

Erecting Walls Versus Tearing Them Down: Inclusion and the (False) Paradox of Diversity in Times of Economic Upheaval

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Media images of walls being erected or dismantled symbolize the global dilemma at the heart of the approach toward diversity during economically challenging times. Will communities, organizations, and nations become more isolated, exclusionary, and protective of scarce resources? Or will they embrace diversity for humanistic reasons and its potential to drive economic growth? This paper first critically examines the paradox of diversity and deems it false because it omits the important role of inclusion climate. It then presents a systematic review of the research. Findings indicate that people are more likely to blame 'the other' for their economic hardships, and as a result are more likely to express racism, prejudice, and xenophobia, giving rise to intergroup conflicts and strife. Yet research also links diversity with innovation and its potential to uplift and energize economies, a quality that is particularly important during times of economic hardship. Finally, the paper presents a theory-based conceptual model, highlighting the central role of inclusion, and proposes directions for future research.

Keywords: diversity; inclusion; economic upheaval; multiculturalism; organizational climate; austerity; diversity paradox

Mr. Gorbachev, tear down this wall. (Ronald Reagan, U.S. president in a speech delivered at the Berlin Wall, June 12, 1987)

I will build a great, great wall on our southern border. (Donald J. Trump, announcing his candidacy for president of the United States, New York, June 16, 2015)

Introduction

Contrasting the above statements can provide insights, both metaphorically and practically, to diversity and inclusion during different global economic contexts. The first, by US President Ronald Reagan during his famous 1987 speech in front of the Berlin wall, presented a demand to the leader of the Soviet Union, General Secretary of the Communist Party Mikhail Gorbachev, to tear down the wall. It was a demand to allow the reunification of not only the city but of the Eastern and Western global regions. The second statement, by US

President-Elect Donald J. Trump in his June 2015 announcement of his candidacy, presented a promise that was one of the cornerstones of his presidential bid. In addition to derogative statements related to groups such as Muslims, women, people with disability, and veterans, Trump promised to build a wall between the United States and Mexico to block the path of immigrants and to keep jobs for the citizenry of the United States.

The media images following Reagan's 1987 speech depicted the dismantling of the Berlin wall, brick by brick, in the hands of the people on both sides. In contrast, media images from 2016 featured fences, walls, and watchtowers being erected to block the paths of refugees and immigrants. Similar perspectives toward building or destroying walls (physical or virtual) have been common in other nations, such as the United Kingdom's referendum on separation from the European Union (Brexit) and political campaigns in other countries (e.g., Italy, Austria). At the heart of these disputes were arguments related to human rights, equity, and the humanistic drive to alleviate the suffering of refugees and asylum seekers contrasted with advocating for preserving scarce jobs and resources for the citizenry of each specific country.

Pictures of walls being erected or dismantled symbolize the central global dilemma at the heart of

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the approach toward diversity during economically challenging times: will communities, nations, and societies become more isolated, exclusionary, and protective of scarce resources? Alternatively, will they embrace diversity for humanistic reasons and for its potential to drive economic growth?

In this paper, I set out to examine diversity during times of global economic upheaval with a particular focus on the paradox of diversity, which I contend is false, and the critical role of inclusion. The paper: (1) examines the paradox of diversity and presents theories of diversity and inclusion that inform our thinking regarding causal relationships; (2) presents a systematic review of the research evidence related to the consequences for diversity during times of economic upheaval; and (3) proposes a conceptual model for future research and scholarly work. A unique aspect of this paper's analysis is that it covers the organizational and the national levels of analysis because both are relevant for a deeper understanding of the challenges of diversity in the context of difficult economic times.

The (false) paradox of diversity in the context of economic upheaval

The impact of the 2008 global economic crisis is still reverberating around the world, with many nations experiencing economic upheaval and some being compelled to enforce austerity conditions (Addabbo *et al.*, 2015; Arechavala *et al.*, 2015). Research has provided evidence for the paradox related to inclusion of people from diverse background during periods of economic difficulties. On one hand, research has indicated that during periods of economic hardship, individuals and nations are less hospitable and more exclusionary toward people who are different than the mainstream on various levels of diversity, such as gender, race and ethnicity, physical and mental abilities, LGBTQ, immigrant status, refugee status, and even nationality (e.g., Lesińska, 2014; Askanius and Mylonas, 2015; Tamamović, 2015; Van Vossle, 2016). On the other hand, there is evidence that workforce diversity can provide economic advantages such as creativity and innovation (e.g., Roberge and van Dick, 2010; Hoever *et al.*, 2012; Homan *et al.*, 2015), which can stimulate the economic engine needed to survive and thrive during periods of economic challenges.

In the years since the global financial crisis, we have witnessed a significant contrast between the positive perspective expressed by business leaders toward diversity policies in their organizations and the disappointment with multiculturalism policies stated by politicians and heads of state. Consider, for example, the following statements by business leaders: 'Our diversity expertise ... directly contributes to our long-term business success' (George Chavel, president and CEO of French-based Sodexo, 2010); 'Achieving the full potential of [our workforce] diversity is a business

priority that is fundamental to our competitive success' (Sam Palmisano, IBM's CEO, 2013).¹ Now contrast them with the following statements by heads of state: 'The doctrine of state multiculturalism has failed and will no longer be state policy' (David Cameron, the United Kingdom's prime minister, 2011); 'It has utterly failed' (Germany's Chancellor Angela Merkel characterizing her country's efforts toward multiculturalism; Weaver, 2010), claims she repeated later by saying that multiculturalism 'is a sham' (Noack, 2015); 'My answer is clearly yes, it is a failure' (Nicolas Sarkozy, France's president, responding to a question regarding the effectiveness of multiculturalism in French society; *Daily Mail*, 2011). Both diversity management efforts at the organization level and multiculturalism policies at the state level stem from similar humanistic principles, rooted in the United Nations Declaration of Human Rights, and share similar economic goals. They espouse respect for unique individual and group characteristics and encompass efforts to capitalize economically on people's divergent talents. Yet their outcomes have been judged, by business leaders on one hand and political leaders on the other,² to be disparate.

During times of economic downturn, there is often a keener perception of competition for actual, or perceived, scarce jobs and resources and the result is often hostility toward people who are different than the mainstream (Kahanec *et al.*, 2013; Triandafyllidou and Kouki, 2013). Austerity³ is similarly associated with a scarcity of domestic resources that in turn is blamed for the rise in xenophobia and racism (Carastathis, 2015). On the other hand, there is research evidence to support the power of diversity to uplift and energize economies (Pelle and Laczi, 2015; Sun *et al.*, 2015), a quality that is particularly important during times of economic hardship. For example, studies have indicated that workforce diversity can give companies a competitive advantage through increased creativity and innovation that is more likely to occur in diverse teams than nondiverse teams (e.g., Roberge and van Dick, 2010; Hoever *et al.*, 2012).

¹Granted, some of the statements by business leaders are aimed at public relations or improving their corporate image and may be judged by some as less than sincere. However, the seriousness of their intentions can be measured by the resources that many organizations put behind their diversity initiatives, which in many cases are substantial.

