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Sturen op verbinden : de business case van diversiteit van publieke organisaties

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Summary

Aiming to connect

The business case for diversity
in public organisations



INTRODUCTION AND BACKGROUND

For several decades, the policy in the Netherlands' public sector has been to stimulate and leverage ethnic cultural diversity in the workforce. Although there are numerous motives for public organisations to take up the challenge of implementing a diversity policy, these motives are subject to change over time. Prior to the new millennium, for example, the main goal was to combat discrimination and to offer equal opportunities in the labour market to minority groups. At the time, public organisations tended to regard diversity as a social issue, and the target-group approach of those earlier days must be understood against that background. Subsequently, however, the balance would swing towards the inherent assumption that a diversity policy would add value to public organisations. For that reason, the arguments used to promote diversity became more commercial and more business-like. Within the public sector, diversity in the workforce came to be associated with improved performance levels across the organisation as a whole. This approach, also known as the business case for diversity, forms the basis of the present research.

The very concept of the business case has its origins in the private sector as a point of reference or a benchmark for the profitability of private enterprise. Although the term is also in current use in the policy documents of public organisations, the added value of the business case for diversity in a public context remains unclear. Another as yet unexplored area is how underlying motives translate into daily practice. As a rule, the motives for a diversity policy are linked to organisational targets, to be realised using the instrument of intervention.

One overall objective of Dutch public organisations has been to increase the proportion of employees of non-Western descent in their workforce. Examples of such interventions include the introduction of a quota system and the use of various recruitment and selection methods. Interestingly, these interventions have not led to more proportionate representation of employees of non-Western descent in public organisations relative to the total Dutch labour force. In fact, figures show that the proportion has gone up by 2.5 percentage points in the last 15 years (1999–2014), from 4 to 6.5 percent, as compared to 9.5 percent in the total active labour force in 2014.

The figures also show that more employees of non-Western descent are leaving the public sector than those of Western descent. In 2014, 9.6 percent of employees of non-Western descent left the public sector, as compared to 6.8 percent of Dutch descent. Over a period of 15 years, the overall outflow of employees of Dutch descent has decreased by approximately 0.7 percentage points while the outflow of employees of non-Western

descent has increased by approximately 0.2 percentage points. In other words, recruiting and retaining employees of non-Western descent has proved challenging.

Over time, public organisations have also deployed interventions as an instrument to improve their overall performance. These interventions were based on business case motives, including the deliberate use of differences. However, it is only in a limited number of cases that these were used. Within the public sector, hardly anything is known about the extent to which diversity interventions have contributed to the realisation of organisational targets, as their influences on the binding of employees with the organisation have not been investigated.

All the above considerations serve to inform the central question of the present study: *How and to what extent has the business case for diversity been incorporated in and shaped public organisations' policies and interventions, and what is the influence of those interventions on the binding of employees with the organisation?*

Theoretical framework

In this article, the notion of a diversity policy is approached from a number of angles. Theories of diversity have been developed within three separate disciplines: diversity, public administration, and human resource management (HRM). The present study examines connections with and between these three theoretical fields in greater detail. The three diversity perspectives described by Ely and Thomas (2001) run as a common thread through this research. Within the perspectives they describe—*discrimination & fairness*, *access & legitimacy* and *integration & learning* — the concept of diversity is respectively associated with elements such as equality, legitimacy and productivity within an organisation. These may therefore be regarded as motives for organisations to strive for diversity in their workforce.

The discrimination and fairness perspective focuses on providing equal opportunities in selection and promotion processes, as well as suppressing prejudice and discrimination by majority groups. One such approach is colour blindness (Podsiadlowski, Otten & Van der Zee, 2009), based on the concept of equality in the treatment and assessment of all individuals, irrespective of their background or ethnicity (Plaut, Thomas & Goren, 2009). This differs from discrimination and fairness to the extent that colour blindness takes no account of the individual's cultural background and is based only on the premise that the right person be hired in the right place, irrespective of his or her background.

The access and legitimacy and integration and learning perspectives can both be regarded as representing the business case for diversity, as both place strong emphasis on

the advantages of diversity for the organisation as a whole. The access and legitimacy perspective is primarily aimed at increasing the legitimacy and public profile of an organisation in a diverse society so as to be able to better meet the needs of the people within that society. From the integration and learning perspective, diversity contributes to increasing creativity and innovation within an organisation, and so also contributes to and stimulates that organisation's success.

