversity).

11. *See supra* note 8 and accompanying text.

12. *See* Jennifer A. Chatman & Francis J. Flynn, *The Influence of Demographic Heterogeneity on the Emergence and Consequences of Cooperative Norms in Work Teams*, 44 ACAD. MGMT. J. 956, 970 (2001) (finding that demographically diverse teams had less cooperative group norms); Susan Mohammed & Linda C. Angell, *Surface- and Deep-Level Diversity in Workgroups: Examining the Moderating Effects of Team Orientation and Team Process on Relationship Conflict*, 25 J. ORGANIZATIONAL BEHAV. 1015, 1033 (2004) (finding a negative impact of gender diversity on perceived overall performance); Charles A. O'Reilly III et al., *Work Group Demography, Social Integration, and Turnover*, 34 ADMIN. SCI. Q. 21, 33 (1989) (finding that workgroups that were heterogeneous in age had higher turnover rates); Ken G. Smith et al., *Top Management Team Demography and Process: The Role of Social Integration and Communication*, 39 ADMIN. SCI. Q. 412, 433 (1994) (explaining that workgroups that are heterogeneous in terms of experience tend to use more formal communication styles, which adversely affects team performance); Warren E. Watson et al., *Cultural Diversity's Impact on Interaction Process and*

conflict avoidance and prejudice reduction. Most of this research has been conducted by psychologists who focus on social categorization and group tensions.[13]

Past research has shown that people are more likely to cooperate with the members of their own social group.[14] Generally, this research suggests that some conflict may be inherent to interactions between people of different groups and that reduced conflict is necessary for groups to work well together.[15] Diversity management, from this perspective, primarily involves education and prejudice reduction techniques.

Both research paradigms have used empirical studies to examine the impact of diversity upon the workplace; however, several reviews of the impact of workplace diversity have been inconclusive, suggesting a complex relationship between diversity and business outcomes.[16] While several studies have found positive effects of

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Performance: Comparing Homogeneous and Diverse Task Groups, 36 ACAD. MGMT. J. 590, 596–98 (1993) (finding culturally diverse workgroups performed worse than culturally homogeneous groups, although this effect diminished over time). *See generally* Frances J. Milliken & Luis L. Martins, *Searching for Common Threads: Understanding the Multiple Effects of Diversity in Organizational Groups*, 21 ACAD. MGMT. REV. 402, 414–15 (1996) (reviewing the negative effects of diversity).

13. *See* King et al., *supra* note 5, at 268 (discussing early studies of diversity from the perspective of social categorization); van Knippenberg & Schippers, *supra* note 5, at 517–18 (same).

14. For example, Brewer finds that people generally view members of the same group (their "in-group") positively. M. B. Brewer, *In-Group Bias in the Minimal Intergroup Situation: A Cognitive-Motivational Analysis*, 86 PSYCHOL. BULL. 307, 319 (1979). In fact, people are generally biased toward members of their in-group, even if they were randomly assigned to their group and have never met their fellow group members before. *Id.* at 308. This is the "minimal intergroup situation." *Id.*; *see also* Marilynn B. Brewer & Rupert J. Brown, *Intergroup Relations*, *in* THE HANDBOOK OF SOCIAL PSYCHOLOGY 554, 554–94 (Daniel T. Gilbert et al. eds., 1998). *See generally* HENRI TAJFEL, DIFFERENTIATION BETWEEN SOCIAL GROUPS: STUDIES IN THE SOCIAL PSYCHOLOGY OF INTERGROUP RELATIONS (1978) (discussing why individuals are motivated to classify themselves into groups); Henri Tajfel & John Turner, *The Social Identity Theory of Intergroup Behavior*, *in* PSYCHOLOGY OF INTERGROUP RELATIONS 7 (S. Worchel & L. W. Austin eds., 1986) (same).

15. *See* Smith et al., *supra* note 12, at 420 (summarizing findings that heterogeneity in top management is negatively associated with social integration and communication).

16. Several researchers have commented on the complexity of diversity research. *See, e.g.*, van Knippenberg & Schippers, *supra* note 5, at 521 (discussing the challenges inherent in diversity research). In a meta-analysis, Bowers posited that the relationship between diversity and performance was dependent upon the task under consideration and the difficulty of the task. Bowers et al., *supra* note 5, at 322–23; *see also* Aparna Joshi & Hyuntak Roh, *The Role of Context in Work Team Diversity Research: A Meta-Analytic Review*, 52 ACAD. MGMT. J. 599, 601 (2009) ("[W]e propose that context can set specific constraints and opportunities that either enhance or minimize the direct effects of work team diversity on performance."); Lisa Hope Pelled, *Demographic Diversity, Conflict, and*

diversity,[17] other studies have found no effect,[18] or even a negative impact of diversity.[19] As a number of recent discussions have concluded, there may be no simple relationship between diversity and business outcomes.[20]

Work Group Outcomes: An Intervening Process Theory, 7 ORG. SCI. 615, 626 (1996) ("Recently, researchers have made greater efforts to explain the effects of diversity, but they typically have adopted . . . theories accounting for the specific findings of a study . . . rather than a broader set of findings."); van Knippenberg & Schippers, *supra* note 5, at 521 (highlighting the idea that people's attitudes toward diversity may impact the effects of diversity). Chi, Huang, and Lin proposed that diversity impacts performance in an inverted U-shaped pattern, where low levels of diversity have a positive impact on performance, while high levels of diversity have a negative impact. *See* Nai-Wen Chi et al., *A Double-Edged Sword? Exploring the Curvilinear Relationship Between Organizational Tenure Diversity and Team Innovation: The Moderating Role of Team-Oriented HR Practices*, 43 GROUP & ORG. MGMT. 698, 703 (2009). Time may also impact diversity's effects. *See* David A. Harrison et al., *Time, Teams, and Task Performance: Changing Effects of Surface- and Deep-Level Diversity on Group Functioning*, 45 ACAD. MGMT. J. 1029, 1033 (2002).

17. *See* Carter et al., *supra* note 2, at 46 (finding positive relationship between the presence of women and minorities on corporate boards and corporate profits); Sheila Anne Feeney, *Women at the Top, Better Bottom Line*, 83 WORKFORCE MGMT. 22, 22 (2004) (finding that more profitable companies tend to have more women in leadership positions); Herring, *supra* note 5, at 217 (finding that more diverse companies had better sales, more customers, a higher market share, and more profits); Karen A. Jehn et al., *Why Differences Make a Difference: A Field Study of Diversity, Conflict, and Performance in Workgroups*, 44 ADMIN. SCI. Q. 741, 755 (1999) (finding that social category diversity was positively related to individual commitment, satisfaction, and intent to remain and was associated with positive perceptions of performance, but was unrelated to actual performance); Theresa M. Welbourne et al., *Wall Street Reaction to Women in IPOs: An Examination of Gender Diversity in Top Management Teams*, 32 GROUP & ORG. MGMT. 524, 539 (2007) (finding that companies with more women in top leadership teams had larger initial public offerings ("IPOs"), although this result did not extend to the firm's long-term financial performance).

18. In a meta-analysis of thirteen studies, the Bowers team found no significant effect of diversity upon team performance; however, they found that the effect of diversity varied based on the type of task. *See* Bowers et al., *supra* note 5, at 322. In an examination of four companies, Kochan and his colleagues argue that the simple business case—either for or against diversity—is not supported by empirical research. *See* Thomas Kochan et al., *The Effects of Diversity on Business Performance: Report of the Diversity Research Network*, 42 HUM. RESOURCE MGMT. 3, 17 (2003).

19. *See, e.g.*, Jonathan S. Leonard et al., *Do Birds of a Feather Shop Together? The Effects on Performance of Employees' Similarity with One Another and with Customers*, 25 J. ORGANIZATIONAL BEHAV. 731, 745 (2004) (finding that sales were lower in retail stores with greater proportions of black or Asian sales associates).

20. Several recent reviews of the diversity literature have found mixed results. In 2009, Joshi and Roh found that sixty percent of studies found no effect of diversity, twenty percent found a positive effect, and twenty percent found a negative effect. Joshi & Roh, *supra* note 16, at 601. In another review of the diversity literature, King, Hebl, and Beal propose that there are no simple effects of diversity; instead, the impact of diversity depends on context. King et al., *supra* note 5, at 277–78; *see also* van Knippenberg & Schippers, *supra* note 5, at 521 (describing the challenges of diversity research). As Milliken and Martins propose, diversity may have simultaneously positive and negative

These conflicting findings are driven by multiple factors. One factor may be the multiple definitions of diversity across different studies.[21] While some researchers have defined diversity along racial lines, others have focused on diversity related to gender, disability, regional origin, or personality differences.[22] If different types of diversity impact the workplace differently, this factor may explain the discrepant findings. Another potentially confounding (and for the present purposes, more important) factor involves the multiple approaches to diversity management in the American workforce. Corporations differ widely in their approaches to diversity management,[23] and these different approaches may contribute to different outcomes related to diversity.[24] Thus, understanding

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effects. *See* Milliken & Martins, *supra* note 12, at 403 ("Diversity thus appears to be a double-edged sword, increasing the opportunity for creativity as well as the likelihood that group members will be dissatisfied and fail to identify with the group."); *see also* Williams & O'Reilly, *supra* note 5, at 116 (discussing multiple variables and challenges in diversity research); *supra* notes 15–19 and accompanying text.

21. King et al., *supra* note 5, at 273 ("Over time, conceptualizations of diversity have broadened to go beyond race, gender, and functional background to include deeper-level characteristics such as values and personality.").

22. Several researchers have argued that different types of diversity may have different effects upon organizations. One study found that the effects of surface-level diversity—race, sex, etc.—dissipated over time, whereas the effects of deep-level diversity—personality, education, etc.—became stronger over time. Harrison et al., *supra* note 16, at 1033; *see also* Susan E. Jackson et al., *Recent Research on Team and Organizational Diversity: SWOT Analysis and Implications*, J. MGMT. STUD. 801, 804–05 (2003) (differentiating between research examining readily-detected diversity—age, sex, race—and task-oriented diversity); Joshi & Roh, *supra* note 16, at 600 ("We distinguish between task-oriented and relations-oriented aspects of diversity."); Lynn M. Shore et al., *Diversity in Organizations: Where Are We Now and Where Are We Going?*, 19 HUM. RESOURCE MGMT. REV. 117, 128 (2009) (discussing the many ways diversity has been conceptualized and measured); van Knippenberg & Schippers, *supra* note 5, at 521 (describing the challenges of diversity research).