²Article 1 in the United Nations Universal Declaration of Human Rights that was adopted by the UN General Assembly in its resolution 217 A (III) of December 10, 1948, states: 'All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.' This emphasizes the philosophy on which the declaration is based: first, the right to liberty and equality is the birthright of every human being and cannot be alienated; and second, human beings, as distinguished from other creatures, are rational and moral. For this reason, human beings are entitled to certain rights and freedoms that other creatures may or may not enjoy.

³Austerity is defined as 'difficult economic conditions created by government measures to reduce public expenditure' (Oxford dictionary: <https://en.oxforddictionaries.com/definition/austerity>).

As a result of these contradictory trends, policy and business leaders seeking to fulfill their humanistic mission and take advantage of the potential competitive edge provided by workforce diversity face what has been termed a *paradoxical dilemma* (see Figure 1): if they embrace diversity, they risk conflicts, mistrust, and intergroup tensions that can result in low morale and negative social and economic outcomes. Yet if they avoid diversity, they risk loss of creativity innovation and potential economic competitive edge (Bassett-Jones, 2005; Roberge and van Dick, 2010; Mor Barak, 2017). This dilemma is heightened during times of economic upheaval because the downside is more severe and the upside is more essential than in times of relative economic stability. The downside includes blaming the other for economic hardships, which leads to increased racism,

prejudice, and xenophobia, resulting in intergroup animosity and strife (Bone, 2012; Lesińska, 2014; Barbero, 2015). The upside of diversity is also heightened during times of economic difficulties because the positive attributes associated with diversity, such as innovation and creativity, can help propel the economy to higher grounds (Richard *et al.*, 2004, 2013; Gonzalez and DeNisi, 2009; Roberge and van Dick, 2010).

My contention in this paper is that the dichotomy presented in the diversity paradoxical dilemma is false because it misses an essential ingredient in the equation: inclusion. I argue that the solution to the diversity paradox is implementing policies and practices that generate a climate of inclusion in organizations. It is like balancing a mathematical equation—once you enter the missing ingredient, in this case, inclusion, everything makes sense (see Figure 2). If an organization becomes inclusive, it can minimize or even avoid altogether intergroup conflicts, tension, and distrust—the downside of diversity—yet enjoy the richness of ideas, creativity, and innovation that is generated by a diverse workforce.

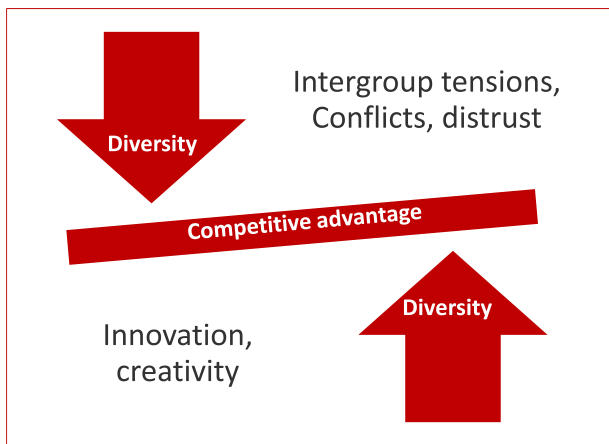


Figure 1 The (false) diversity paradox [Colour figure can be viewed at wileyonlinelibrary.com]

Theoretical perspectives of diversity and inclusion

Although diversity and inclusion are sometimes used as synonyms or even as a single term, they are distinct and refer to very different constructs (Roberson, 2006; Mor Barak, 2017). The concept of diversity received many (and sometimes contradicting) definitions, ranging from country-specific categories to broad conceptual definitions (e.g., Kossek and Lobel, 1996; Joshi and Roh, 2009; Nishii, 2013; for a review, Mor Barak, 2017). In this paper, a globally applicable definition is used: ‘*Workforce diversity* refers to the division of the

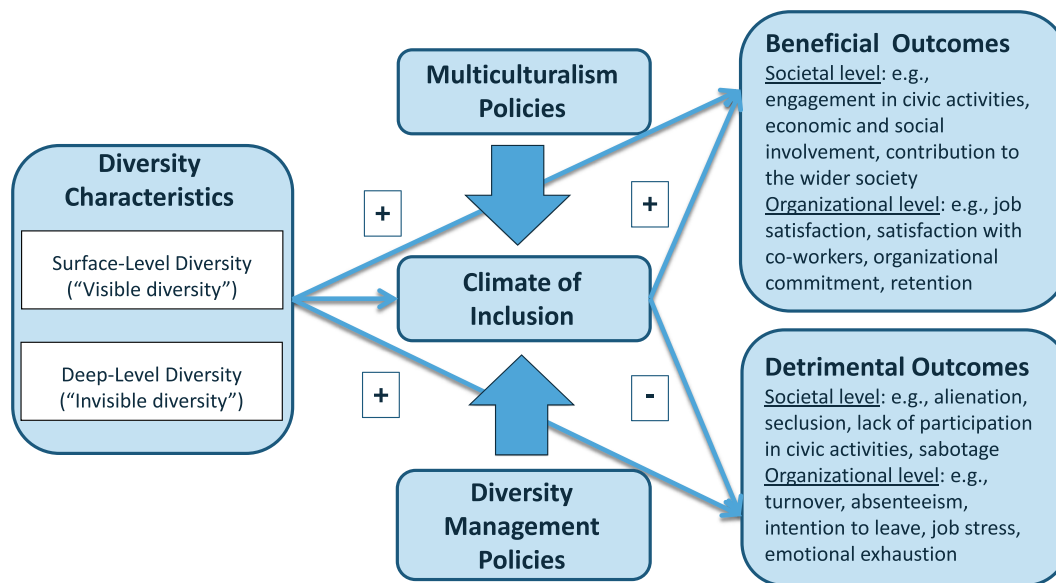


Figure 2 Conceptual model for inclusion, diversity and multiculturalism [Colour figure can be viewed at wileyonlinelibrary.com]

workforce into distinction categories that (a) have a perceived commonality within a given cultural or national context, and that (b) impact potentially harmful or beneficial employment outcomes such as job opportunities, treatment in the workplace, and promotion prospects—irrespective of job-related skills and qualifications’ (Mor Barak, 2005: 132). In contrast, inclusion is defined as follows: ‘The concept of *inclusion-exclusion* in the workplace refers to the individual’s sense of being a part of the organizational system in both the formal processes, such as access to information and decision-making channels, and the informal processes, such as “water cooler” and lunch meetings where information and decisions informally take place’ (Mor Barak, 2005: 149).

The theoretical foundations for the connection between diversity and inclusion are still quite underdeveloped. Shore *et al.* (2011: 1269), in their review of the literature, noted that ‘while inclusion has started to gain popularity among diversity scholars, most of the research has lacked adequate theoretical grounding and there is limited empirical testing of ideas. A notable exception is the work of Mor Barak (2000) ... [who] developed a theoretical model of inclusion in which she posited that diversity and organizational culture would contribute to perceptions of inclusion-exclusion, which would then lead to job satisfaction, organizational commitment, individual wellbeing, and task effectiveness’.