Another area of clear overlap with the business case for diversity is the theory of representative bureaucracy from the field of public administration, in which the added value of diversity is linked to the organisation's relationship with society at large and the people who live in it. In the academic literature on representative bureaucracy, a distinction is drawn between passive and active representation (Coleman Selden, Brudney & Kellough, 1998; Dolan & Rosenbloom, 2003; Mosher, 1968). Passive representation relates to the characteristic features of civil service at all levels of public administration and refers to how, demographically speaking, the civil service is a reflection of society as a whole (Groeneveld & Steijn, 2013). Passive representation is closely connected to the discrimination and fairness perspective on diversity; in both cases, the focus is purely on the incidence among government personnel of people with certain demographic features that are characteristic of the community they serve.

In both discrimination and fairness and passive representation, emphasis is placed on offering equal opportunities. Elements of the access and legitimacy perspective are also embedded in passive representation, embodying the idea that government bureaucracies are accessible to all and that no group is excluded. Be that as it may, the access and legitimacy perspective is much closer in spirit to active representation, which sees a representative civil service workforce as a tool for responding appropriately to diversity in the wider society (Bailey 2004; Groeneveld & Van de Walle, 2010). Active representation assumes that, by actively seeking to represent different groups in society, it will be easier when developing new policy to incorporate the different values and norms held by those groups (Denhardt & DeLeon, 1995; Sowa & Selden, 2003). Active representation and the access and legitimacy perspective share the underlying idea that diversity will allow governments to better anticipate different public interests, thus improving the legitimacy and effectiveness of government action.

A third and final area of evident overlap with the business case for diversity is the field of HRM. On the whole, the HRM literature offers little on the topic of diversity or more generally on the socio-demographic differences among people. Within HRM, personnel are regarded as the human capital needed for organisational success, to be used for their specific knowledge, skills and competencies (Boselie, 2002). This view aligns with the idea of managing differences within an organisation and underpins the business

case philosophy. Increasingly, the HRM literature has focused on managing differences within the organisation, and on introducing the concept of diversity management (Groeneveld & Van de Walle, 2010; Pitts 2009), which is defined as the deliberate and conscious effort to stimulate a diverse workforce and to manage differences in order to achieve better organisational results (Ely & Thomas, 2001; Groeneveld, 2011; Pitts 2009). Like the integration and learning perspective, diversity management is based on the idea that differences between employees should be put to good use to allow for more creativity and innovation in the organisation (Çelik, Vos & De Vries, 2014).

Research design and methods

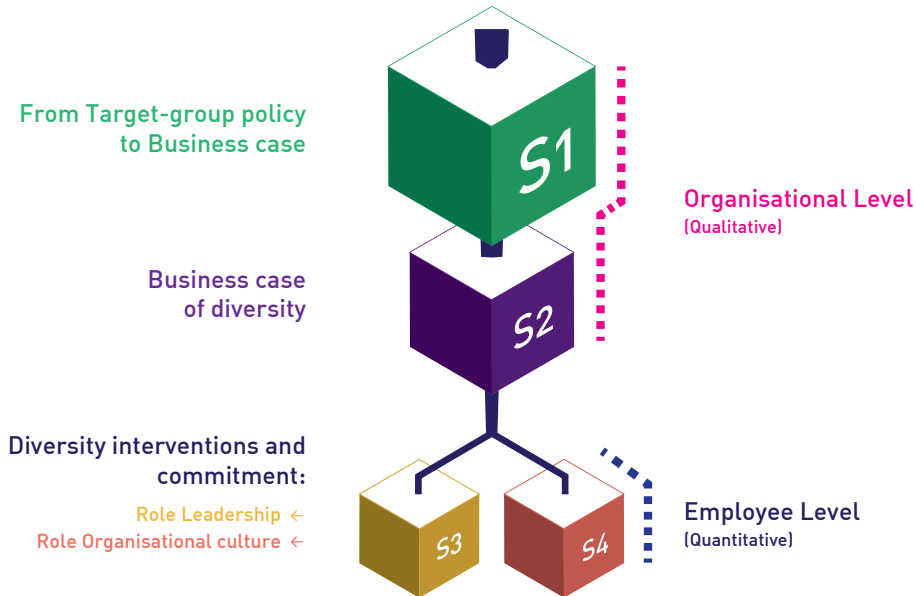
This dissertation is composed of four empirical studies which together attempt to answer the central research question. The first two of these studies focus on the organisational level. The first study addresses the shift within the Dutch public sector, away from a target-group approach to diversity policy towards a business case approach, discussing the extent to which, at a national level, the Dutch cabinet has influenced policies and interventions in public organisations. The second study focuses on how the business case for diversity tends to be staged in the public domain. The other two studies relate to the second part of the central question, and illuminate the influence of diversity interventions on levels of commitment and engagement among public sector employees. These third and fourth studies respectively address the role of leadership and organisational culture in the effectiveness of intervention on staff commitment.

