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Jan 1st, 12:00 AM

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Recommended Citation

Dwertmann, D. (2020). Gender Diversity in Business Schools: An Opportunity for Enhanced Performance? In E. Kossek & K.-H. Lee (Eds.), *Fostering Gender and Work-Life Inclusion for Faculty in Understudied Contexts: An Organizational Science Lens* (pp. 150-153). West Lafayette, IN: Purdue e-Pubs. DOI: 10.5703/1288284317215. Retrieved from <https://docs.lib.purdue.edu/worklifeinclusion/2018/fgwli/3/>

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Gender Diversity in Business Schools: An Opportunity for Enhanced Performance?

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Much of the early diversity research focused on the link between diversity and performance. Results were inconclusive with studies finding positive, negative, and null effects. Cumulative evidence from meta-analyses indicates that simply increasing diversity will most likely not affect performance and this finding applies to gender diversity as well (Joshi & Roh, 2009; van Dijk et al., 2012). Instead, research has shifted towards boundary conditions that increase the likelihood for positive performance effects to occur. It can be said that what emerges from the literature is not a business case for diversity but a business case for diversity management.

Organizational and group norms, such as diversity climate, have been studied and were highlighted as one key factor in leveraging potential benefits of diversity (Dwertmann et al., 2016; McKay & Avery, 2015). They are particularly relevant because they offer the potential for managerial and organizational interventions. Unfortunately, we know little about how to create such positive climates. The few existing empirical studies on antecedents of diversity climate have investigated either Human Resources (HR) practices (Boehm, Kunze, & Bruch, 2014; Herdman & McMillan-Capehart, 2010) or the influence of the community in which an organization is located (Pugh, Dietz, Brief, & Wiley, 2008). Leadership also has been proposed as a factor that shapes group norms regarding diversity (e.g., Shore, Cleveland, & Sanchez, 2017). In addition to conceptual work on authentic leadership (Boekhorst, 2015), most scholars have focused on the quality of relationships between leaders and followers – leader-member exchange (LMX). However, the notions of leadership as an antecedent of diversity climate have been somewhat unspecific. For instance, Nishii and Mayer (2009) and Boehm and Dwertmann (2015) both state that equally high-level relationships between the leader and all followers send a strong signal of inclusion. Essentially, this equals a pattern of high LMX mean and low LMX differentiation. However, this proposition and pattern contradict day-to-day experiences of leaders and central assumptions of the LMX literature, because LMX theory is founded on the premise that leaders have to build unique, differentiated relationships with different members due to limited time and resources as well as various needs of followers (Graen & Cashman, 1975; Graen & Scandura, 1987; Scandura, 1999). Thus, in a current mixed-methods, multistudy project, we address this conceptual and practical problem and investigate the link between LMX differentiation and diversity climate. We argue that how leaders differentiate LMX

quality within their units, rather than how much they differentiate, sends signals regarding what leaders and their units value. In doing so, we conceptualize basis of differentiation, which refers to how the formation of differential LMX relationships between leaders and their unit members is determined (Chen, He, & Weng, 2018).

Prior research has found demographic similarity to predict leader's liking of a follower (Wayne & Liden, 1995) and their LMX quality (Dwertmann & Boehm, 2016; Judge & Ferris, 1993). At the same time, Scandura and Lankau (1996) have argued that leaders who differentiate based on demographics can create feelings of injustice and face backlash. Therefore, we argue that if leaders differentiate based on demographic similarity the diversity climate in the unit will be lower. Differentiating based on other, malleable factors such as performance and needs signals that everyone can become a member of the leader's in-group and positively affects diversity climate. We find support for this hypothesis in an experimental study utilizing video vignettes and a field study in a large U.S. organization.

We conclude from our findings that researchers should focus on ways in which leaders such as deans can create the conditions in which women can thrive (e.g., a positive diversity climate) in addition to raising their numbers. Intervention studies are key here. For leaders, our findings imply that they need to take an honest look at their in-group and out-group. As a male leader or dean, do you find many more men in your close circles? On what basis do you differentiate? Making sure that differentiation is based on performance and clearly communicating it will help you to advance women to senior roles and leverage the potential for positive performance effects of diversity.

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