In this section, I lay the theoretical foundations for viewing inclusion as a key ingredient in generating positive outcomes for both organizational diversity and societal multiculturalism. Several social and psychological theories outline the dynamics of diversity in groups, organizations, and societies. These theoretical approaches are relevant to this discussion because they provide causal explanations for the connection between workforce diversity and worker and organizational outcomes. Specifically, they provide a framework for understanding why some organizations experience detrimental outcomes whereas others experience beneficial outcomes. I focus on several main theoretical approaches: social identity theory (Tajfel, 1982; Tajfel and Turner, 1986), and intersectionality (Crenshaw, 1989; Marfelt, 2016).

Social identity theory, a cognitive social-psychological theory, posits that individual identity is developed through the meanings people attach to their membership in various groups (Tajfel, 1982). In essence, people classify themselves into different social categories, such as race, ethnicity, and gender, that generate personal meaning. These groups become points of reference for individuals in terms of where they belong and how they compare to others (Hyman, 1960). Therefore, our understanding of diversity is closely linked to the way people perceive their own identity as similar to or different from others in a

particular context (Holck *et al.*, 2016). The central proposition of social identity theory is that people desire to belong to groups that enjoy distinct and positive identities. Therefore, those who belong to groups with greater perceived social status will accept and include people they consider to be like them while excluding those they perceive to be different (Tajfel, 1982). Being included in a group with a higher social status has been linked to the important psychological process of self-esteem, and as a result, to positive individual outcomes (Baumeister and Leary, 1995).

Intersectionality theory focuses on race, gender, and class and highlights the multidimensional and complicated nature of diversity in its connection to detrimental societal consequences such as inequality, oppression, and discrimination (Crenshaw, 1989; Lutz *et al.*, 2011; Marfelt, 2016). Specifically, the multifaceted nature of social identity makes it difficult to determine one specific social category that might be more salient than others in determining a person’s identity (Bodenhausen, 2010). This difficulty is addressed by intersectionality theory, which makes connections between race, gender, and class and negative social consequences and also highlights the increased negative consequences experienced by those who belong to more than one underrepresented group, such as migrant women (Crenshaw, 1989; Warner, 2008; Lutz *et al.*, 2011; Marfelt, 2016). Individuals who belong to multiple groups often feel excluded from those groups because they don’t fit solely into one of them (Zanoni *et al.*, 2010). In work organizations, this sense of exclusion can foster distrust and disengagement and lead to negative consequences such as stress, low job satisfaction, and turnover (Bernstein *et al.*, 2010).

Social identity and intersectionality theories also outline the connections between group membership, a climate of inclusion, and beneficial versus detrimental outcomes. A climate of inclusion, much like other organizational climates such as creativity, service, ethics, and safety climates, refers to specific aspects of the work environment (Litwin and Stringer Jr., 1968; Zohar, 1980). In general, organizational climates are defined as shared employee perceptions about aspects of their organizational environment (Zohar, 1980; Glisson *et al.*, 2008). In essence, employees develop perceptions and expectations of behavior–outcome contingencies based on a variety of cues present in their work environment. These perceptions and expectations then guide employee behavior. Once employees agree on and share work perceptions, an organizational climate is born (Schneider, 1975; Zohar, 1980). In other words, these theories can help explain why some diverse organizations and societies experience positive outcomes whereas others experience

negative outcomes. According to social identity theory, being a part of a group fosters commonality among members (Tajfel, 1982). If individuals feel included and perceive that they are all part of the same group, the organization or wider society would become another group to which individual employees belong. Similarly, intersectionality theory states that individuals often identify with multiple groups (e.g., woman, Latina, engineer) to create a more authentic sense of self (Warner, 2008). These multiple group memberships can work together in a positive or negative way (Zanoni *et al.*, 2010). In an inclusive climate, individuals feel that they are part of the same social entity, generating a shared interest among members. A climate of inclusion may lower individual boundaries aimed at separating employees from one another and increase commonality and the ability for individuals to relate to one another.

Impact of economic upheaval on diversity and inclusion

Political and academic reports have explored the impact of the global financial crisis and austerity measures on specific diverse groups in the population such as women, immigrants, refugees, and members of racial and ethnic groups (e.g., Elomäki, 2012; European Parliament, 2015). However, empirical research into these issues has been relatively scarce, particularly in the immediate aftermath of the 2008 crisis. More research has emerged in recent years. To outline the aggregate impact of economic difficulties on diversity and inclusion, the available research regarding this relationship is presented in an illustrative table that highlights various outcomes of diversity and inclusion (see Table 1).

Search methodology

To gain the broadest perspective, a wide net was cast with three criteria in mind: first, that the article presents results of empirical research using qualitative, quantitative, or mixed research methodology; second, that the article includes a specific diversity or inclusion outcomes; and, third, that the paper includes a direct or contextual dimension of the global financial crisis or economic hardship. The search has deliberately included research at the organizational and the national levels because both are important for understanding diversity in the context times of economic upheaval. The analysis identified each study by its unit of analysis. The search presented several challenges. First, many articles used the global financial crisis as a contextual variable and did not present specific variable measures. Second, diversity and inclusion outcomes were mixed in terms of units of analysis, such as outcomes for specific groups of people (e.g., women, immigrants), specific units in organizations (e.g., board composition), and policies at the organization or national levels (e.g.,

changing policies or withdrawing funds from initiatives). Third, research articles, particularly those that examined the global financial crisis as a contextual variable, did so implicitly and it is likely that some did not show up in the search for that reason. Therefore, although this search was thorough and detailed, the table should be considered illustrative rather than exhaustive. The search process consisted of the following steps.

Step 1: determining the scope and identifying search terms

To obtain an illustrative listing of studies evaluating the impact of the 2008 worldwide financial crisis and resultant austerity measures on diversity and inclusion outcomes, a wide net was cast for studies at the individual, organization (for-profit, non-profit, and governmental), and national levels. To find articles that examined the global financial crisis and diversity—inclusion connection, the focus was on a combination of search terms broadly related to workforce diversity and austerity. The search also included articles that had conceptual terminology that typically goes along with diversity and economics, such as ‘business case for diversity,’ ‘diversity management strategies,’ and ‘human resources management.’ Diversity search terms included a combination of keywords such as diversity, inclusion, inclusive, inclusiveness, gender, ethnic, ethnicity, race, racial, LGBTQ, and disability. Search terms related to the financial crisis and the workplace included labor, financial crisis, economic crisis, downturn, austerity, labor market, markets, crisis, work, profit, profitability, employee, and workplace.

Step 2: selecting databases and journals

The search included the following databases: Emerald Insight, Academic Search Premier/EBSCO, Google Scholar, Elsevier/Science Direct, Routledge/Taylor & Francis, Sage Publications, Cairn, and IZA. In addition, specific topic-related journals were searched, such as *Academy of Management Journal*; *Administrative Science Quarterly*; *European Management Review*; and *Equality, Diversity and Inclusion*.

Step 3: selection of articles for summary table

The citation list of articles was manually searched and research-based articles (qualitative, quantitative, and mixed methods) were selected, focusing on the relationship between the global financial crisis and resulting economic austerity measures and diversity and inclusion outcomes.