23. Ely and Thomas classify diversity approaches into three types: "integration and learning" (treating diversity as a resource for learning), "access and legitimacy" (treating diversity as a way to connect with clients), and "discrimination and fairness" (treating diversity as moral imperative). Robin J. Ely & David A. Thomas, *Cultural Diversity at Work: The Effects of Diversity Perspectives on Work Group Processes and Outcomes*, 46 ADMIN. SCI. Q. 229, 234 (2001).

24. Diversity climate research examines the impact of an organization's diversity climate upon performance. *See* George B. Cunningham, *The Moderating Effect of Diversity Strategy on the Relationship Between Racial Diversity and Organizational Performance*, 39 J. APPLIED SOC. PSYCHOL. 1445, 1454 (2009) (finding that diversity had a positive impact only in departments with proactive diversity policies); Jorge A. Gonzalez & Angelo S. Denisi, *Cross-Level Effects of Demography and Diversity Climate on Organizational Attachment and Firm Effectiveness*, J. ORGANIZATIONAL BEHAV. 21, 35–36 (2009) (finding that racial diversity was positively associated with productivity and return on income, but only in organizations with a positive climate towards diversity); Patrick F. McKay et al., *Racial Differences in Employee Retention: Are Diversity Climate*

effective diversity management is crucial to understanding the impact of diversity on the workplace as a whole.

This Article proposes an approach to diversity management grounded in psychological theory. This approach draws heavily upon procedural justice theory,[25] joining other researchers in the nascent effort to link diversity management and procedural justice research.[26] Specifically, this Article proposes that procedural justice theory offers a helpful framework for diversity management—employers should treat all employees with dignity and respect, using fair organizational procedures. Procedural justice theory can be applied to both approaches to diversity research outlined above. First, procedural justice in the workplace may help maximize the benefits related to diversity. Second, procedural justice may mitigate any potential

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Perceptions the Key?, 60 PERSONNEL PSYCHOL. 35, 53 (2007) (finding that black employees' perceptions of diversity climate was related to their level of commitment to the organization and their intent to exit or remain with the company); *see also* Deborah Hicks-Clarke & Paul Iles, *Climate for Diversity and Its Effects on Career and Organizational Attitudes and Perceptions*, 29 PERSONNEL REV. 324, 325–29 (2000) (discussing organizational climate and culture); van Knippenberg & Schippers, *supra* note 5, at 531 (discussing the impact of employees' attitudes towards diversity and beliefs about the value of diversity).

25. Procedural justice theory originates in the work of psychologists John Thibaut and Laurens Walker, which suggests that people care about the fairness of decision-making procedures above and beyond the outcomes they derive from those decisions. *See generally* JOHN THIBAUT & LAURENS WALKER, PROCEDURAL JUSTICE: A PSYCHOLOGICAL ANALYSIS (1975) (providing the first in-depth discussion of the procedural justice theory). Since then, procedural justice research has examined why people are concerned about being treated fairly and how fair treatment impacts subsequent behavior. *See, e.g.*, LIND & TYLER, *supra* note 4, at 203–18. For example, a study of the 1991 California water shortage found that community members were more likely to support authorities as they made water conservation decisions if the authorities made these decisions using fair methods. Tom R. Tyler & Peter Degoey, *Collective Restraint in Social Dilemmas: Procedural Justice and Social Identification Effects on Support for Authorities*, 69 J. PERSONALITY & SOC. PSYCHOL. 482, 493 (1995).

26. Several other researchers have argued for the applicability of procedural justice research to diversity research in organizations. *See* Michaèl E. Mor Barak & Amy Levin, *Outside of the Corporate Mainstream and Excluded from the Work Community: A Study of Diversity, Job Satisfaction, and Well-Being*, 5 COMMUNITY, WORK & FAM. 133, 149 (2002) (discussing connection between perceptions of justice in the workplace and job satisfaction); E. Holly Buttner et al., *The Impact of Diversity Promise Fulfillment on Professionals of Color Outcomes in the USA*, 91 J. BUS. ETHICS 501, 514 (2010) (finding that breach of diversity promises leads to higher turnover for employees of color, especially under conditions of low procedural justice); Hicks-Clarke & Iles, *supra* note 24, at 331 (discussing procedural justice versus distributive justice in the context of diversity management); María del Carmen Triana & María Fernanda García, *Valuing Diversity: A Group-Value Approach to Understanding the Importance of Organizational Efforts to Support Diversity*, 30 J. ORGANIZATIONAL BEHAV. 941, 942 (2009) (investigating discrimination as an antecedent to procedural justice perceptions).

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harms—such as prejudice or conflict—associated with a diverse workforce.

To examine the application of procedural justice upon diversity in the workplace, this Article is divided into four Parts. The first Part gives a broad overview of procedural justice theory and its broad applications to the workforce generally. The second Part outlines how the application of procedural justice theory may maximize the benefits of diversity. The third Part discusses how procedural justice may reduce any harm associated with the diverse workforce. Finally, the fourth Part provides a real-world example of procedural justice's effects. In sum, procedural justice theory will offer a useful perspective on diversity management and a helpful framework for further empirical research.

I. AN OVERVIEW OF PROCEDURAL JUSTICE THEORY

In order to understand how procedural justice theory can help diversity management, it is important to first provide an overview of procedural justice theory. In the first systematic psychological research on procedural justice, psychologists John Thibaut and Laurens Walker defined procedural justice as the fairness of procedures used to make a decision.[27] Since 1975, procedural justice research has examined why people care about fair procedures and how perceptions of fairness impact their behavior.[28] Research indicates that people will work harder and be more committed to a group that treats them fairly, even at cost to themselves.[29] Subsequent research has also found that fair decision making is not the only component of procedural justice—people also care about how well

27. *See generally* THIBAUT & WALKER, *supra* note 25 (providing the first in-depth discussion of the procedural justice theory).

28. *See generally* LIND & TYLER, *supra* note 4 (providing a survey of various researchers' findings on this point).

29. *See* Jason A. Colquitt et al., *Justice at the Millennium: A Meta-Analytic Review of 25 Years of Organizational Justice Research*, 86 J. APPLIED PSYCHOL. 425, 435 (2001) (illustrating the relationship between procedural justice and organizational commitment); Chockalingam Viswesvaran & Deniz Ones, *Examining the Construct of Organizational Justice: A Meta-Analytic Evaluation of Relations with Work Attitudes and Behaviors*, 38 J. BUS. ETHICS 193, 200–01 (2002) (finding procedural justice perceptions were associated with increases in organizational citizenship behaviors, organizational commitment, and productivity). Crucially, procedural justice (the fairness of procedures) was a greater predictor of these pro-social behaviors than distributive justice (the fairness of outcomes). *See* Tom R. Tyler, *Social Justice: Outcome and Procedure*, 35 INT'L J. PSYCHOL. 117, 120 (2000) (discussing how fair procedures encourage cooperation in groups). *See generally* LIND & TYLER, *supra* note 4 (detailing the outcomes of procedural justice hypotheses as compared to distributive justice hypotheses).

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they are interpersonally treated by an organization.[30] Thus, as employees evaluate the fairness of their work environment, both the quality of decision making and quality of treatment are important to their perceptions of procedural justice.[31]

Employees' perceptions of procedural justice have real implications in the business world, both on employees' behavior and on the corporate bottom line. Fairly treated employees will identify more with their organization[32] and become more committed to their workplace.[33] Fairly treated and committed employees will also engage in more productive behaviors at work.[34] In particular, fairly treated

30. Steven L. Blader & Tom R. Tyler, *A Four-Component Model of Procedural Justice: Defining the Meaning of a "Fair" Process*, 29 PERSONALITY & SOC. PSYCHOL. BULL. 747, 748 (2003) (discussing the idea that procedural justice concerns extend to interpersonal treatment, not just how decisions are made).

31. *Id.*

32. Tom R. Tyler & Steven L. Blader, *The Group Engagement Model: Procedural Justice, Social Identity, and Cooperative Behavior*, 7 PERSONALITY & SOC. PSYCHOL. REV. 349, 353 (2003).

33. W. Lee Grubb III, *Procedural Justice and Layoff Survivors' Commitment: A Quantitative Review*, 99 PSYCHOL. REP. 515, 526 (2006) (supporting the idea that procedural justice leads to a greater commitment to the organization). In one study of twenty management teams, researchers found that the procedural justice of a leader impacts the group's commitment to the leader, attachment to the group, and trust in its leader. *See* M. Audrey Korsgaard et al., *Building Commitment, Attachment, and Trust in Strategic Decision-Making Teams: The Role of Procedural Justice*, 38 ACAD. MGMT. J. 60, 68, 76 (1995); *see also* Joel Brockner et al., *The Influence of Prior Commitment to an Institution on Reactions to Perceived Unfairness: The Higher They Are, The Harder They Fall*, 37 ADMIN. SCI. Q. 241, 249 (1992) (finding that prior commitment to an organization impacts the influence of procedural justice, and that individuals who are highly committed to an organization are more disturbed by procedural justice violations); Dean B. McFarlin & Paul D. Sweeney, *Distributive and Procedural Justice as Predictors of Satisfaction with Personal and Organizational Outcomes*, 35 ACAD. MGMT. J. 626, 632 (1992) (finding that procedural justice is associated with organizational commitment and job satisfaction). *See generally* Colquitt et al., *supra* note 29 (conducting a "meta-analytic review of 183 justice studies" to determine the relationship between procedural justice and job satisfaction, organizational commitment, etc.); Viswesvaran & Ones, *supra* note 29 (using a meta-analysis to evaluate the correlative relationship between organizational justice and work behaviors).

