The LGBT advantage: Examining the relationship among sexual orientation diversity, diversity strategy, and performance

George B. Cunningham

Laboratory for Diversity in Sport, Department of Health and Kinesiology, Texas A&M University, 4243 TAMU, College Station, TX 77843–4243, United States

ARTICLE INFO

Article history:
Received 25 August 2010
Received in revised form 23 November 2010
Accepted 23 November 2010

Keywords:
Diversity
Sexual orientation
Performance

ABSTRACT

The purpose of this study was to examine the relationships among sexual orientation diversity, diversity strategy, and organizational performance. Data were gathered from 780 senior-level athletic administrators in 239 organizations. Moderated regression analysis indicated that, while main effects were not observed, there was a significant sexual orientation diversity × proactive diversity strategy interaction. Organizations with high sexual orientation diversity and that followed a strong proactive diversity strategy outperformed their peers in objective measures of performance. Results are discussed in terms of contributions, implications, and future directions.

© 2010 Sport Management Association of Australia and New Zealand. Published by Elsevier Ltd. All rights reserved.

Lesbian, gay, bisexual and transgender (LGBT) persons continually face prejudice and discrimination in the workplace. Consider that LGBT individuals do not receive federal protection from employment discrimination within the United States; face both overt (Sartore & Cunningham, 2009) and subtle (Cunningham, Sartore, & McCollough, 2010; Hebl, Foster, Mannix, & Dovidio, 2002) forms of discrimination when seeking jobs; receive upward of 30% less in pay relative to their heterosexual counterparts (Blanford, 2003); are likely to face sexual orientation and gender identity discrimination in the workplace (Badgett, Lau, Sears, & Ho, 2007; Ragins, 2004); and oftentimes face pressures to not disclose their sexual orientation at work (Ragins, Singh, & Cornwell, 2007). There are a number of negative consequences of such hostile environments. For instance, Ragins and Cornwell (2001) found that people who faced discrimination were likely to seek employment elsewhere and had low organizational commitment, career commitment, organizational self-esteem, and job satisfaction. They also had relatively few opportunities for promotion and had low promotion rates. Button (2001) observed a similar pattern of findings. Not only do sexual minorities’ work experiences suffer, but so too does their mental health: persons who face sexual prejudice at work are more likely to experience psychological distress (Waldo, 1999) and depression (Smith & Ingram, 2004). Collectively, these findings suggest that many workplaces, though certainly not all (Ragins, 2004), privilege masculinity and heterosexuality, are hostile toward LGBT employees, and seek to minimize such diversity (see also Anderson, 2009).

Interestingly, though many workplaces are antagonistic toward LGBT employees, there is some evidence that differences among employees can improve organizational performance (van Knippenberg & Schippers, 2007; van Knippenberg, De Dreu, & Homan, 2004). For instance, Keller (2001) conducted a study of intact work teams and found that functional diversity (i.e., differences in the work expertise of the team members) positively impacted performance because of the unique information group members possessed (see also Ancona & Caldwell, 1992). In a similar way, Hambrick, Cho, and Chen (1996) found that top management diversity (i.e., functional, education, and tenure diversity) in the airline industry was associated with a...
greater propensity for action, improved market share, and profitability. These effects are not just limited to deep-level attributes, as demographic differences (i.e., gender and race) are also associated with idea generation (McLeod, Lobel, & Cox, 1996), group task performance (Polzer, Milton, & Swann, 2002), and organizational performance (Cunningham, 2009). These findings buttress Richard, Murthi, and Ismail’s (2007) contention that “the most valuable natural resource in the world is not oil, diamonds, or even gold; it is the diverse knowledge, abilities, and skills that are immediately available from cultural diversity” (p. 1213).

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. Despite this possibility, however, research pertaining to the link between sexual orientation diversity and performance is lacking. The purpose of this research was to address this gap. In drawing from the categorization-elaboration model (van Knippenberg et al., 2004), I predicted that sexual orientation diversity would be positively associated with organizational performance. I further suspected that diversity strategy would moderate the aforementioned relationship such that the link between sexual orientation diversity and performance would be particularly strong in organizations following inclusive, proactive diversity strategies. I tested these relationships in the intercollegiate athletics context. In the following space, I provide an overview of the theoretical framework and present specific hypotheses.