Table 1 Illustrative table highlighting outcomes of diversity and inclusion during times of economic upheaval

Article information	Purpose	Sample	Organizations or countries	Austerity or economic upheaval indicators	Diversity and inclusion indicators	Methodology	Outcomes
Addabbo <i>et al.</i> (2015) ¹	To examine the effects of the global financial crisis (GFC) on gender and labor market dynamics, employment patterns, and incomes.	Data drawn from Eurostat and European Union Statistics on Income and Living Conditions	Ireland, Italy, Portugal	Severe austerity reforms Changes in labor market dynamics Employment and unemployment Part-time and temporary contracts Household employment patterns Incomes Social exclusion	Gender	Comparative quantitative analysis of Eurostat and European Union Statistics on Income and Living Conditions data for 2007, 2010, and 2012	Gender gaps have narrowed in employment, unemployment, and part-time and temporary work, at different rates in each country. Trends are not indicative of improved gender equality but are attributable to men becoming more vulnerable in the labor market (closer to the position of women). Household configurations are increasingly featuring women as the main breadwinners. Cuts in public expenditures on schooling and childcare facilities have constrained mothers' presence in the labor supply. Increasing retirement ages have reduced supply of childcare provided by grandmothers. One-third of Irish and Italian women now working on a part-time basis. Italy continues to have higher unemployment rates among women, whereas in Portugal the gender gap has been reversed, with men experiencing ongoing higher unemployment. The number of workers at risk of poverty, due to low-intensity employment (part-time, etc.) has increased most sharply for women, although this has sharply increased for men too, post-crisis. Regarding the risk of exclusion from social benefits, the gender gap is wider than it is for income poverty (particularly in Italy): women may not qualify for benefits due to their low-intensity employment. Unemployment in Greece has increased since economic crisis Larger increases in female unemployment, compared to men, are due to a higher concentration of women in service industries, deterioration of contracted services after Greece's austerity policies, and a disproportionate impact on female dominated manufacturing industries by the recession. Women in Greece paid less than men both before and after the GFC. Austerity measures are reshaping the household-workplace community nexus, invoking outdated and conservative views of women's place, thereby reconfiguring the positioning of women's rights and engineering women's return to the household. The language of equality no longer adequately captures trends in gender equality. Intersectionality (compound discrimination) must be used as a reference point in bargaining for equality. Must examine the nexus of race, class, ethnicity, citizenship, sexuality, age, ability and, if applicable, aboriginal status, in addition to gender.
Anastasiou <i>et al.</i> (2015) ²	To examine the effect of the GFC on the gender pay gap.	Data drawn from Organization for Economic Cooperation & Development (OECD) statistics and World Bank Gross Domestic Product (GDP) data	Greece	Unemployment	Gender	Longitudinal quantitative analysis of OECD statistics and World Bank GDP data	
Briskin (2014) ³	To re-invigorate discussion about gender equality bargaining in the context of austerity measures. To study the language, or lack thereof, in documents about gender and equality. To examine the participation of women in collective bargaining	Data drawn from European Commission's Expert Group on Gender and Employment (EGGE)	Europe, Canada	Global Financial Crisis is used as a contextual variable	Gender	Discussion of selected materials and comparative qualitative document review of Documents from EGGE	

Table 1 (Continued)

Article information	Purpose	Sample	Organizations or countries	Austerity or economic upheaval indicators	Diversity and inclusion indicators	Methodology	Outcomes
Castagnone (2015) ³	(representational democracy), and representational justice To assess labor market integration of migrants in the health sector, their wellbeing, resulting interactions/conflicts, and impacts on host environment/systems.	n=10 workplaces (hospitals), 2 in each of 5 cities	Italy, Spain, Ireland, UK, Germany	Labor shortages Native workers seeking better opportunities abroad Reductions in international recruitment measures Tightened immigrations policies	Ethnicity Immigration Status	Qualitative, microlevel empirical	Gender equality can be a way to advance past a context of austerity measures by supporting union renewal and revitalization, rather than looking at it as an unfortunately necessary sacrifice of austerity. Increased numbers of immigrants employed in healthcare, concentrated at lower levels. There is a concentration of foreign workers in the lowest layers of the health labor market. All levels of immigrants, even doctors, experience less favorable working conditions (length of hours, non-standard shifts, temporary gigs, fewer opportunities for advancement. Few targeted integration measures are in place, leaving immigrants to face discrimination (e.g. from patients) w/o support. At the micro-level, there are positive interactions between immigrant and native born workers, due to the hierarchy inherent in a healthcare setting, which requires cooperative collaboration.
Erler (2012) ²	To explore how economic downturns shape poverty knowledge and attitudes about poverty.	N=689 newspaper articles	US	Unemployment, foreclosures, economic inequality, poverty	Socio Economic Status	Content analysis	The "new poor" resulting from the Great Recession are portrayed more sympathetically, as fundamentally different and more deserving, than those who were poor prior to the recession. Economic crises allow new poverty discourses to emerge, challenging the hegemonic narrative, which stigmatizes and "Otherizes" people in poverty. Central and Eastern European countries had not recovered from previous economic crisis in 1990's. Men's worsening social and economic situation paralleled by women's deteriorating position. Occupational segregation protected women's employment more than men's in CEE region, but unlike in more developed capitalist economies, women's level of labor force participation declined and their rates of poverty increased during the crisis years. Women on peripheries underwent a permanent employment crisis until 2011, or even longer. Managing age diversity within organizations has benefits for organizational outcomes. All indicators of age diversity management (diversity policies and practices, and work-life programs) are associated with positive perception of an organization's corporate social responsibility.
Fodor and Beda (2014) ¹	To explore the impact of the economic recession of 2008 on gender inequality in the labor force in Central and Eastern European countries.	Data drawn from Eurostat, European Union Statistics on Income and Living Conditions (EU- SILC) and European Social Survey (ESS) 2010	Central and Eastern Europe	Recession in labor markets	Gender	Quantitative and qualitative analysis of data from Eurostat, EU- SILC, and ESS 2010 report	Economic crises allow new poverty discourses to emerge, challenging the hegemonic narrative, which stigmatizes and "Otherizes" people in poverty. Central and Eastern European countries had not recovered from previous economic crisis in 1990's. Men's worsening social and economic situation paralleled by women's deteriorating position. Occupational segregation protected women's employment more than men's in CEE region, but unlike in more developed capitalist economies, women's level of labor force participation declined and their rates of poverty increased during the crisis years. Women on peripheries underwent a permanent employment crisis until 2011, or even longer. Managing age diversity within organizations has benefits for organizational outcomes. All indicators of age diversity management (diversity policies and practices, and work-life programs) are associated with positive perception of an organization's corporate social responsibility.
French and Ali (2016) ²	To examine the relationship between age diversity management and employee perception of corporate social responsibility (CSR). To test effect of the organization's diversity perspective.	n=248 medium to large for-profit organizations listed on the Australian Securities Exchange	Australia	Global Financial Crisis is used as a contextual variable	Age	Quantitative analysis of survey data	Managing age diversity within organizations has benefits for organizational outcomes. All indicators of age diversity management (diversity policies and practices, and work-life programs) are associated with positive perception of an organization's corporate social responsibility.
Guada and Reholo (2016) ²	To compare varying attitudes and beliefs about "the refugee crisis" in Europe post-attacks by terrorists in Paris.	n=82,573 German, French, Spanish, English and Italian Tweets	Europe	Global Financial Crisis is used as a contextual variable	Ethnicity Immigration Status	Qualitative and quantitative analysis and description of micro-discourses and text	Topics of discourses called from searches of "tweets" range from pro-immigrant (solidarity) to anti-immigrant (xenophobia). Crisis seen as important, with unpredictable consequences.