34. Research has shown that procedural justice and organization commitment can have substantial effects on corporations. *See, e.g.*, Harold L. Angle & James L. Perry, *An Empirical Assessment of Organizational Commitment and Organizational Effectiveness*, 26 ADMIN. SCI. Q. 1, 9 (1981) (finding that organizational commitment was related to increases in employee adaptability and decreases in intention to quit and tardiness); Caryl E. Rusbult & Dan Farrell, *A Longitudinal Test of the Investment Model: The Impact on Job Satisfaction, Job Commitment, and Turnover of Variations in Rewards, Costs, Alternatives, and Investments*, 68 J. APPLIED PSYCHOL. 429, 433–34 (1983) (finding that declines in organizational commitment led to higher turnover rates); James D. Werbel & Sam Gould, *A Comparison of the Relationship of Commitment to Turnover in Recent Hires and Tenured Employees*, 69 J. APPLIED PSYCHOL. 687, 688, 690 (1984) (finding that employees who were high in organizational commitment were less likely to leave their

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employees are more likely to engage in two types of behavior that are of great value to their organization. First, they voluntarily follow rules, so organizations are saved the substantial costs associated with surveillance.[35] Second, out of a desire to benefit their companies, they engage in voluntary creative and extra-role behaviors.[36] Thus, research indicates that procedural justice positively impacts workplace performance. If employees feel like they are being treated with fairness, they will work harder and become more committed to the organization.[37] Many of these findings have been replicated across cultures,[38] suggesting that procedural justice effects are widespread across societies, if not universal.

Why does respectful treatment matter to us? Researchers have proposed two psychological explanations for why people care about being treated fairly. First, people may desire fairness to ensure that resources are distributed equitably. This argument has been termed the control model.[39] Second, procedural justice serves as a social signal.[40] People wish to be treated fairly because fairness signals their status within a group, as well as the status of the group as a whole.[41] In this context, disrespect or unfair treatment sends a signal that the person is not valued, which has negative implications for self-esteem

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organization).

35. *See* Tom R. Tyler & Steven L. Blader, *Can Businesses Effectively Regulate Employee Conduct? The Antecedents of Rule Following in Work Settings*, 48 ACAD. MGMT. J. 1143, 1153 (2005) (finding that employees were more likely to voluntarily follow workplace rules when they perceived procedural justice in their organization).

36. *See* TOM R. TYLER & STEVEN L. BLADER, COOPERATION IN GROUPS: PROCEDURAL JUSTICE, SOCIAL IDENTITY, AND BEHAVIORAL ENGAGEMENT 79 (2000).

37. *See* T. Ellingsen & M. Johannesson, *Paying Respect*, 21 J. ECON. PERSP. 136, 136–37 (2007).

38. Research shows that "underlying values that drive procedural justice judgments are much the same across cultures." LIND & TYLER, *supra* note 4, at 145; *see also* E. Allan Lind et al., *Procedural Context and Culture: Variation in the Antecedents of Procedural Justice Judgments*, 73 J. PERSONALITY & SOC. PYSCHOL. 767, 767–77 (1997) (summarizing cross-cultural studies of procedural justice in the United States, Germany, Hong Kong, and Japan); E. Allan Lind & P. Christopher Earley, *Procedural Justice and Culture*, 27 INT'L J. PSYCHOL. 227, 238 (1992) (providing a summary of procedural justice findings in Chinese and Japanese cultures).

39. *See* Tom R. Tyler, *The Psychology of Procedural Justice: A Test of the Group-Value Model*, 57 J. PERSONALITY & SOC. PSYCHOL. 830, 830 (1989) (discussing the control model). *See generally* THIBAUT & WALKER, *supra* note 25, at 3 (providing the first in-depth analysis of the procedural justice theory).

40. For a discussion of research related to the social signaling properties of procedural justice, see *supra* notes 28–38 and accompanying text.

41. *See* Lind & Earley, *supra* note 38, at 232–34; Tom R. Tyler & E. Allan Lind, *A Relational Model of Authority in Groups*, 25 ADVANCES EXPERIMENTAL SOC. PSYCHOL. 115, 140–41 (1992).

(this perspective is termed the group value model).[42] From this perspective, an organization that treats its employees fairly is sending two powerful signals: 1) that it values the individual employee and 2) that the employee should take pride in the organization.

Given the positive effects of procedural justice, how can organizations structure themselves to be perceived as fair by their employees? The procedural justice literature offers several specific suggestions via increasing quality of interpersonal treatment and quality of decision making.[43] To create an atmosphere of procedural justice, corporations must treat their employees with dignity, respect, and courtesy; they should also implement their policies using fair decision-making procedures. The next Part discusses ways in which these simple principles may facilitate a positive climate for diversity.

II. HARNESSING THE BENEFITS OF DIVERSITY

Procedural justice has broad implications for organizations and management policies; however, procedural justice theory is particularly applicable to issues related to workplace diversity. Procedural justice can help organizations manage diversity in two ways. First, procedural justice can create an environment in which individuals from different backgrounds feel comfortable expressing their views (i.e., harnessing the benefits of diversity). As is discussed in greater detail below, a diversity of viewpoints can only benefit a company if those viewpoints can be expressed. Second, procedural justice may create an environment in which discrimination and intergroup conflict do not disrupt teamwork or organizational functioning (i.e., reducing the harm of diversity). This Part begins

42. LIND & TYLER, *supra* note 4, at 230–31 (proposing the group value model); *see* Lind & Earley, *supra* note 38, at 232 (suggesting that group membership is socially rewarding and that people are particularly attuned to social signals from the group that convey information about their worth and standing); *cf.* Tyler, *supra* note 39, at 830 (suggesting that noncontrol issues, such as neutrality, trust, and social standing impact procedural justice perceptions). Researchers have also proposed the "group engagement model," which argues that a group's fair procedures lead individuals to have pride in their group membership and increases their feeling of being personally respected within the group. *See, e.g.*, Blader & Tyler, *supra* note 30, at 354. In turn, these feelings of pride and respect lead to increased group identification and group behaviors. *See id.* Researchers predict that pride in group membership will lead to increases in mandatory group-related behaviors, while feeling respected within one's group will lead to increases in voluntary group behaviors. *See id.* at 360.

43. *See* Tyler & Blader, *supra* note 32, at 748 (proposing the distinction between "quality of treatment" and "quality of decision-making" as a summarization of procedural justice research).

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with the first point and examines how procedural justice helps organizations harness the benefits of diversity.

Three conditions must be present in order for diversity to benefit an organization. First, and most obviously, diversity must exist. To obtain the benefits of diversity, an organization must have employees with a diversity of backgrounds, perspectives, and social groups. In this case, the word "diversity" may refer to employees from multiple social categories (such as race, gender, or ethnicity) or to employees with different traits and skill sets (technical background, personality, etc.).[44]

Second, it is necessary that diversity occur along some dimension relevant to the task at hand because different types of diversity may help companies in different ways.[45] For example, a diversity of perspectives may be more relevant to business outcomes in a creative environment (i.e., a team seeking a new solution to a problem) versus environments that focus on routine tasks (i.e., a factory).[46] Employees from a diversity of social backgrounds, such as minority racial groups, may provide a better understanding of consumer markets,[47] as well as provide different cultural perspectives.[48] In all cases, maintaining a

44. *See supra* note 10.

45. Jehn et al., *supra* note 17, at 759 (discussing the importance of different types of diversity in different contexts). In a study of forty-five work teams, researchers found that different types of diversity were related to different types of conflict: diversity of functional background was related to increases in task conflict, while diversity of race and diversity of tenure were associated with emotional conflict. Lisa Hope Pelled et al., *Exploring the Black Box: An Analysis of Work Group Diversity, Conflict, and Performance*, 44 ADMIN. SCI. Q. 1, 4–5 (1999). In an analysis of the top management teams of fifty-seven manufacturing firms, researchers found that job-related diversity was associated with financial performance, but diversity that was unrelated to job performance was not associated with financial performance. Tony Simons et al., *Making Use of Difference: Diversity, Debate, and Decision Comprehensiveness in Top Management Teams*, 42 ACAD. MGMT. J. 662, 662, 664 (1999). *Contra* Knippenberg & Schippers, *supra* note 5, at 520 (arguing that job-relatedness of diversity is irrelevant to business performance).

46. Bowers et al., *supra* note 5, at 323 (arguing that homogeneous teams perform better at well-defined routine tasks, while heterogeneous teams perform better on tasks requiring creativity); Leonard et al., *supra* note 19, at 749 (arguing that the benefits of diversity may not materialize in a routine setting).

47. *See* Taylor H. Cox & Stacy Blake, *Managing Cultural Diversity: Implications for Organizational Competitiveness*, ACAD. MGMT. EXECUTIVE, Aug. 1991, at 45, 49 (discussing the Avon Corporation's decision to give black and Hispanic managers authority over unprofitable inner-city markets, and how after the change, the inner-city markets became profitable). The president of Avon commented that "members of a given cultural group are uniquely qualified to understand certain aspects of the world view of persons from that group." *See id.*

48. *See generally* Cox et al., *supra* note 8 (arguing that different ethnic groups may have different cultural traditions that impact work performance). Researchers argue that

diverse workforce potentially helps companies avoid insular thinking[49] and enables companies to recruit and retain top talent from the widest possible talent pool.[50] If diversity is properly managed, many researchers argue that a diversity of perspectives generates better business outcomes.[51]

The third component necessary to harness the benefits of diversity is that the organization must be structured in such a way that individuals feel comfortable offering their unique perspectives.[52] If an organization makes an effort to recruit diverse individuals but subsequently pressures its employees to act uniformly and in compliance with prevailing standards reflecting the status quo, there will be no impact of diversity.

The rest of this Part focuses on the latter point. How can businesses encourage their employees to offer their unique perspectives? Procedural justice can create an environment where individuals are afforded an opportunity to express their opinions and offer creative solutions. The procedural justice literature offers several specific recommendations.

A. Voice

One crucial aspect of fair decision making is voice, or the employee's ability to have his or her opinions expressed. A key element in interpersonal treatment is having one's views listened to and considered by others when decisions are made. Voice has been

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many black, Asian, and Hispanic cultures value cooperation, while Anglo cultures tend to value individualism, and that these cultural differences impact team performance. *See, e.g.*, *id.*

49. *See generally* James K. Esser, *Alive and Well After 25 Years: A Review of Groupthink Research*, 73 ORGANIZATIONAL BEHAV. & HUM. DECISION PROCESSES 116, 116–41 (1998) (discussing the dangers of insular thinking).