The first two studies used the case study research method and included a total number of 31 semi-structured qualitative interviews with civil servants and a number of citizens in the Netherlands. These two studies were performed at the organisational level. Studies three and four were carried out at the employee level and concern a large-scale survey conducted across the fourteen different areas of the Dutch public sector, involving 27,167 employees during the period from 12 April 2011 to 26 April 2011. Of these, 11,557 participants completed the questionnaire, thus giving a response rate of 42.5 percent. Only the respondents who had no missing scores on the variables have been included in the analyses. After the removal of the respondents with missing values a total number of 4,310 respondents remained. This resulted in a final response rate of 16 percent.

Approximately one million people work across the different areas of the Dutch public sector. These fourteen areas can be divided into three main categories: public administration (national government, municipalities, provinces, judiciary, water boards); education and science (primary education, secondary education, vocational education,

professional higher education, academic higher education, research institutes, university medical centres); and security (defence and police).

The following figure illustrates the research model used for present purposes.



Findings

There follows below an overview of the main results of the four studies.

STUDY 1

For the first study, the main question was as follows: *To what extent are the perspectives on diversity within public organisations influenced by the Dutch cabinet as well as the diversity interventions used?* To address this question, the study focused on the perspectives and interventions introduced by three consecutive cabinets in the Netherlands during the period 2009–2013 and the public sector areas concerned. It emerged that ways of thinking about diversity within the public sector have undergone a huge transformation. Whereas before the emphasis would have been on providing equal opportunities, the focus now is increasingly on ensuring diversity in the workforce and leveraging organisational performance — in other words, on diversity as a business case. Another conclusion that can be drawn is that the Dutch public organisations have no more than a marginal influence (if any) on the arguments in support of diversity in public organisations with their official government policy. Official policy does, however, influence the nature of any interventions, especially in the areas of national government, muni-

cipalities and the police. The influence of interventions by fellow public organisations, if any, is informed by a strong focus imposed by the present government, and no past intervention reflects a business case for diversity. Rather, past interventions primarily reflect the target-group policy introduced and/or pursued by the cabinet. Public organisations with a slightly longer history in the area of diversity, and those that engage with the concept of diversity (or have been caused to), tend to embrace the business case for diversity and to use the accompanying instruments of intervention.

STUDY 2

The second study elaborates how the business case for diversity is actually implemented within the public sector. For instance, because public and private organisations may have entirely different ideas of the concept of diversity, they may therefore differ in their approach to the business case for diversity. Private organisations tend to place more emphasis on economic motivations, while public organisations are more likely to see diversity in terms of their organisation's legitimacy. By comparison with private organisations, public organisations tend increasingly to inhabit a more diverse spectrum of diversity policy, thus generating the following question beyond the central theme of this study: *How do public organisations in practice implement the concept of the business case for diversity?*

This study also establishes that the distance between public organisations and society determines the influence that a business case will have. In line with this, the business case for diversity is likely to receive more attention in public organisations that operate closer to society. The study also found that some public organisations may strive to implement several business cases at the same time. In this respect, the access and legitimacy concept (i.e. an organisation's legitimacy and public profile) is the most prominent business case, although the emphasis may differ across public sector areas. At the level of national government, for example, the main focus is on making the best possible use of the available labour market resources for the benefit of the organisation and on ensuring that diversity contributes to the quality and public profile of government. Within the police sector, the stated need was primarily to be able to respond more swiftly to change in a diverse society.