Table 1 (Continued)

Article information	Purpose	Sample	Organizations or countries	Austerity or economic upheaval indicators	Diversity and inclusion indicators	Methodology	Outcomes
Gyapong <i>et al.</i> (2016) ¹	To investigate effect of diversity of board-members on firm value.	n=245 businesses	South Africa	Global Financial Crisis is used as a contextual variable	Ethnicity Gender Disability	Quantitative	Positive discussions of "refugee crisis" include mentions of safe passage, human rights, protecting the vulnerable qua children, criticism of European governments being slow to respond. Negative discussions of "refugee crisis" mention illegals, terrorists, fear, invasion, not welcome, anti-Muslim, burdening the state. Negative tweets most prevalent in German. Many negative mentions associate religion of Islam with terrorism. Variety in responses shows that these are important times for the future development of Europe. Gender diversity has the greatest impact on firm value when firms have three or more women on the board. Financial crisis correlated with propensity to restructure boards for diversity in gender and ethnicity. Professional organization has made changes, emphasizing equality agendas more than previously. However, members still largely middle-aged, white and male. Significant improvements have been made in industrial relations research with regard to gender issues. "Newer" areas such as disability, sexuality, religion and age, remain relatively underdeveloped.
Holgate <i>et al.</i> (2012) ¹	To investigate whether academics practice what they preach in the area of diversity.	n=145 British Universities Industrial Relations Association (BUIRA) Members	England	Existing and proposed "fairness (diversity and equality) initiatives" feeling the sharp blade of a cost-cutting axe	Ethnicity Gender	Quantitative and Qualitative analysis of survey	Informal workplace practices (lack of manager feedback and support, limited information on training and new positions, under-recognition of skills, experience and hard work), undermine equal opportunities policies and processes for low paid workers. Low paid workers face barriers to advancement, with even more barriers faced by ethnic minorities (UK-born) and recent migrants. Power imbalances between managers and low-paid workers shape patterns of daily social interaction: some workers are recognized and included, while others are marginalized. Recognition and validation appear to be shaped by specific ethnic identity. Austerity limits advancement due to restructuring, outsourcing. Employers remain skeptical of the 'business case' for WLB. By providing WLB arrangements that reduce work-life conflicts suffered by women, employers can enhance
Hudson <i>et al.</i> (2013) ³	To examine the nexus of in-work poverty, ethnicity, and workplace cultures. To assess opportunities for ethnic minority workers to advance from lower-paying jobs.	n=65 low paid workers and n=43 managers (at 9 employers in 2 urban areas and 2 semi-rural areas)	England, Scotland	Stagnant economy Budget cuts Austerity measures	Ethnicity Immigrant Status Religion	Qualitative analysis of data from interviews and workshops	Employers remain skeptical of the 'business case' for WLB. By providing WLB arrangements that reduce work-life conflicts suffered by women, employers can enhance
James (2014) ¹	To explore the learning and innovation advantages that can result from work-life balance (WLB) provision in	n=162 IT workers (2006-2008), n=147 IT workers (2010), at 150 firms	Ireland, UK	New work demands Labor changes Fears of job loss Increased workloads Understaffing	Gender	Longitudinal quantitative analysis of surveys, interviews	Employers remain skeptical of the 'business case' for WLB. By providing WLB arrangements that reduce work-life conflicts suffered by women, employers can enhance

Table 1 (Continued)

Article information	Purpose	Sample	Organizations or countries	Austerity or economic upheaval indicators	Diversity and inclusion indicators	Methodology	Outcomes
Kaczmarek <i>et al.</i> (2012) ¹	knowledge-intensive firms. To investigate how the composition of (a board) nominating committee affects the composition of new board members.	n=190 to 306 companies listed on Financial Times Stock Exchange (FTSE) as of 2008 (depending on model)	UK	Global Financial Crisis is used as a contextual variable	Gender, Nationality	Quantitative	learning and innovation processes fundamental to firms' sustainable competitive advantage. Providing WLB mechanisms for employees are consistent with improvements in firm performance. Diverse nominating committee members produce diverse board members. To maintain a diverse board, in general, the CEO should not be on the nominating committee. Diversity of board sub-committees an important influence on board processes and outcomes. Discriminatory attitudes of general public remain a powerful non-institutional barrier to the integration of ethnic minorities in the EU. Business world attitudes towards employment of ethnic minorities are slightly more positive. Foreign workers are at a higher risk of social, labor market, and public services exclusion. Foreign worker credentials are minimized by employers. Post-crisis, inclusive policies are more important than before.
Kahane <i>et al.</i> (2013) ³	To identify barriers to social and labor market inclusion of immigrants in the EU and study their demand for social services.	n=156 immigration and ethnic rights experts	EU	Negative attitude towards immigrants	Ethnicity Immigrant Status	Longitudinal quantitative analysis of Institute of Labor Economics (IZA) Expert Opinion Survey	Ethnic minority immigrants' concerns have shifted to issues affecting their long-term economic well-being (vocational and language training, citizenship, knowledge of employment opportunities). Effects of GFC and austerity on migrant workers less drastic in Germany compared to the rest of EU. But marginalization of the ethnic and national minority population in Germany persists.
Kim (2010) ³	To evaluate the status of migrant workers in Germany amidst the global financial crisis.	Data drawn from German Federal Statistics Office International Organization for Migration (IOM) report (IOM) report American General Social Surveys (AGSS)	Germany	Recession Economic downturn Unemployment	Ethnicity Immigrant status	Comparative quantitative analysis of data from German Federal Statistics Office	Fear of job loss varies significantly across race, gender, and age groups. Male and female workers' perceptions of job insecurity have increased equally, despite the term "man-session." Older workers (aged 50 or above) felt much more insecure than middle-aged workers, despite their higher level of experience and lower likelihood of unemployment. Women, youth, and workers with low education levels, are the groups most affected by non-standard employment and changes in job supply (decrease in number, shifts in type). Non-standard workers (temporary, PT) have less job security, and reduced access to benefits (unemployment). The economic crisis resulted in more segmentation regarding labor market: during the first phase of the crisis, temporary workers were the first to lose their jobs, whereas in the second phase of the
Kuroki (2015) ¹	To assess worker perceptions of job insecurity post-Great Recession.	Data drawn from American General Social Surveys (AGSS)	US	Historically high unemployment rates Slow economic recovery	Gender Race Age Education	Quantitative analysis of data from AGSS	
Leschke (2012) ³	To analyze whether labor market and welfare system developments during the economic crisis have perpetuated the trend towards labor market segmentation, or whether it may have helped to contain divisions.	Data drawn from Eurostat and European Labour Force Survey (EU LFS)	EU member states	Labor market dynamics Segmentation in availability of benefits Segmentation in job supply	Age Gender Education	Literature Review and analysis of data from Eurostat and EU LFS	

Table 1 (Continued)