50. Cox & Blake, *supra* note 47, at 48 (discussing recruitment and retention of diverse employees). Ortho Pharmaceuticals reported that their diversity initiatives led to cost savings of $500,000 due to greater retention rates among women and ethnic minorities. *See id.*

51. *Id.* at 45 (arguing in favor of the business case for diversity). Researchers found that the racial and gender diversity of employees were both related to sales, number of customers, and profitability. Herring, *supra* note 5, at 218–19; *see also* Bantel & Jackson, *supra* note 8, at 118 (finding, in a study of 199 banks, that innovation was correlated to the functional diversity of their management teams).

52. Linda Kathryn Larkey, *Toward a Theory of Communicative Interactions in Culturally Diverse Workgroups*, 21 ACAD. MGMT. REV. 463, 480 (1996) ("Different ideas, however, when perceived through categorization, may be perceived negatively in workgroups, possibly resulting in the suppression of divergent points of view and conformity toward normative views in decision making. Once rejected, minorities may find it uncomfortable to push their ideas, even when they know these are good ideas.").

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studied extensively in the procedural justice literature.[53] Generally, research shows that people value the opportunity to speak their mind, as long as they believe that their views are given good-faith consideration when decisions are being made.[54]

In a diverse business setting where employees come from a variety of backgrounds and social groups, voice may be particularly important for two reasons. First, voice is empowering for all employees, but perhaps especially for employees from traditionally marginalized groups.[55] Employees from minority groups feel less comfortable expressing their opinions if they are marginalized by the dominant corporate culture.[56] Second, if all employees feel comfortable expressing their opinions, more creative solutions may be reached and more benefits of diversity may be realized.[57] Research has shown that a diverse group of employees who are enabled to freely contribute will typically outperform an individual decision maker.[58]

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53. *See* Robert Folger, *Distributive and Procedural Justice: Combined Impact of "Voice" and Improvement on Experienced Inequity*, 32 J. PERSONALITY & SOC. PSYCHOL. 108, 115 (1977) (finding, in a classic study of voice and decision acceptance, that participants rated decisions as more fair if they had a chance to express their views); Lind & Earley, *supra* note 38, at 230–32 (showing that participants perceived greater procedural justice when they experience voice). An important precondition for voice effects is that individuals believe that their opinions are being considered. Tom R. Tyler, *Conditions Leading to Value-Expressive Effects in Judgments of Procedural Justice: A Test of Four Models*, 52 J. PERSONALITY & SOC. PSYCHOL. 333, 342 (1987).

54. *See* Tyler, *supra* note 53, at 342. Studies suggest that such superficial trappings of fairness only influence employees if employees believe it reflects a sincere desire on behalf of management to consider employee needs and concerns when making decisions.

55. Tom R. Tyler et al., *Influence of Voice on Satisfaction with Leaders: Exploring the Meaning of Process Control*, 48 J. PERSONALITY & SOC. PSYCHOL. 72, 72–73 (1985). There are two explanations for voice effects: either people wish to control their outcomes (decision-control) or people wish to express their perspectives even if their opinions will not impact outcomes (value-expressive). *Id.*

56. For a discussion of the marginalization of minorities in diverse workgroups, see Frances Bowen & Kate Blackmon, *Spirals of Silence: The Dynamic Effects of Diversity on Organizational Voice*, 40 J. MGMT. STUD. 1393, 1399 (2003) (arguing that minorities find themselves in a "spiral of silence," where people are often hesitant to express personal opinions when opposed by a majority, increasing the perceived strength of the majority position).

57. Ely & Thomas, *supra* note 23, at 254 (discussing the necessary conditions for effective communication in diverse workgroups, suggesting an "integration-and-learning perspective," where each team members' opinions are valued and diversity is viewed as a positive resource for learning). For a discussion of the research supporting the benefits of diverse perspectives, see Larkey, *supra* note 52, at 480.

58. Gayle W. Hill, *Group Versus Individual Performance: Are N + 1 Heads Better than One?*, 91 PSYCHOL. BULL. 517, 535 (1982); *see also* John P. Wanous & Margaret A. Youtz, *Solution Diversity and the Quality of Group Decisions*, 29 ACAD. MGMT. J. 149, 155 (1986) (finding that groups who consider a diversity of possible solutions will enhance the quality

Listening to employees' concerns and taking concrete steps, if possible, to address the issues they raise may result in goodwill toward management, as well as a workforce that is both happier and more productive.[59] Businesses should not simply give lip service to employee input, however.[60] For example, one response by some companies to procedural justice findings is to take superficial steps to create the appearance of fairness, such as putting a suggestion box on the wall. Employees seek to have their views not just solicited, but also considered. Instead of superficially listening to employees—for example, conducting employee surveys that are subsequently ignored—corporations should actively seek employees' opinions and demonstrate that their concerns are being taken seriously.[61] If the corporation is unable to act on an employee's suggestion, the employer should explain the rationale to its employees, emphasizing that their opinions were carefully considered.[62]

As a counterpoint to the procedural justice framework, let us consider a diverse organization that does not empower its employees to offer their unique perspectives. Psychological research has examined how isolated organizations may become insular over time, resulting in homogeneity of opinion and habit. In extremes, this homogeneity of opinion may become groupthink, or the tendency of

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of their decisions); Philip Yetton & Preston Bottger, *The Relationships Among Group Size, Member Ability, Social Decision Schemes, and Performance*, 32 ORGANIZATIONAL BEHAV. & HUM. PERFORMANCE 145, 145 (1983) (examining the positive effects of working in groups).

59. *See* David G. Carnevale & Brett S. Sharp, *The Old Employee Suggestion Box: An Undervalued Force for Productivity Improvement*, 13 REV. PUB. PERSONNEL ADMIN. 82, 84, 85 fig.1, 86 (1993) (discussing the most effective ways to solicit and respond to employee input). Carnevale and Sharp found that employee suggestions were associated with cost savings for the organization. *Id.* at 88.

60. *See* Tyler, *supra* note 53, at 342. Studies suggest that such superficial trappings of fairness only influence employees if employees believe it reflects a sincere desire on behalf of management to consider employee needs and concerns when making decisions. *See, e.g., id.*

61. Maria Vakola & Dimitris Bouradas, *Antecedents and Consequences of Organisational Silence: An Empirical Investigation*, 27 EMP. REL. 441, 454 (2005) (discussing how to encourage employee communication). In a study of 606 nurses, researchers found employees were more comfortable speaking up if they felt that the workplace was procedurally fair. *See* Subrahmaniam Tangirala & Rangaraj Ramanujam, *Employee Silence on Critical Work Issues: The Cross Level Effects of Procedural Justice Climate*, 61 PERSONNEL PSYCHOL. 37, 61 (2008) (recommending that companies improve workplace communication by striving for a fair workplace environment).

62. *See* Carnevale & Sharp, *supra* note 59, at 84, 85 fig.1, 86 (discussing the most effective ways to solicit and respond to employee input). Carnevale and Sharp found that employee suggestions were associated with cost savings for the organization, such that more employee suggestions would yield greater cost savings. *Id.* at 88.

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group members to value unanimity at the expense of rational debate.[63] Groupthink has been blamed for a myriad of poor decisions in history, including Watergate,[64] the Challenger disaster,[65] and the 2008 financial crisis.[66]

An organization plagued by groupthink will not benefit from simply adding diverse individuals. In this situation, new employees may simply be incorporated into the prevailing corporate culture. Faced with strong pressure to conform to prevailing norms, individual employees may be less likely to be creative or to draw upon their diverse experiences. On the other hand, an organization that structures itself to encourage contributions from all employees by actively seeking employee input may be able to have franker discussions and make better decisions.

When it comes to issues directly related to diversity, it may be helpful to ask employees how well the company is managing diversity and ask for specific suggestions for improvement. For example, some companies create minority caucuses that regularly meet with upper management to discuss their concerns.[67] Allowing minority members to meaningfully contribute to the organization's diversity policies and procedures for dealing with diversity issues in the workplace is an important way to show respect for their views, as well as a mechanism through which the company can gain valuable insights into existing diversity policies.[68]

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63. *See* IRVING L. JANIS, GROUPTHINK: PSYCHOLOGICAL STUDIES OF POLICY DECISIONS AND FIASCOES 9 (2d ed. 1983) (defining groupthink as "the mode of thinking that persons engage in when concurrence-seeking becomes so dominant in a cohesive ingroup that it tends to override realistic appraisal of alternative courses of action"); John M. Levine et al., *Social Foundations of Cognition*, 44 ANN. REV. PSYCHOL. 585, 601 (1993) (discussing groupthink in a team context); Gregory Moorhead et al., *The Tendency Toward Defective Decision Making Within Self-Managing Teams: The Relevance of Groupthink for the 21st Century*, 73 ORGANIZATIONAL BEHAV. & HUM. DECISION PROCESSES 327 *passim* (1998) (discussing groupthink in a team context). For a review of the empirical literature supporting groupthink, see generally Esser, *supra* note 49.

64. JANIS, *supra* note 63, at 218.

65. *See* Esser, *supra* note 49, at 125 (discussing several studies linking the Challenger incident to groupthink).

66. *See* Robert J. Shiller, Op-Ed., *Challenging the Crowd in Whispers, Not Shouts*, N.Y. TIMES, Nov. 2, 2008, at N BU 5 (arguing that financial bubbles, such as the 2008 housing crisis, may be overlooked by insular groups of decision makers who are subject to groupthink).

67. Richard Koonce, *Redefining Diversity*, TRAINING & DEV., Dec. 2001, at 22, 24–26 (discussing the diversity management practices of several corporations). Corporations such as Xerox, IBM, and Fannie Mae have used minority group caucuses as approaches to diversity management. *Id.* at 26.

68. Jacqueline A. Gilbert & John M. Ivancevich, *Valuing Diversity: A Tale of Two Organizations*, ACAD. MGMT. EXECUTIVE, Feb. 2000, at 93, 97–98.