The second study also found evidence for the existence of a wholly new, public-specific business case motivated by social responsibility and a desire to establish a sustainable relationship between government and society. From this has evolved the public sector 'relationship perspective' on diversity, emphasising socially responsible objectives introduced in government organisations and characterised by active investment in long-term relationships between the government and citizens. Within this relationship

perspective, it is assumed that by acknowledging the differences within an organisation, all its employees — irrespective of their ethnic background — will ultimately be better able to connect with a wide and diverse range of people in society, making this a new perspective on the business case for diversity in a public context.

STUDY 3

The third study focuses on the influences of the most commonly used diversity interventions in the public sector on employee engagement and commitment to their organisation. For the purposes of this study, commitment to an organisation was assessed in terms of their intention to leave. It is a well-known fact that leadership style influences how any personnel policy is implemented (Purcell & Hutchinson, 2007). The third study centres on the following question: *What is the role of managers in public organisations, especially in relation to diversity interventions and degree of employee commitment?*

This study results in an idea that the more transformational the leadership style in an organisation, the stronger its employees' commitment to the organisation will be. Managers with a transformational style of leadership are known to be more aware of and open to individual differences which means that the differences within an organisation are more likely to be put to better use. As a consequence, employees will be more engaged and committed, and less likely to leave, irrespective of ethnic background. Study 3 clearly shows that transformational leaders have a positive influence on the inclusiveness of the culture within an organisation, which is crucial for the effective management of a diverse workforce.

Based on this study, it is interesting to note that using a transformational leadership style means that business case interventions to stimulate employee engagement (including programmes to create an open culture) are becoming less needed. This may be because of the overlap between the characteristics of a transformational manager (e.g. allowing for individual differences and stimulating a better organisational culture) and certain activities associated with the business case for intervention — again highlighting the importance of interventions aimed at managers and their leadership style.

STUDY 4

The fourth study essentially elaborates on study three in that it also focuses on the effectiveness of the most common public sector diversity interventions; in study four, however, emphasis is placed on the role of the organisational culture. It is well-known that a relation exists between an organisation's culture and its staff turnover rates (Van Knippenberg, De Dreu & Homan, 2004). For that reason, emphasis was placed on examining the influence of organisational culture on the effectiveness of interventions in the

following research question: *What role does organisational culture play in public organisations, especially in relation to diversity interventions and degree of employee commitment?*

One of the findings from this fourth study is that business case interventions have proved to be more effective in terms of employee commitment than interventions based on target-group policy. One such business case intervention was the establishment of a diverse selection team in application processes to more easily recognise and appreciate applicants' qualities. Another instance was a programme designed to create an open organisational culture. One possible explanation for why these interventions tend to be more effective is that they significantly enhance the inclusivity of the organisational culture. Interventions of this sort were found to strengthen the bond between employees and their organisation, all the more so when facilitated by an inclusive organisational culture. That being so, it is reasonable to argue that an inclusive organisational culture is an important prerequisite for staff engagement and commitment.

Conclusion and discussion

One overall conclusion from the present study is that public organisations in the Netherlands primarily justify their diversity policies on the grounds that differences within organisations add value to those organisations. The business case for diversity is therefore securely rooted in these organisations' ways of thinking about diversity. Within the public sector, the business case for diversity can take any of the four forms discussed, although they may differ among and within the different public sectors. In summary, the first of these relates to efforts to enhance the legitimacy of organisations and connect with and anticipate an increasingly diverse population in society. This is known as the *access and legitimacy perspective*, which tends to be the most commonly used approach within the public sector. A second type of business case, directly related to the first, is the *labour market as business case*. Under this approach, the government aims to make the best possible use of the labour market potential by attracting a more diverse workforce, in anticipation of any possible (future) shortages in staff. At the same time, this approach also enables the government to improve its public image in the labour market, thus remaining an attractive employer. The third approach is known as the *integration and learning business case*. By allowing for diversity in the workforce, organisations adopting this perspective aim to enhance their levels of creativity and productivity. The fourth and final case is public-specific in nature, referring to '*connecting*' as a business case. Here, the emphasis is on establishing a sustainable relationship between the government and society, which in turn enhances the trust felt by citizens toward their government. This '*connection*' business case aims to prevent a rift between the government and society and, as such, overlaps with the access and legitimacy perspective. In both cases, the focus is on establishing a connection between a public organisation and society. More

specifically, the connection perspective emphasises achievement of the organisation's socially responsible aims by investing in long-term relationships between the government and society. To this end, the civil service must continually monitor the differing interests of various parties in society, analysing expectations and translating these into government policy.