Article information	Purpose	Sample	Organizations or countries	Austerity or economic upheaval indicators	Diversity and inclusion indicators	Methodology	Outcomes
Ouali and Jefferys (2015) ³	To explore how trade unions are responding to workplace racism and ethno-stratification in the wake of the GFC.	n=65 union officials, activists, and workers	Belgium, Bulgaria, France, Italy, UK	Unemployment Restructuring of Capital	Ethnicity Immigrant Status	Qualitative analysis of data from Challenging Racism at Work (CRAW) survey	<p>crisis new jobs were largely temporary. Part-time employment continued to grow throughout the crisis. In times of crisis unemployed are forced to accept sub-standard employment. Segmentation in welfare systems mixed, but women and youth remain in an inferior position regarding unemployment benefits in all countries and, on average, their coverage rate has declined.</p> <p>Post-crisis trade union momentum towards equality for ethnic minorities and migrants has slowed or stopped.</p> <p>The crisis triggered a 'de-prioritization' of the fight against racism and a shift in management aims for unions and employers from 'equal outcomes' to 'diversity management'.</p> <p>In France and Belgium, secularism has become a bulwark serving to deny racism and discrimination, and to de-legitimize the recognition of demands such as the Islamic veil, halal meals and respect for religious holidays.</p> <p>Diminished support of trade unions for migrant and ethnic minority workers' rights reflects trends in attitudes of the total population.</p> <p>The unions have prioritized defending 'all' workers from the worst consequences of austerity and job losses, taking little or no special steps to challenge the faster unemployment growth for ethnic minority and migrant workers.</p> <p>For union leaders, racial discrimination is 'less visible' than gender, disability or age, and has become marginalized. Union commitments to taking positive action towards migrants and ethnic minorities (through hiring quotas or special representation mechanisms) are increasingly seen as 'controversial' or even 'unfair', in contrast to actions taken on gender, disability or age grounds.</p> <p>An inclusive society is a necessary but not sufficient condition for a competitive economy. The lack of social inclusion worsens the competitiveness of countries.</p>
Pelle and Laezi (2015) ¹	To investigate relationships between inclusivity, competitiveness, and economic growth, and study effects of "Europe 2020" strategy	n=28 EU member states	EU	Global Financial Crisis is used as a contextual variable	Age Gender Social Status Race Disability	Quantitative analysis of data from World Economic Forum (WEF) and Eurostat	<p>Delegating control for diversity initiative through existing unequal hierarchies limit resources available for effectiveness and success.</p> <p>Hampered results may lead to disappointment and cynicism about pursuing diversity.</p> <p>Leadership quality and knowledge crucial for an organization's ability to 'embed diversity'</p>
Rachele (2012) ¹	To test use of the 'Diversity Quality Cycle' (DQC) as a way to leverage the benefits of diversity; the DQC is an approach to corporate management of equality and diversity.	n=100 diversity & inclusivity administrators at Further Education College	England	Restructuring Redundancy	Diversity in general	Case Study/Project using Participative Action Research	

Table 1 (Continued)

Article information	Purpose	Sample	Organizations or countries	Austerity or economic upheaval indicators	Diversity and inclusion indicators	Methodology	Outcomes
Radford and Chapman (2015) ¹	allowing for high levels of stakeholder engagement, and greater democratization of the workplace environment. To compare intentions to stay employed at an organization held by younger and older workers.	n=359 workers at 4 organizations providing eldercare	Australia	Increase in workplace age diversity	Age	Quantitative analysis of survey data	into its business culture and improve its social performance. Seniors delaying retirement or re-entering workforce. Human resource managers must plan for varied employee retention strategies.
Ravazzani (2015) ¹	To enhance understanding of why and how companies implement diversity management, and of factors that might explain/influence their approach.	n=90 companies	Italy	Global Financial Crisis is used as a contextual variable	Diversity in general	Quantitative analysis of survey data and 2 focus groups	Integrating diversity approach is most common in Italy. Companies with more long-term commitment to diversity have focused on gender, parenthood, and disability as required by legal regulation. Companies with more recent commitment to diversity move past the legal requirements. Attention to diversity measures can be motivated by desire to appear socially responsible, in line with social expectations. This benefits the corporation's reputation. Women often bear a disproportionate share of job loss. Women are becoming more permanently attached to the labor market and are resisting taking on the role of a flexible or contingent labor supply. Characteristics of a specific recession matter regarding effects: sectors protected in one period may become vulnerable in another. In the current recession, the crash was at first concentrated in the banking sector, in the past an area of stability and growth, and now effects are being seen in the public sector. Traditionally a source of protection, the public sector is poised to be a source of women's vulnerability to both job loss and employment downgrading. Females might have more opportunities to break through the glass ceiling and become board members in times of economic crisis due to changes in social cognition of investors and board members. Openness to a female director should be seen as a virtue that improves board decisions and ensures that every director actualizes his or her potential. Our finding on increasing female directorship during an economic crisis supports the "glass cliff" hypothesis. A crisis also alters board dynamics. Female directors can better contribute their knowledge and talent during a crisis stage than they can during an economic prosperity stage.
Rubery and Rafferty (2013) ¹	To explore the interaction of the 2008/9 economic crisis and women's labor market and supply.	Data drawn from Office for National Statistics (ONS), UK Labour Force Survey (UKLFS), and Annual Survey of Hours and Earnings (ASHE) report	UK	Austerity Policies Unemployment	Gender	Longitudinal quantitative analysis of ONS workforce jobs, UKLFS data, and the ASHE report	
Sun <i>et al.</i> (2015) ¹	To investigate whether a board with greater gender diversity makes better investment decisions, and whether the GFC could provide a "tipping point" re: impact of women on the global economy.	n=1,555 firms listed on Chinese Stock Exchanges	China	Global Financial Crisis is used as a contextual variable	Gender	Longitudinal quantitative analysis of profitability and gender composition of board	

Table 1 (Continued)