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B. *Creating a Safe and Fair Environment*

Discrimination is not only personally insulting, but it also signals that one is not welcomed by an organization and reflects that person's lower status within the organization. An organization that tolerates prejudicial treatment of its employees is sending a powerful signal: namely, that the individual employee is not valued by the organization and that the individual is not included in the mainstream of the corporate culture.[69] In this context, discrimination represents a special type of procedural justice violation.[70] In the context of organizations with historically low engagement of minority group members, procedural justice violations may become more salient.[71] Research suggests that organizational cues may be particularly powerful for members of disadvantaged groups,[72] especially if there is a history of prejudice or unfair treatment in the organization.[73]

Again, procedural justice theory may provide a useful framework for businesses. According to the group engagement model, if a company structures itself to treat all employees fairly and sends social signals emphasizing fairness, minority employees will be more strongly reassured that they will not be treated with prejudice.[74]

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69. *See* Sandy Jeanquart-Barone & Uma Sekaran, *Institutional Racism: An Empirical Study*, 136 J. SOC. PSYCHOL. 477, 481 (1996); Triana & García, *supra* note 26, at 951, 952 fig.2.

70. *See* Suzy Fox & Lamont E. Stallworth, *Racial/Ethnic Bullying: Exploring Links Between Bullying and Racism in the U.S. Workplace*, 66 J. VOCATIONAL BEHAV. 438, 440–41, 452 (2005) (discussing how discrimination may manifest itself in workplace bullying and the negative impact of such discrimination upon employees). In a study of 181 employees of various racial backgrounds, Triana and García found that "perceived racial discrimination" was associated with perceptions of procedural injustice. Triana & García, *supra* note 26, at 951, 952 fig.2. Similarly, in a study of 146 black employees, Jeanquart-Barone and Sekaran found that perceptions of procedural injustice were related to perceptions of institutional racism. Jeanquart-Barone & Sekaran, *supra* note 69, at 480.

71. *See supra* notes 69–70 and accompanying text.

72. *See* Valerie Purdie-Vaughns et al., *Social Identity Contingencies: How Diversity Cues Signal Threat or Safety for African Americans in Mainstream Institutions*, 94 J. PERSONALITY & SOC. PSYCHOL. 615, 626 (2008) (examining important organizational cues for black employees in the workplace and finding that black professionals felt "threaten[ed]" when in an environment with few minority members and "colorblind" policies). In a study of 1,944 hotel employees, Simons, Friedman, Liu, and Parks found "that Black employees [were] more sensitive to managers' " word-action consistency (behavioral integrity). Tony Simons et al., *In-Group Effects and "Trickle Down" Among Black and Non-Black Employees*, 92 J. APPLIED PSYCHOL. 650, 658 (2007). They hypothesized that this is because many black employees have had negative experiences with those in leadership positions. *See id.* at 660.

73. *Cf.* Simons et al., *supra* note 72, at 652 (arguing that black employees pay attention to their managers' "behavioral integrity" due to experiences with past injustices).

74. Tyler & Blader, *supra* note 35, at 358–60.

Research supports this contention.[75] In general, if minority group members perceive a positive diversity climate in their workplace, research has found increases in performance[76] and "organizational commitment,"[77] and decreases in turnover rates[78] and absenteeism.[79] Thus, treating employees with dignity and respect has a real impact upon business outcomes.

How can employers create a more procedurally fair environment? The use of neutral, transparent, and fact-based performance reviews will lead employees to trust that raises and promotions are based upon achievement, not personal ties or racial prejudice.[80] Diversity-specific initiatives may also be helpful, such as minority group caucuses, mentoring programs, flexible working hours, and other equal opportunity policies.[81]

Hence, a procedural justice approach can change the overall climate of the organization and have positive consequences for both minority and majority employees. An advantage of this procedural justice approach is that these principles apply to all types of organizational situations.[82] In other words, the benefits of voice, respect, neutrality, and fair procedures are not specific to diversity

75. *See infra* notes 76–79.

76. *See* Gonzalez & Denisi, *supra* note 24, at 36 (finding, based on a survey of 271 employees, that a positive diversity climate was associated with increased productivity in racially diverse workgroups); Patrick F. McKay et al., *A Tale of Two Climates: Diversity Climate from Subordinates' and Managers' Perspectives and Their Role in Store Unit Sales Performance*, 62 PERSONNEL PSYCHOL. 767, 782 (2009) (finding, in a study of 59,786 employees, that when both subordinates and managers perceived a positive diversity climate, "store unit sales performance" increased); Triana & García, *supra* note 26, at 954–55 (finding that a positive organizational environment, perceived as "support[ive of] diversity," offset the negative impact of "perceived discrimination in the workplace," leading to more voluntary workplace behaviors). *See generally* LIND & TYLER, *supra* note 4 (discussing the relationship between procedural justice and performance); THIBAUT & WALKER, *supra* note 25 (discussing procedural justice theory).

77. Donna L. Chrobot-Mason, *Keeping the Promise: Psychological Contract Violations for Minority Employees*, 18 J. MANAGERIAL PSYCHOL. 22, 39–40 (2003); *see also* Hicks-Clarke & Iles, *supra* note 24, at 340 tbl.II, 341 (finding an increase in "organisational commitment" when workers perceived a positive diversity climate).

78. *See* McKay et al., *supra* note 24, at 50–53 (finding, in a study of 6,823 managers, that "diversity climate perceptions" led to decreases in turnover, and this relationship was mediated by "organizational commitment").

79. *See* Derek R. Avery et al., *Unequal Attendance: The Relationships Between Race, Organizational Diversity Cues, and Absenteeism*, 60 PERSONNEL PSYCHOL. 875, 893 fig.2, 894 (2007) (finding, in a study of 659 employees, that diversity climate perceptions were related to decreased absenteeism among black employees).

80. *See* Hicks-Clarke & Iles, *supra* note 24, at 340 tbl.2, 341–43.

81. *See* Koonce, *supra* note 67, at 24 (discussing diversity initiatives of various companies). *See generally* Hicks-Clarke & Iles, *supra* note 24 (same).

82. *See supra* note 76 and accompanying text.

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management, but have general benefits across many organizational situations.[83] Therefore, management is not placed in a position of having to engage in practices that benefit minorities but are threatening to majority workers or vice versa. Instead, a single management model can motivate both minority and majority employees.

Further, many principles of procedural justice are relatively low-cost and require little effort to implement.[84] This is especially relevant during times of economic downturn, scarcity, and crisis. At times when companies may not be able to afford expensive incentive programs, having a procedurally just organizational culture becomes especially important. For all of these reasons, procedural justice principles make good business sense.

III. AVOIDING THE HARMS ASSOCIATED WITH DIVERSITY

As discussed above, diversity management has two goals. The first goal is to harness the benefits of diversity. Procedural justice theory can assist in achieving this goal by enabling employees from a diversity of backgrounds and viewpoints to freely contribute to problem solving. A second goal of diversity management is to avoid any harm associated with diversity. Procedural justice theory is helpful in this respect as well. The Part below outlines the ways that procedural justice may help corporations avoid any harm associated with diversity.

To be explicit, the argument is not that diversity itself is harmful; rather, it is the all-too-common reactions to diversity that may be harmful to organizations and need to be minimized. These reactions include expressions of prejudice that create a hostile environment, conflict among employees, and suspicion of those outside an individual's usual social groups, all of which can lead to mistrust and lack of cooperation in the organization.[85]

A procedural justice framework may be helpful in reducing intergroup conflict and prejudiced behavior in the workplace based on two points. First, fair workplace policies send a message to

83. *See* discussion *infra* Part III.

84. *See* BARBARA A. GLANZ, HANDLE WITH CARE: MOTIVATING AND RETAINING EMPLOYEES 36 (2002) (discussing easy and inexpensive ways to treat employees with respect and reduce turnover).

85. *See* King et al., *supra* note 5, at 268–71 (discussing theories and research concluding that conflict due to group diversity has negative effects on interpersonal relationships within the group); van Knippenberg & Schippers, *supra* note 5, at 517–18, 523–27 (discussing theories asserting that diversity can negatively affect group work).

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employees about corporate values.[86] If the corporate environment does not tolerate prejudiced behaviors or employee conflict, employees may be less likely to act on prejudice or engage in hostile behaviors.[87] This is the key point of the classic study of intergroup dynamics. In this well-known study, the psychologists Kurt Lewin, Ron Lippitt, and Robert White found that children in fairly managed groups were less likely to display aggression toward other children in their group.[88] Second, a procedurally fair work environment may facilitate identification with the organization, which may reduce conflict between groups because it strengthens superordinate identification—for example, the sense that "we are all members of the same group."[89] These two points are discussed below.

A. Reducing Expressions of Prejudice in the Workplace

Workplace policies can send an important signal about an organization's values, and employees look to their superiors for signals about how to behave.[90] When an organization strives to treat all employees fairly and has well-documented, neutral policies for dealing with complaints, it not only creates a welcoming environment for all employees, but it also sends an important signal to its employees about appropriate behavior.[91]

Along the same lines, an organization that tolerates a manager who makes sexist or racist comments is sending a different signal. By its silence, the organization indicates that offensive comments and prejudiced actions will go unpunished and are therefore an informal reflection of the values of the company. On the other hand, a procedurally fair environment may exert a positive influence on conscious employee actions, via explicitly asking employees to behave

86. *See infra* notes 90–91 and accompanying text.

87. *See* Kurt Lewin et al., *Patterns of Aggressive Behavior in Experimentally Created "Social Climates"*, 10 J. SOC. PSYCHOL. 271, 298–99 (1939) (finding in studies involving ten-year-old boys that those boys who were led in an autocratic manner were thirty times more likely to display hostility and eight times more likely to display aggression than those boys who were led in a democratic manner).

88. *Id.* at 271–72, 298–99.

89. *See infra* Part III.B.

90. *See* Dov Zohar, *A Group-Level Model of Safety Climate: Testing the Effect of Group Climate on Microaccidents in Manufacturing Jobs*, 85 J. APPLIED PSYCHOL. 587, 589 (2000) (discussing how employees obtain cues on appropriate behavior from their environment). *See generally* David E. Bowen & Cheri Ostroff, *Understanding the HRM-Firm Performance Linkages: The Role of the "Strength" of the HRM System*, 29 ACAD. MGMT. REV. 203, 205–06 (2004) (discussing generally how human resources management practices impact employee behavior).