Although public organisations tend to approach the concept of diversity from a business case perspective, this will only rarely be translated into actual interventions. As it turns out, interventions associated with an organisation's affirmative action policy — including the use of quota and/or targets for the inflow and internal mobility of staff from specific target groups — still predominate. This is primarily because interventions by public organisations are subject to, and must therefore comply with, cabinet policy and the tendency for cabinet to drive interventions of this type. This influence turns out to be greater in sectors where the cabinet has direct control, as in the case of national government and the police. At the same time, it is also true that sectors closer to society are more likely to seek to connect to that society and will more readily use the instrument of business case intervention.

However difficult it may be to identify business case interventions, they turn out to have a positive effect on employees' commitment to their organisations. An inclusive organisational structure was also found to be central to the effectiveness of business case interventions. In addition, the present research shows that a transformational leadership style will strengthen employee commitment levels. On that basis, it is reasonable to conclude that more business case interventions and increased attention to elements such as organisational culture and leadership style can contribute to staff retention.

A unique contribution of the present study to the body of scientific knowledge is the insight it provides into the organisational context surrounding diversity policy. As business cases, both access and legitimacy and integration and learning perspectives can be found in the Netherlands' public sector. At the same time, however, it was found that the implementation of access and legitimacy and integration and learning as business cases may differ in emphasis. Whereas the access and legitimacy concept may refer in one sector to an organisation's image, it may well be used elsewhere to harness an organisation's legitimacy. Another important contribution of this study is in identifying the connection perspective as a new public-specific form of business case. Future research may usefully focus on interventions carried out on the basis of this connection perspective.

In general, this research contributes to knowledge about the effectiveness of diversity policies and interventions in the public sector and shows that business case interventions can affect the commitment of employees to their organisation. Moreover, mediat-

ing elements such as a transformational leadership style and an inclusive organisational culture were also found to have an impact on the effectiveness of interventions. It would be interesting, then, to study the role of organisational culture and leadership in more detail across a range of diversity interventions.

Implications for aiming to connect

This research also provides insights of relevance to everyday practice. If public organisations wish to establish a long-term relationship with the community in which they operate, it is essential that these organisations approach the diversity issue from a connecting point of view, placing greater emphasis on connecting with people and ensuring the appropriateness of interventions. Government is always expected to be of service to the community and to realise this responsibility by actively seeking to connect with its citizens. This new trend of the dialogue with society means that the connecting role of the government should receive more attention at all levels of public administration, and not just in organisational units in direct contact with the community, such as staff at municipal service desks, or police officers patrolling the streets or teachers in front of a classroom. This connecting role is also the responsibility of policymakers, managers and directors. As linking pins, they must build a bridge between the government and society, not just during policy making but also during its implementation, by actively seeking interaction between the government and citizens. These agents are responsible for ensuring that the relationship between the government and citizens does not become aloof or distant. Within this role of connecting the government with society through civil servants, managers and directors are key players. Politicians can also support this effort, as political choices may affect the implementation of a diversity policy. National and local politics can propagate the connection perspective, enabling public organisations to implement the diversity policy in their own way. This also means a role for government that is less about steering and more about agenda-setting.

Shifts in the social climate present a challenge for diversity policy. The connection perspective that informs this study also includes a social aspect, concerned with promoting diversity within public organisations to strengthen the relationship between government and society, thus ensuring an inclusive society. The paradox is that while the general social climate has unmistakably coarsened — not only through changes in the political arena but also in shifting integration issues to public debate about diversity in society — these changes have left less room for difference in society. Concrete manifestations of this trend include an emphasis on monocultural definitions of integration and the lack of space for multiple identities. Both the design and the effectiveness of (diversity) policy are inseparable from changes in society over the years. Throughout these changes, government policy has not been constant (Wallage, 2010). In practice,

this may mean that the use of business case interventions, based on the power of difference, is set against a reduced appreciation of those differences. At the same time, with increasing calls for investment in an inclusive society, this situation presents countless opportunities, calling for a connected public sector.