Article information	Purpose	Sample	Organizations or countries	Austerity or economic upheaval indicators	Diversity and inclusion indicators	Methodology	Outcomes
Tatli <i>et al.</i> (2015) ¹	To investigate the role played by equality and diversity (E&D) officers as change agents in public sector organizations.	n=26 E&D officers from 20 higher education institutions (HEIs) in the UK	UK	Cuts in University funding	Diversity in general	Qualitative analysis of data from interviews of E&D officers	During a crisis, a board with a larger percentage of female directors can make better decisions regarding counter-cyclical investments. Cuts in UK university funding have exacerbated diversity management challenges in education sector. Commitment to equality and diversity at both sectoral and organizational levels, and creating champions at a high level, facilitate organizational change towards greater equality, diversity and inclusion. Equality and diversity are perceived as belonging in Human Resources s/o, need to gain a larger remit for effectiveness. Extra-organizational resources and tools are greatly beneficial as mechanisms for support and influence. Among Spanish national workers, the GFC was associated with an increase in physical demands on the job. Both Spanish and foreign national workers experienced a larger than twofold increase in job insecurity. Foreign national workers showed a higher prevalence for psychosocial working conditions, including low job control, low social support, physical demands, and job insecurity. The GFC marks a shift in political discourse towards an ethno-cultural direction of closure and intolerance. Rising job insecurity has contributed to the rise of extreme right-wing forces, and intolerant positions towards migrants in general and Islam/Muslims in particular. Most middle-of-the-road respondents justified and legitimized intolerance through objectification, framing the question as "us" vs. "them". Scarce resources (due to GFC) create double crisis: not only economic but also social, impacting cohesion and religious diversity. Crisis has rendered terms such as equality and tolerance irrelevant, fostering hierarchies between in-groups and out-groups, cynicism towards politically correct perspectives of multiculturalism, and concerns about cultural homogeneity that put the blame on those who are 'different' for not fitting in. Legislation and workplace policies have changed since 2004 to reflect an increasingly diverse workforce.
Toró <i>et al.</i> (2015) ¹	To explore the effects of the GFC on the prevalence of adverse psychosocial working conditions among Spanish and foreign national workers.	n=10,402 workers in 2007 and n=8,438 workers in 2011	Spain	Labor market uncertainties Limited employment opportunities Reduction in jobs due to layoffs and business closures Rise in rates of unemployment Increase in psychosocial work stress	Gender Country of Birth	Longitudinal quantitative analysis of the Spanish Survey of Working Conditions (SSWC)	
Triandafyllidou and Kouki (2013) ¹	To investigate attitudes about migration-related ethnic and religious diversity through the lens of reactions to a Muslim prayer event in public.	n=19 actors engaged directly or indirectly in the studied event	Greece	Economic crisis Social crisis	Immigrant Status Religion	Case Study - Review of materials and qualitative data from interviews	
Wanrooy <i>et al.</i> (2013) ³	To examine employment relations and experiences of recession and social	n=2,680 managers, n=1,002 employee representatives, n=21,981 workers	England	Turnmoil Unstable growth patterns Diversification in workplace contracts	Age Gender Disability Ethnicity	Longitudinal quantitative analysis of Workplace Employment Relations Study (WERS)	

Table 1 (Continued)

Article information	Purpose	Sample	Organizations or countries	Austerity or economic upheaval indicators	Diversity and inclusion indicators	Methodology	Outcomes
	uncertainty by workers over time.			Rise in non-standard work	Sexual Orientation		Written equal opportunities policies in place in workplaces studied provide for, in descending order, gender, ethnicity, disability, religion, age, sexual orientation, marital status, union membership. Practice "on the ground" has changed little during that time. The role of unions has declined, making employment more individual. Workers experiencing more work for less pay. Collective workplace conflict has been on a downward trend. Over time, differences between public and private sector employment. During 2008-2009 private sector employment fell substantially. During that same time, public sector employment rose. Since 2010 the picture has been reversed, with a reduction in public sector employment and a rise in private sector employment.
Ward (2012) ¹	To assess the current work landscape for women.	n=3 senior women trade unionists	England	Deficit reduction strategies	Gender	Longitudinal quantitative analysis of findings of UK Women and Work Commission Reports	Women workers continue to experience occupational segregation, lack of vocational qualifications, discrimination, fewer quality job opportunities, limited opportunities to combine work and care roles, limited child care availability, and pay gaps. England's new deficit reduction strategy (2012) has raised concerns about its effect on women. Many women have been traditionally employed in the public sector. Layoffs/redundancies in the public sector, post-GFC, not being made up for in private sector.

¹ Peer-reviewed article

² Conference proceedings

³ Research report

Results of reviewed studies

The studies highlighted in Table 1 illustrate that the effects of the global financial crisis on people of diverse backgrounds have been twofold. At the ground level, where people live their lives, the news is demonstrably dire. Thirteen of these studies found that women, people of color, foreign-born individuals, and people with disabilities have suffered negative outcomes and that the results of the economic crisis were worse for them than for the general population (e.g., Leschke, 2012; Fodor and Beáta, 2014; Addabbo *et al.*, 2015; Anastasiou *et al.*, 2015). On the other hand, at a meta level, in the realms of diversity business management, legislation, and policy, studies indicated that there is hope and some progress in addressing the rights and needs of people of diverse backgrounds. In fact, the crisis has prompted some organizations to recognize the potential of diversity for innovation and opening up of opportunities for diverse groups such as women, older workers, and immigrants (e.g., Briskin, 2014; Sun *et al.*, 2015; French and Ali, 2016; Gyapong *et al.*, 2016).

Most of the studies reviewed here (23 of 29) concern Europe, namely the United Kingdom, Italy, Spain, Germany, and Greece. The rest of articles are from Australia (2), the United States (2), South Africa (1), and China (1). The spatial distribution of these studies reflects that the epicenter of the crisis—and subsequent academic response—has been in Europe.

Negative aspects for diversity in the context of the economic crisis

Gender is the most commonly mentioned diversity indicator in the studies gathered here. Women's work-life experiences post-crisis have been worse, both relative to their lives before and relative to men's experiences (though the latter have also been negatively affected by the crisis). They continue to receive less pay than men for the same job (Ward, 2012; Anastasiou *et al.*, 2015), experience higher levels of poverty (Fodor and Beáta, 2014; Addabbo *et al.*, 2015), and have less access to benefits (Leschke, 2012; Addabbo *et al.*, 2015). Women are more vulnerable in the labor market (Rubery and Rafferty, 2013), partly due to a higher preponderance of women being employed in service industries (Ward, 2012; Fodor and Beáta, 2014; Anastasiou *et al.*, 2015;), which saw initial cuts in public funding. Often relegated to substandard employment (Leschke, 2012; Addabbo *et al.*, 2015), they have fewer opportunities for training and advancement (Ward, 2012). In many households, the balance of power has shifted due to more women becoming primary wage earners (Addabbo *et al.*, 2015), and the challenges of balancing work and pressures of home life have not lessened (Ward, 2012). Cuts in public

expenditures on schooling and child care facilities have constrained mothers' presence in the labor force, and delayed retirement ages have reduced the number of grandmothers who can provide child care (Addabbo *et al.*, 2015).

Immigrants and migrant workers have also been severely affected by the financial economic crisis. Wars and political persecution have prompted large waves of migration, via varied pathways, to countries affected by the financial crisis. Studies demonstrated that these waves of asylum-seeking refugees and immigrants looking for better lives have been met with a groundswell of nationalism in many European countries (Barbero, 2015; Gualda and Rebollo, 2016). Immigrants have become a target for the frustrations elicited by financial hardships: '(The) crisis has rendered terms such as equality and tolerance irrelevant, fostering hierarchies between in-groups and out-groups, cynicism towards politically correct perspectives of multiculturalism, and concerns about cultural homogeneity that put the blame on those who are "different" for not fitting in' (Triandafyllidou and Kouki, 2013: 723). Vulnerable in the labor market (Kuroki, 2015; Torá *et al.*, 2015), nontraditional workers face myriad disadvantages and marginalization in the workplace. Although workplace relations with peers go well in certain situations, supervisors and management are not as agreeable (Wanrooy *et al.*, 2013; Castagnone and Salis, 2015). Immigrants have been affected by lack of manager feedback and support, given limited information on training and new positions, and experience an underrecognition of their skills, experience, credentials, and hard work (Hudson *et al.*, 2013; Kahanec *et al.*, 2013). Immigrants also struggle with power imbalances and barriers to advancement (Hudson *et al.*, 2013; Castagnone and Salis, 2015;). Protection from discrimination hasn't kept pace. Where protective policies are in place at the company or union level, practice on the ground is still inconsistent for individuals of diverse backgrounds (Wanrooy *et al.*, 2013; Ouali and Jefferys, 2015).