91. *See supra* Part II.B.

appropriately. For example, an employer may ask her employees to share their ideas freely, but to act respectfully while doing so. Specific instructions about respectful behavior and public recognition of good team players may help set the tone for the corporation.[92] Similarly, specific policies against discrimination, active diversity management policies, and recruitment efforts impact perceptions that the organization is committed to combating prejudice in the workplace.[93] From a psychological perspective, the corporate climate can serve an important and positive social signaling function by conveying to employees what behaviors are socially desirable.[94] If a company creates and uses objective measures of performance when making compensation or promotion decisions, it signals an interest in treating its workers with fairness.

Following this logic, a natural question is what real-world impact do such signals have, and how do corporate signals translate into behavior? To take an extreme example, let us assume that a prejudiced employee worked in a procedurally fair, diversity-friendly workplace. What impact would the workplace have on his or her behavior? The psychological literature makes several predictions. First, many employees simply will not wish to act in ways that will result in a reprimand or termination.[95] Out of self-interest, if a company has clear, straightforward policies against discrimination,

92. *See* Donald G. Zauderer, *Workplace Incivility and the Management of Human Capital*, PUB. MANAGER, Spring 2002, at 36, 41–42 (discussing practical strategies to create a fair workplace, including consistent messages from upper management, developing principles of "civility rights," workplace assessments, and civility training).

93. *See* Scott Highhouse et al., *Effects of Advertised Human Resource Management Practices on Attraction of African American Applicants*, 52 PERSONNEL PSYCHOL. 425, 435 (1999) (finding, in a study of 1,322 employees and students, that potential black employees were more likely to apply to a position if the staffing policy was identity-conscious); Sandra S. Kim & Michele J. Gelfand, *The Influence of Ethnic Identity on Perceptions of Organizational Recruitment*, 63 J. VOCATIONAL BEHAV. 396, 405–11 (2003) (finding, in a study of 238 students, that all potential employees with a high sense of "ethnic identity," regardless of race, were more likely to apply for a job if diversity initiatives were mentioned in the advertisement); Alan M. Saks & Julie M. McCarthy, *Effects of Discriminatory Interview Questions and Gender on Applicant Reactions*, J. BUS. & PSYCHOL., Winter 2006, at 175, 184–85, 186 fig.2, 187 (finding, in a study of 116 MBA students, that discriminatory interview questions led to lower intentions to pursue employment).

94. Bowen & Ostroff, *supra* note 90, at 205; Zohar, *supra* note 90, at 589; *see also* Zauderer, *supra* note 92, at 41–42 (discussing practical strategies to create a fair workplace).

95. *See* Carl Shaprio & Joseph E. Stiglitz, *Equilibrium Unemployment as a Worker Discipline Device*, 74 AM. ECON. REV. 433, 441 (1984) (discussing the fact that employees wish to avoid unemployment and that the prospect of termination in a difficult labor market is a powerful motivator not to shirk responsibilities).

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fewer prejudiced employees will choose to express racist opinions or act in discriminatory ways.[96]

However, what about behaviors that are less under the employee's conscious awareness? Psychological research has found that prejudiced attitudes are often unconscious and that controlling these implicit biases is often challenging.[97] For example, many otherwise egalitarian individuals in American culture have an automatic association between black American men and violence.[98]

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96. *See* Fletcher A. Blanchard et al., *Condemning and Condoning Racism: A Social Context Approach to Interracial Settings*, 79 J. APPLIED PSYCHOL. 993, 995–96 (1994) (demonstrating that people are influenced by their surrounding social norms: individuals who overheard someone else condemn racism were more likely to condemn racism themselves); Fletcher A. Blanchard et al., *Reducing the Expression of Racial Prejudice*, 2 PSYCHOL. SCI. 101, 102–03 (1991) (demonstrating that people are influenced by antiracist social norms); Arthur P. Brief & Adam Barsky, *Establishing a Climate for Diversity: The Inhibition of Prejudiced Reactions in the Workplace*, 19 RES. PERSONNEL & HUM. RESOURCES MGMT. 91, 105–08 (2000); Elizabeth Levy Paluck & Donald P. Green, *Prejudice Reduction: What Works? A Review and Assessment of Research and Practice*, 60 ANN. REV. PSYCHOLOGY 339, 354 (2009) (discussing how people conform to social norms regarding prejudice expression).

97. *See* Patricia G. Devine, *Stereotypes and Prejudice: Their Automatic and Controlled Components*, 56 J. PERSONALITY & SOC. PSYCHOL. 5, 15–16 (1989) (making the distinction between implicit, unconsciously held stereotypes and explicit, personal endorsement of these stereotypes); *see also* David Benjamin Oppenheimer, *Negligent Discrimination*, 141 U. PA. L. REV. 899, 902–11 (1993) (describing the relationship between unconscious racism and employment discrimination through national polling data on racial attitudes of whites). Since this distinction was made, several methods of measuring implicit biases have been developed. *See, e.g.*, John F. Dovidio et al., *On the Nature of Prejudice: Automatic and Controlled Processes*, 33 J. EXPERIMENTAL SOC. PSYCHOL. 510, 514–17 (1997); Russell H. Fazio et al., *Variability in Automatic Activation as an Unobtrusive Measure of Racial Attitudes: A Bona Fide Pipeline?*, 69 J. PERSONALITY & SOC. PSYCHOL. 1013, 1025–26 (1995); Michael A. Olson & Russell H. Fazio, *Relations Between Implicit Measures of Prejudice: What Are We Measuring?*, 14 PSYCHOL. SCI. 636, 636–37 (2003); B. Keith Payne, *Conceptualizing Control in Social Cognition: How Executive Functioning Modulates the Expression of Automatic Stereotyping*, 89 J. PERSONALITY & SOC. PSYCHOL. 488, 500 (2005). One of the most common measures is the implicit association test, which measures associations between the categories "black" and "white," and positive and negative words. *See* Anthony G. Greenwald et al., *Measuring Individual Differences in Implicit Cognition: The Implicit Association Test*, 74 J. PERSONALITY & SOC. PSYCHOL. 1464, 1464–66, 1465 fig.1 (1998).

98. Several researchers have tested unconscious associations between pictures of black individuals and violence. *See, e.g.*, Joshua Correll et al., *The Police Officer's Dilemma: Using Ethnicity to Disambiguate Potentially Threatening Individuals*, 83 J. PERSONALITY & SOC. PSYCHOL. 1314, 1324–25 (2002) (designing a game in which black or white individuals suddenly appear on screen, holding either a gun or an innocuous object and finding that, due to associations between black individuals and violence, participants accidentally "shot" innocent black individuals more often than innocent white individuals); *see also* Jennifer L. Eberhardt et al., *Seeing Black: Race, Crime, and Visual Processing*, 87 J. PERSONALITY & SOC. PSYCHOL. 876, 880 (2004) (finding that viewing black faces facilitated the ability to detect crime-related pictures); B. Keith Payne, *Weapon Bias: Split-Second Decisions and Unintended Stereotyping*, 15 CURRENT

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Other research has found negative automatic associations with the elderly, the disabled, and even short individuals.[99] How can corporations help employees to not express such implicit biases when they interact with coworkers and customers?

The answer to this question again lies in the corporate environment. In a work environment that consistently rewards positive behaviors and that surrounds the individual with messages about appropriate behavior, unconscious biases are less likely to manifest themselves in behavior.[100] To give a concrete example, let us assume an employee is not consciously prejudiced, but has an involuntary negative reaction toward a disabled coworker—for example, when he sees her wheelchair, he feels uncomfortable. Let us further assume that he is surrounded by a corporate environment where diversity is clearly supported, where his managers and coworkers are welcoming to his coworker with a disability, and where his contributions to the team are clearly valued. In this environment, he will be influenced to act as his colleagues do;[101] despite his initial hesitancy, he will learn to work productively with his coworker with a disability. Supporting this idea, research has found that the environment primes egalitarian goals;[102] in other words, a fair environment exerts an unconscious influence of a positive type, even on automatic employee behaviors.

DIRECTIONS PSYCHOL. SCI. 287, 287–88 (2006) (finding that participants identified pictures of handguns faster after seeing black faces); B. Keith Payne, *Prejudice and Perception: The Role of Automatic and Controlled Processes in Misperceiving a Weapon*, 81 J. PERSONALITY & SOC. PSYCHOL. 181, 187 (2001) (finding that participants identified pictures of handguns faster after seeing black faces); *cf.* Payne, *supra* note 97, at 498 (showing that "[p]articipants mistook [harmless] tools for guns more often after [seeing] a Black" face rather than a white face).

99. *See* Brian A. Nosek, *Moderators of the Relationship Between Implicit and Explicit Evaluation*, 134 J. EXPERIMENTAL PSYCHOL. GEN. 565, 571, 572 tbl.1, 573 (2005) (listing, in a review of implicit bias research, a number of implicit biases that have been empirically demonstrated).

100. *See infra* note 102 and accompanying text.

101. *See id.*

102. Research has found that egalitarian goals can be unconsciously primed by the environment. *See* Gordon B. Moskowitz et al., *Preconscious Control of Stereotype Activation Through Chronic Egalitarian Goals*, 77 J. PERSONALITY & SOC. PSYCHOL. 167, 180–82 (1999) (finding, in an experiment, that stereotype activation can be inhibited by "egalitarian goals"); Natalie A. Wyer, *Salient Egalitarian Norms Moderate Activation of Out-Group Approach and Avoidance*, 13 GROUP PROCESSES & INTERGROUP REL. 151, 158, 160–61 (2010) (finding that prejudiced individuals were more likely to avoid members of outgroups, except when egalitarian goals were primed). *See generally* John A. Bargh, *What Have We Been Priming All These Years? On the Development, Mechanisms, and Ecology of Nonconscious Social Behavior*, 36 EUR. J. SOC. PSYCHOL. 147, 160–61 (2006) (discussing research related to priming).

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Since many prejudices may be unconscious or poorly understood by the employee,[103] corporations benefit from an approach that focuses on employees' behaviors, not upon their expressed attitudes. Psychologically, this idea can be framed in terms of personal goals: while it is difficult to adhere to a goal to act in an unprejudiced way (especially since many prejudices may be unconscious), it is easier to enact a goal of acting respectfully. To return to the example, if a corporation asks its employees not to be prejudiced against the disabled, there will be a limited impact upon employee behavior: many people will believe that they do not need this advice[104] or may be insulted.[105] On the other hand, if a corporation asks its employees to behave respectfully toward each other, these instructions will be easier to follow and are less likely to be taken as a criticism or suggestion that anyone might harbor prejudices.

