The LGBT Advantage: Sexual Orientation Diversity and Diversity Strategy Contribute to Greater Organizational Performance

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Lesbian, gay, bisexual, and transgender (LGBT) persons face considerable discrimination in the workplace. Consider, for instance, that they do not receive federal protection from employment discrimination (Human Rights Campaign, 2009); face subtle and overt forms of prejudice when job seeking (Cunningham et al., 2010; Sartore & Cunningham, 2009); are paid less for equal work (Blanford et al., 2003); and face pressures to not disclose their sexual identity at work (Krane & Barber, 2005). In short, many workplaces privilege masculinity and heterosexuality, are hostile toward LGBT persons, and seek to minimize sexual orientation diversity (see also Anderson, 2009).

Despite this pattern, there is some evidence that differences among employees improve organizational performance. As an example, Keller (2001) observed that functional group diversity was positively associated with unique ideas and communication, which subsequently improved performance. Similarly, Hambrick et al. (1996) found that top management diversity (i.e., functional, education, and tenure diversity) was associated with a greater propensity for action, improved market share, and profitability. Researchers have also observed the benefits of employee demographic differences, such as race and gender (Cunningham, 2009; McLeod et al., 1996; Polzer et al., 2002). While this literature does not focus on sexual orientation diversity, it does suggest that differences among employees can positively impact performance. Thus, the heterosexism and discrimination prevalent in so many organizations may actually be impeding organizational performance. The purpose of this research is to explore this possibility.

The categorization-elaboration model (van Knippenberg et al., 2004) provides the theoretical basis for this investigation. From this perspective, diverse groups consist of people from different backgrounds, who have varied life experiences, and who are likely to see problems and issues confronting the group in sundry ways. The varied perspectives and experiences are likely to increase performance because of the greater decision making and problem solving capability of that group. For an empirical example, see Jehn et al. (1999).

In drawing from this theory, I argue that sexual orientation has the potential to provide such benefits to the workplace. This reasoning is based on research showing that, relative to their heterosexual counterparts, LGBT persons have had unique life experiences (Herek, 2009; Human Rights Campaign, 2009; Meyer, 2003); have distinctive leadership styles, including creative problem solving (Snyder, 2006); are more likely to travel (www.harrisinteractive.com); and possibly have better connection with LGBT consumers (Day & Greene, 2008; Rayburn, 2004). All of these factors suggest that LGBT employees have unique and varied experiences, viewpoints, and perspectives, and as such, sexual orientation diversity is likely associated with a greater elaboration of information and subsequent performance gains. Thus, I hypothesized that sexual orientation diversity will be positively associated with organizational performance (Hypothesis 1).

The aforementioned relationship might also be dependent upon the diversity strategy in the workplace. In drawing from Fink and Pastore’s (1999) work, I argue that proactive strategies are most likely to engender these positive effects. After all, organizations following a proactive diversity management strategy take a broad view of diversity, value dissimilarity, integrate diversity into departmental activities and strategy, and have inclusive workplace operations. Indeed, other researchers have observed that the positive effects of diversity are most likely observed in inclusive work settings (Homan et al., 2007; van Knippenberg et al., 2007). Thus, I hypothesized that the positive relationship between sexual orientation diversity and organizational performance will be moderated by a proactive diversity strategy (Hypothesis 2).

To test the hypotheses, I collected data from 780 senior administrators from NCAA Division I athletic departments. Sexual orientation diversity (Harrison et al., 2002) and diversity strategy (Cunningham, 2009) were collected via questionnaire. Points earned through the National Association of Collegiate Directors of Athletics (NACDA) Directors’ Cup served as the measure of organizational performance. Based on past research (McLeod et al., 1996; Polzer et al., 2002; Richard et al., 2007), I used three controls in the study: the athletic department’s gender and racial diversity, and the number of head coaches.

Given the nature of the hypotheses, data were aggregated to the department level of analysis—a decision statistically supported through eta-square and interrater agreement values; thus, the unit of analysis was the athletic department as a whole ($n = 239$). Following Cohen et al.’s (2003) guidelines, I used moderated regression to test the hypotheses. I entered the controls in the first step, the standardized first-order effects in the second step, and the sexual orientation diversity-by-diversity strategy interaction term in the third step. NACDA points served as the dependent variable. Results of the regression indicate that Hypothesis 1 was...
not supported, as sexual orientation diversity was not significantly related to NACDA points ($\beta = .05, \text{ns}$). However, Hypothesis 2 was supported, as the sexual orientation diversity-by-diversity strategy interaction term was significant ($\beta = .18, p < .01$). A plot of the interaction term revealed that when the department did not follow a proactive diversity strategy, sexual orientation diversity did not influence NACDA points earned. However, when the department did follow a proactive diversity strategy, there was a strong, positive association between sexual orientation diversity and NACDA points earned. In fact, departments with high sexual orientation diversity and a high proactive diversity strategy accrued nearly 7 times the NACDA points than did departments that had low sexual orientation diversity and a high proactive diversity strategy (305.63 points vs. 44.50 points).

Results of the study indicate that although LGBT persons routinely face prejudice, discrimination, and exclusion in sport, sexual orientation diversity is associated with meaningful performance gains, particularly when the diversity strategy is inclusive. Thus, the exclusion of LGBT employees from the workplace, in addition to being socially irresponsible and limiting the pool of potential talent (Day & Greene, 2008), might also serve to limit the organization’s overall effectiveness. Consistent with van Knippenberg et al.’s (2004) categorization-elaboration model, this study illustrates that the benefits of employees differences can be observed with all diversity forms, including sexual orientation, so long as the work conditions allow for as much (see also Ely & Thomas, 2001). The findings underscore the importance of (a) establishing a diverse and inclusive work environment (Fink & Pastore, 1999) and (b) taking steps to recruit and retain a diverse workforce.