Positive aspects for diversity in the context of the economic crisis

A somewhat more positive picture emerged after examining studies about diversity in the contexts of business management and policy. In isolated instances, legislation has been passed to protect people of diverse backgrounds during this time of financial upheaval. For example, unemployment filing requirements for women and youth were relaxed in some countries, such as Finland, France, Portugal, and Latvia (Leschke, 2012). As the workplace has become more diverse (e.g., immigrants, older workers staying in the workforce longer, women becoming more permanently attached to the labor market), actively managing

diversity, as opposed to simply focusing on recruitment and retention, has taken center stage (Rubery and Rafferty, 2013). Diversity is seen by many as good for business, although it is still a hard sell (James, 2014). However, studies have shown that there are some positive effects of the crisis for diversity. James (2014) found that providing work–life balance mechanisms for employees, such as child care, is consistent with improvements in firm performance; Kaczmarek *et al.* (2012) noted that in the business context there is value in diversity; and Briskin (2014) suggested that that gender equality can be a way out of the quagmire of austerity for unions. An example of positive outcomes is the tendency of some boards to increase diversity among board members during financially difficult times; ‘one is a token, two is a presence, three is a voice’ (Gyapong *et al.*, 2016: 373). Another example is the increased number of opportunities for women at the top of the organizational ladder in hard times, although these opportunities may prove to be perilous (Sun *et al.*, 2015). Some researchers found that the appearance of having diversity as a priority is good for public relations in that it signals corporate social responsibility (French and Ali, 2016; Ravazzani, 2016), which is popular with the public and investors (Sun *et al.*, 2015). Although the promising harbingers of change are clear, there is more work to be done: Holgate *et al.* (2012) remarked that newer areas of striving for equality and inclusion, such as disability, sexual orientation, religion, and age, remain relatively underdeveloped, which is consistent with the proportion of diversity indicators in the reviewed research.

Toward a conceptual model of diversity and climate of inclusion

Using inclusion as the key to generating more positive outcomes, both in organizations and wider society, I propose a model that examines the outcomes of diversity and dispels the myth of the diversity paradox. My argument is that during times of economic hardships, both the downside and upside of diversity are heightened. If mismanaged, diversity can lead to more animosity toward those who are different than the mainstream, more intergroup strife, and lower productivity, thereby potentially deepening the recession. On the other hand, if a climate of inclusion can be achieved, the potential for creativity and innovation will increase, thereby increasing the likelihood of a more productive workforce and improved overall economic activity.

Figure 2 presents a conceptual model of climate of inclusion that can be applied to both the societal and organizational levels. It is based on the accumulating research evidence that diversity, whether in an organization or society at large, can lead to either

beneficial or detrimental outcomes (e.g., Faller *et al.*, 2010; Hopkins *et al.*, 2010; Mor Barak *et al.*, 2016). Effective multiculturalism policies at the national level, and of diversity management activities at the organizational level, can lead to a climate of inclusion. In turn, a climate of inclusion will increase the likelihood of beneficial outcomes, such as engagement in civic activities at the societal level and job satisfaction at the organizational level, and decrease the likelihood of detrimental outcomes, such as alienation at the societal level and turnover at the organizational level (e.g., Acquavita *et al.*, 2009; Gonzalez and DeNisi, 2009; Travis and Mor Barak, 2010; Shore *et al.*, 2011; Hwang and Hopkins, 2012; Pardasani and Goldkind, 2013; McKay and Avery, 2015). The model suggests that a climate of inclusion acts as a mediating variable between diversity and both beneficial and detrimental outcomes.

The perceived failure of multiculturalism in some contexts might be attributed to lack of inclusion, specifically in national identity. In fact, there is evidence that multiculturalism, if managed well, can be a strategy for increasing national competitiveness, as evidenced in the case of Canada and Australia (Ng and Metz, 2015). Conversely, the success of diversity management in some contexts can be attributed to a shared sense of commonality among employees. A climate of inclusion promotes individual perceptions of the organizational and societal context that lead to the acceptance of all members for who they are and provides an environment in which the full spectrum of talents is used (Shore *et al.*, 2011; Nishii, 2013; Mor Barak, 2017). When members of different groups in society and work organizations experience a climate of inclusion, they begin to feel more comfortable in interactions with members of other groups and are more likely to actively participate in, and contribute to, the organization and wider society.

Conclusion

During times of economic upheaval, the potential downside for diversity is more severe. Research indicates that people are more likely to blame ‘the other’ for their economic hardships, and as a result are more likely to express racism, prejudice, and xenophobia (Bone, 2012; Lesińska, 2014; Barbero, 2015). The upside of diversity is also heightened during times of economic difficulties because positive attributes associated with diversity, such as innovation and creativity, can help propel the economy to higher ground (Richard *et al.*, 2004, 2013; Gonzalez and DeNisi, 2009; Roberge and van Dick, 2010). Examining the diversity paradox in theoretical context and in light of accumulating research, I contend that it is essentially false. The diametric claim at the foundation

of the diversity paradox—that if countries and organizations embrace diversity they risk conflict, misunderstandings, and intergroup strife and if they avoid diversity they risk losing the potential for growth through creativity and innovation—is missing the critical ingredient of inclusion (Mor Barak *et al.*, 2016).

Future research on diversity and the workforce should continue to expand the study of climate of inclusion. Understanding pathways through which climate of inclusion influences employee outcomes may inform and facilitate the design of workplace interventions that improve the functioning of diverse workforces. Evidence-based diversity management practices, with systematic analysis of specific examples that are focused on inclusion, can serve as powerful tools for managers and administrators to improve organizational performance and the workplace experience of employees (Özbilgin and Syed, 2015; Mor Barak, 2017). A second critical line of research is the development of more advanced measures for climate of inclusion. Such measures should include different organizational levels—teams, divisions, and organizations—and also assess any discrepancies between policies and practices within organizations. A third critical line of inquiry should investigate the role of diversity management aimed at creating a climate of inclusion as a mediator between diversity characteristics and worker outcomes (Nishii, 2013; Mor Barak, 2017). The next generation of research should enlist systems thinking and complexity theory to gain a deeper understanding of diversity and inclusion (Page, 2015).

In summation, this paper presents a model for future research that features inclusion as a mediating variable in the context of diversity management and multiculturalism policies. It is clear that problems and challenges related to diversity in organizations and societies are interwoven and interdependent. The question for researchers, policy makers, and practitioners alike is what kind of multiculturalism policies and diversity management practices lead to a climate of inclusion. A potential starting point for developing policies and practices that engender inclusive climates involves minimizing structural inequalities, promoting fair treatment of employees, eliminating exclusionary decision-making practices, and generally doing away with norms that endorse assimilation (Leonardelli and Toh, 2011; Nishii, 2013; Ng and Metz, 2015; Mor Barak *et al.*, 2016). Leaders can cultivate an inclusive environment by inviting, encouraging, and appreciating contributions from members with different diversity characteristics, thereby increasing participation and engagement (Nishii, 2013). The key is to provide opportunities for employees to get to know one another as whole human beings, not just job positions, and to imbue them with a sense of belonging (Shore *et al.*, 2011; Nishii, 2013).

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