Do people listen to instructions to act respectfully? To test this idea, we recently conducted a study that tested the impact of procedural justice upon sexist behaviors. In this study, we asked pairs of men and women to conduct a mock negotiation about buying a new car.[106] We asked half the pairs to act respectfully during the negotiation and gave no instructions to the other pairs.[107] Unbeknownst to the participants, we had obtained information about them from a previous study: we knew how sexist each man was and how conscious of stigma each woman was.[108] We wanted to see if sexism would disrupt their negotiation and if the instructions to be respectful would reduce the negative impact of sexism.

The results were intriguing. When a sexist man negotiated with a woman low in stigma consciousness, he generally defeated her in the

103. *See* Devine, *supra* note 97, at 5–18 (providing a classic discussion of the differentiation between controlled and automatic prejudices).

104. *See* Carol T. Kulik et al., *The Rich Get Richer: Predicting Participation in Voluntary Diversity Training*, 28 J. ORGANIZATIONAL BEHAV. 753, 763–64 (2007) (discussing the difficulties of encouraging uninterested participants to attend diversity training classes and how those in most need of diversity training are often unaware of this need).

105. *See* E. Ashby Plant & Patricia G. Devine, *Responses to Other-Imposed Pro-Black Pressure: Acceptance or Backlash?*, 37 J. EXPERIMENTAL SOC. PSYCHOL. 486, 499 (2001) (examining individuals' reaction to pro-black messages and finding that individuals with a low internal motivation to be unprejudiced, but who feel a high external motivation to behave in an unprejudiced way, tend to resent pro-diversity messages).

106. *See* Jennifer K. Brooke & Tom R. Tyler, *Just a Little Respect: Sexist Behavior and Procedural Justice* (Jan. 29, 2011) (unpublished poster presented at the Twelfth Annual Meeting of the Society for Personality and Social Psychology, San Antonio, Tex.) (on file with the North Carolina Law Review).

107. *Id.*

108. *Id.*

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negotiation.[109] However, when the pair was asked to treat each other respectfully, this sex difference diminished: in this case, women did equally well as men in the negotiation.[110] This intervention was targeted at the behavior of the people involved and did not seek to change the sexism of male negotiators. Rather, by creating a procedural justice framework, we sought to create conditions under which sexism did not lead to an undesirable outcome.

This initial study points to a key contribution of procedural justice research to our understanding of prejudice. Interpersonal respect has the potential to not only empower disadvantaged groups, but also to discourage expressions of bias from prejudiced individuals. Further research is necessary, but our results are encouraging and suggest the potential of procedural justice as a tool in real-world situations.

B. Creating a Superordinate Group

The previous Parts discussed ways in which procedural justice may empower minority members to contribute (harnessing the benefits of diversity) and examined how procedural justice may deter the expression of prejudice in the workplace (avoiding harms associated with a diverse workforce). Procedural justice may reduce workplace tensions in another way: namely, procedural justice may facilitate shared group bonding and lead to reduced group tensions because people feel that they are loyal to a common group.[111]

Research has shown that a procedurally fair workplace increases one's identification with the company.[112] By creating a sense of community within the organization (i.e., the "Microsoft family"), a procedurally fair workplace increases both commitment and performance.[113] This effect is generally true in the corporate environment; however, in a diverse setting, encouraging identification with the company may have an additional benefit of reducing intergroup tensions.[114]

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109. *Id.*

110. *See id.*

111. *See supra* text accompanying note 89.

112. *See* Steven L. Blader & Tom R. Tyler, *Testing and Extending the Group Engagement Model: Linkages Between Social Identity, Procedural Justice, Economic Outcomes, and Extrarole Behavior*, 94 J. APPLIED PSYCHOL. 445, 457 (2009) (finding that procedural fairness increases identification with the group); Tyler & Blader, *supra* note 32, at 357.

113. *See* Colquitt et al, *supra* note 29, at 436; Viswesvaran & Ones, *supra* note 29, at 200.

114. *See infra* text accompanying notes 121–22.

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Generally, creating a common identity reduces tensions between groups.[115] A well-known theory in social psychology, the Common Ingroup Identity model, makes this very prediction.[116] By redefining group boundaries, one may create a superordinate group, resulting in better treatment of individuals within the larger group.[117] To draw from a real life example, sports fans are more likely to help fans of the same team, even if they do not personally know them.[118] Research has found that team membership may even overcome the impact of prejudice against black Americans.[119] In one experiment, conducted outside the University of Delaware stadium, black and white experimenters asked football fans to participate in a study. When the black experimenter wore a hat supporting one of the football teams, fans of the same team helped the black experimenter significantly more.[120]

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115. *See* Samuel L. Gaertner & John F. Dovidio, *Understanding and Addressing Contemporary Racism: From Aversive Racism to the Common Ingroup Identity Model*, 61 J. SOC. ISSUES 615, 631 (2005).

116. Samuel L. Gaertner et al., *The Common Ingroup Identity Model: Recategorization and the Reduction of Intergroup Bias*, 4 EUR. REV. SOC. PSYCHOL. 1, 1 (1993) (noting that the Common Ingroup Identity model posits "that bias can be reduced by factors that transform members' perceptions of group boundaries from 'us' and 'them' to a more inclusive 'we' "); *see also* SAMUEL L. GAERTNER & JOHN F. DOVIDIO, REDUCING INTERGROUP BIAS: THE COMMON INGROUP IDENTITY MODEL 46–49 (2000) (reviewing research on the Common Ingroup Identity model).

117. *See* John F. Dovidio et al., *Extending the Benefits of Recategorization: Evaluations, Self-Disclosure, and Helping*, 33 J. EXPERIMENTAL SOC. PSYCHOL. 401, 410 (1997) (demonstrating that re-drawing group boundaries reduced intergroup bias in participant evaluations, self-disclosure, and helping behavior); *see also* Jason A. Nier et al., *Changing Interracial Evaluations and Behavior: The Effects of a Common Group Identity*, 4 GROUP PROCESSES & INTERGROUP REL. 299, 311 (2001) (examining the Common Ingroup Identity model in the context of interracial relations and finding that white participants evaluated black participants more positively when they were members of the same group).

118. Avner Ben-Ner et al., *Identity and In-Group/Out-Group Differentiation in Work and Giving Behaviors: Experimental Evidence*, 72 J. ECON. BEHAV. & ORG. 153, 154 (2009) (finding that many naturally occurring social groups, such as sports teams, can provoke ingroup biases, and that, in this context, one's "ingroup" is the group that one socially identifies with, while "outgroup" members are those who belong to a different social group).

119. *See* Dovidio et al., *supra* note 97, at 410; Robert Kurzban et al., *Can Race Be Erased? Coalitional Computation and Social Categorization*, 98 PROC. NAT'L ACAD. SCI. U.S. 15,387, 15,389–91 (2001) (finding that redrawing group boundaries eliminated outgroup bias against blacks); Nier et al., *supra* note 117, at 311; *see also* Jay J. van Bavel & William A. Cunningham, *Self-Categorization with a Novel Mixed-Race Group Moderates Automatic Social and Racial Biases*, 35 PERSONALITY & SOC. PSYCHOL. BULL. 321, 328–31 (2008) (finding that redrawing group boundaries even impacts implicit prejudice against blacks).

120. *See* Nier et al., *supra* note 117, at 311.

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In the business setting, identifying with the corporation improves employee relationships and encourages employees to help each other voluntarily.[121] Similarly, when employees feel loyal to their company, they are less likely to focus on their own self-interest and more likely to do what is needed to help their company succeed.[122] By encouraging affiliation with the organization, procedural fairness can create a sense of a greater corporate "family."

To be clear, while corporations should encourage identification with the greater corporation, they should not discourage the expression of minority identities.[123] Following this line of reasoning, an organization must avoid two extremes. On one hand, if an organization promotes an organizational identity and discourages the expression of subgroup identities, some employees may resent such policies.[124] On the other hand, if an organization does not promote a common organizational identity, employees with strong subgroup identities and low organizational identities may become disengaged with the organization.[125]

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121. Marilynn B. Brewer et al., *Diversity and Organizational Identity: The Problem of Entrée After Entry*, *in* CULTURAL DIVIDES: UNDERSTANDING & OVERCOMING GROUP CONFLICT 337, 357–58 (Deborah A. Prentice & Dale T. Miller eds., 1999); *see also* John F. Dovidio et al., *Social Inclusion and Exclusion: Recategorization and the Perception of Intergroup Boundaries*, *in* THE SOCIAL PSYCHOLOGY OF INCLUSION AND EXCLUSION 246, 248–49 (Dominic Abrams et al. eds., 2005) (discussing studies showing that recategorizing two separate groups into one group reduced bias and increased the attractiveness of the former members of the outgroup).

122. *See* TYLER & BLADER, *supra* note 36, at 91–92.

123. *See* Teresa LaFromboise et al., *Psychological Impact of Biculturalism: Evidence and Theory*, 114 PSYCHOL. BULL. 395, 402–09 (1993) (reviewing the psychological literature on biculturalism and how minority group members may not need to choose between assimilation and isolation from the majority, but rather may develop fluency in multiple cultures); *see also* Purdie-Vaughns et al., *supra* note 72, at 626–27 (discussing the results of experiments showing that colorblind policies in the workplace are often viewed as threatening to black workers and undermines their trust in the organization); Flannery G. Stevens et al., *Unlocking the Benefits of Diversity: All-Inclusive Multiculturalism and Positive Organizational Change*, 44 J. APPLIED BEHAV. SCI. 116, 120–21 (2008) (reviewing literature showing that a policy of "colorblindness" may be harmful to minority group members).

124. *See* Manuela Barreto & Naomi Ellemers, *The Impact of Respect Versus Neglect of Self-Identities on Identification and Group Loyalty*, 28 PERSONALITY & SOC. PSYCHOL. BULL. 629, 636 (2002) (finding that participants in an experiment were more likely to identify with their group if their individual identities were respected); *see also* Margarita Krochik & Tom R. Tyler, *United Pluralism: Balancing Subgroup Identification and Superordinate Group Cooperation*, *in* CROSSING THE DIVIDE: INTERGROUP LEADERSHIP IN A WORLD OF DIFFERENCE 43, 54 (Todd L. Pittinsky ed., 2009) (discussing how assimilationist policies that minimize subgroup identification may alienate members of minority groups).

125. Yuen J. Huo et al., *Superordinate Identification, Subgroup Identification, and Justice Concerns: Is Separatism the Problem; Is Assimilation the Answer?*, 7 PSYCHOL. SCI.

Instead, an organization should balance institutional respect for subgroup identities while promoting an overarching organizational identity that encompasses all employees.[126] Thus, rather than creating a colorblind environment, it is recommended that organizations create an organizational identity in which people from all backgrounds feel welcome.[127] As the authors of a recent article on procedural justice and diversity argue, the belief "that one's subgroup is recognized, accepted, and valued by members of a common group" has a positive influence on minority group members.[128] Building upon this multicultural framework, organizations should encourage employees to feel identified with the organization, as well as comfortable identifying with their subgroup.[129] Principles of procedural justice will help organizations achieve both goals.

IV. A REAL WORLD EXAMPLE

Can procedural justice really create a more cohesive workforce? To investigate this question directly, we examined a data set that surveyed a random sample of American employees.[130] The study was a panel study in which 2,366 employees were interviewed twice.[131] The study contained 84% majority (white) employees and 16% minority (largely black) employees. The employees came from a wide variety

40, 43–45 (1996) (finding that individuals with strong subgroup identities and weak organizational identities were more likely to focus on instrumental concerns in the workplace, i.e., monetary rewards, when they are deciding whether to accept an authority's decision, and are less likely to be positively impacted by relational treatment).

126. John F. Dovidio et al., *Commonality and the Complexity of "We": Social Attitudes and Social Change*, 13 PERSONALITY & SOC. PSYCHOL. REV. 3, 7 (2009) (discussing the benefits of dual identities).

127. *See* George M. Frederickson, *Models of American Ethnic Relations: A Historical Perspective*, *in* CULTURAL DIVIDES: UNDERSTANDING AND OVERCOMING GROUP CONFLICT *supra* note 121, at 23, 33 (arguing that cultural pluralism in which ethnic groups are free to identify with their respective group identities is the optimal model for American ethnic relations); *see also* Stevens et al., *supra* note 123, at 129 (summarizing findings that creating an all-inclusive, multicultural workplace enables workers from diverse backgrounds to identify positively with the organization).

128. *See* Yuen J. Huo & Ludwin E. Molina, *Is Pluralism a Viable Model of Diversity? The Benefits and Limits of Subgroup Respect*, 9 GROUP PROCESSES & INTERGROUP REL. 359, 360 (2006).

129. *See* Frederickson, *supra* note 127, at 33; Yuen J. Huo, *Procedural Justice and Social Regulation Across Group Boundaries: Does Subgroup Identity Undermine Relationship-Based Governance?*, 29 PERSONALITY & SOC. PSYCHOL. BULL. 336, 347 (2003); Stevens et al., *supra* note 125, at 129.

130. *See generally* Tom R. Tyler & Jennifer K. Brooke, Board Diversity and Corporate Performance (Jan. 23, 2011) (unpublished document presented at the University of North Carolina at Chapel Hill) (on file with the North Carolina Law Review).

131. *See id.* at 10.

of settings: 24% from small businesses, 20% from large companies, 36% from national companies, and 20% from multinational companies.

As the results in Table 1 show (included as an appendix to this Article), a procedurally fair environment was associated with several factors related to workplace cohesion among both white and minority employees. If an employee felt that she was being treated procedurally fairly, she identified more with the workplace and took more pride in the organization.[132] Procedural fairness also positively influenced performance at work,[133] illustrating the positive financial impact for the company of the procedural justice approach. Finally, participants reported that they were more likely to make new and creative contributions at work under conditions of procedural justice.[134]

To get a sense of the magnitude of these effects, the findings in Table 1 contrast the impact of procedural justice with outcome favorability. The goal of this analysis was to compare the impact of the positive tangible rewards of working, like a salary or bonuses, against the impact of procedural fairness. The results suggest that positive material outcomes at work were not the primary factors that shaped what employees felt and did; rather, procedural justice led to more pride in the organization, more identification with the workplace, and better performance.[135] Thus, procedural justice exerted a greater impact upon employees' attitudes and performance than favorable outcomes. Interestingly, this pattern held true for both white and minority employees: procedural justice had a positive impact upon both groups, leading to greater group cohesion in both cases.[136] This finding lends support to our general conclusion: in addition to creating a welcoming environment for minority members, a procedurally fair work environment exerts a positive influence on all employees.

We can also use this data set to test one of the key arguments about the potential benefits of procedural justice—that it encourages the expression of diverse views. In the study, employees were asked whether they believed that management was open to new ideas.[137]

132. *Id.* at 12, 16.

133. *Id.* at 21. Performance on the job included both doing one's assigned job and engaging in extra-role behavior. *Id.*

134. *Id.* at 20.

135. *See id.*

136. *Id.*

137. *Id.* at 23. Items included: "My company is open to suggestions about change" and

They were also asked whether they make critical and innovative contributions to their work organization.[138] These results indicate that when either white or minority employees experience their workplace as being procedurally just, they are more likely to feel management is open to innovative contributions in their workplace.[139]

Again, the core point is that it is not necessary to distinguish between strategies that promote new ideas among minorities and among majority employees. The same basic management approach promotes creativity and innovation among both groups; hence, a single management strategy seems desirable.

CONCLUSION

As the American workforce becomes more diverse, many companies have sought to better manage diversity.[140] The model proposed in this paper suggests that the best diversity management practices are rooted in procedural justice principles. Interpersonal respect, a proactive attitude towards diversity, the promotion of an overarching organizational identity, and respect for subgroup identities all play an important role in a positive diversity climate.

More broadly, this perspective offers a hopeful approach to managing intergroup differences. Previous research has established that prejudice is often unconscious and unintentional.[141] Intergroup research has shown that most people prefer their own social group to other groups, and suggests that these preferences are often unconscious.[142] Given these findings, a pessimistic conclusion would be that diversity in the workplace would generally lead to greater conflict and less productivity.

However, a different conclusion can also be drawn. Along with other diversity climate and procedural justice researchers, this Article has argued that establishing a positive climate for diversity will maximize the positive impact of diversity.[143] By creating an

"My supervisor encourages the expression of new ideas." *Id.*

138. *Id.* Items included "how often do you": "make suggestions about how to improve your organization," "consider new ways to do your job," "think of better ways for the organization to operate," "suggest new ways to achieve company goals," and "come up with new ideas about how to improve company performance." *Id.*

139. *See* TYLER & BLADER, *supra* note 36, at 79–80.

140. *See supra* note 1 and accompanying text.

141. *See* Devine, *supra* note 97, at 15; Dovidio et al., *supra* note 97, at 517; Fazio et al., *supra* note 97, at 1026; Greenwald et al., *supra* note 97, at 1464; Olson & Fazio, *supra* note 97, at 636; Payne, *supra* note 97, at 500; Plant & Devine, *supra* note 105, at 269–76.

142. *See* Dovidio et al., *supra* note 117, at 410; Nier et al., *supra* note 117, at 311.

143. *See supra* note 26.

environment in which all employees know they are valued and feel safe from discrimination, every employee can feel comfortable as a valued member of the organization. To maximize the benefits of diversity, organizations should first maximize the respect and dignity accorded to all employees.

While this Article focused on lower levels of management, there is no evidence suggesting that the interpersonal dynamics of diversity change depending upon the level of management involved.[144] Studies such as the famous groupthink study have been conducted at the highest levels of decision making and reveal dynamics similar to those found among managers and workers.[145] Hence, the findings of the studies outlined should be generalized to higher management and should apply to all levels within organizations, from corporate boards to hourly employees.[146]

144. *See* Don Knight et al., *Top Management Team Diversity, Group Process, and Strategic Consensus*, 20 STRATEGIC MGMT. J. 445, 460 (1999) (discussing the psychological underpinnings of upper-management decisions in the context of diversity and explaining that diversity research conducted on the employee level have implications for behavior on the upper-management level).

145. *See generally* JANIS, *supra* note 63 (explaining that individuals who are part of larger, cohesive groups often fail to perform a realistic evaluation of various circumstances in order to preserve unanimity within the group).

146. *See generally* Carter et al., *supra* note 2 (examining the relationship between corporate board diversity and firm value); Julie I. Siciliano, *The Relationship of Board Member Diversity to Organizational Performance*, 15 J. BUS. ETHICS 1313 (1996) (contending that greater occupational diversity among board members increases social performance and fundraising results).

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APPENDIX

Table 1: Cohesion of Workplace

						Behavior at Work
	Respected by Management	Identification with Workplace	Pride in Work Organization	Like Supervisor	Commitment	Performance on the Job
Procedural Justice	0.47 / 0.50	0.55 / 0.46	0.39 / 0.46	0.64 / 0.47	0.69 / 0.60	0.38 / 0.45
Outcome Favorability	0.17 / 0.03	0.05 / 0.02	0.13/ 0.02	-0.09 / 0.10	0.21 / 0.24	0.09 / 0.00

The analyses shown are regressions. Two columns are shown: the first represents majority employees and the second minority employees. In each case, the influence of procedural justice and outcome favorability is considered together, and the entries shown (the standardized regression coefficients or beta weights) reflect the relative contribution of the two factors. For example, when we consider the factors shaping whether white employees feel respected by management, we find that the primary factor is procedural justice (beta = 0.47), and outcome favorability has a secondary influence (beta = 0.17). For minorities the findings are similar: procedural justice (beta = 0.50) and outcome favorability (beta = 0.03).

Table 2: Openness and Creativity

	Management Is Open to New Ideas	I Make New and Creative Contributions at Work
Procedural Justice	0.52/0.48	0.25/0.33
Outcome Favorability	0.06/0.03	0.06/-.09

The analyses shown are regressions. Two columns are shown, the first for majority employees and the second for minority employees. In each case, the influence of procedural justice and outcome

favorability is considered together, and the entries shown (the standardized regression coefficients or beta weights) reflect the relative contribution of the two factors.

HeinOnline -- 89 N.C. L. Rev. 748 2010-2011