1. Theoretical framework

The positive effects of diversity are likely a function of the increased perspectives, viewpoints, and decision making capabilities present in diverse groups. Such a perspective is consistent with the categorization-elaboration model (van Knippenberg et al., 2004). Specifically, this theory holds that heterogeneous 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 then thought to increase performance because of the greater decision making and problem solving capability of that group. Jehn, Northcraft, and Neale’s (1999) study provides an illustrative example. They found that informational diversity (i.e., differences based on education, functional background, and position in the firm) was associated with greater discussion in how to complete the task, which, in turn positively impacted group performance.

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 several factors. In many ways, LGBT individuals have had (and continue to have) life experiences that are different from their heterosexual counterparts (Herek, 2009; Human Rights Campaign, 2009; Meyer, 2003). These unique experiences, then, might positively contribute to varied ideas and perspectives brought to the workplace. Similarly, there is some evidence that LGBT employees, particularly at the top-management level, have distinctive leadership styles, including creative problem solving, that engender employee engagement and allow for performance gains (Snyder, 2006). From a different perspective, research also suggests that LGBT persons travel more than do heterosexuals (www.harrisinteractive.com). Extensive travel, particularly when it is abroad, is associated with cross-cultural skills and global competence (Kitsantas, 2004), empathy for the viewpoint of other nations, and decreased prejudice (Lindsey, 2005)—characteristics that could positively contribute to the decision making process. Finally, LGBT employees might be better able to identify with and effectively market to LGBT consumers, thereby improving the organization’s market share and profitability (for similar arguments, see Day & Greene, 2008; Rayburn, 2004; Robinson & Dechant, 1997).

Collectively, this literature suggests that LGBT employees are likely to have unique and varied experiences, viewpoints, and perspectives relative to their heterosexual counterparts. As such, sexual orientation diversity is likely associated with a greater elaboration of information and decision making comprehensiveness; consequently, increases in the number of LGBT employees should bring about performance gains not otherwise realized. As such, I hypothesized:

**Hypothesis 1.** Sexual orientation diversity will be positively associated with organizational performance.

1.1. Sexual orientation diversity and diversity strategy

The influence of diversity varies depending on the organizational setting (Button, 2001; Huffman, Watrous-Rodriguez, & King, 2008). As Kochan et al. (2003) note, “context is crucial in determining the nature of diversity’s impact on performance” (p. 17). One such organizational factor is the organization’s diversity strategy, or “the purposeful use of processes and strategies that make . . . differences among people into an asset rather than a liability for the organization” (Hayes-Thomas, 2004, p. 12). I draw from Fink and Pastore’s (1999) framework to examine these possibilities.

Fink and Pastore (1999) articulated four diversity strategies organizations could follow – non-compliance, compliance, reactive, and proactive – with the proactive strategy serving as the ideal. Organizations following a proactive strategy have a broad, encompassing view of diversity (Golembiewski, 1995; Holladay, Knight, Paige, & Quinones, 2003), value diversity and integrate diversity and inclusion principles throughout the entire organizational system (Allen & Montgomery, 2001; Cunningham & Singer, 2009), have open lines of communication with diverse personnel holding key leadership positions (Doherty & Chelladurai, 1999; Ely & Thomas, 2001), and actively undertake strategies to positively transform the outcomes associated with diversity (Cunningham, 2004; Doherty & Chelladurai, 1999; Fink & Pastore, 1999). Subsequent work from
Fink, Pastore, and Riemer (2001, 2003) has shown that the use of a proactive diversity strategy positively impacted group functioning, employee attitudes, and perceptions of organizational performance.

In the current study, I expected that the positive effects of sexual orientation diversity would be realized in organizations following a proactive strategy, but not necessarily in those that did not. In proactive workplaces, LGBT employees are likely to feel welcomed, free to disclose their sexual orientation, and encouraged to share their diverse perspectives in solving problems (see also Ragins, 2004; Ragins et al., 2007). Such effects are unlikely to materialize in organizations not following an inclusive strategy. Though few researchers have examined these possibilities, there is some evidence to support these linkages. For instance, in an experimental study, Homan, van Knippenberg, Van Kleef, and De Dreu (2007) found that diverse groups holding pro-diversity beliefs performed better than did their counterparts that did not express such positive attitudes toward diversity. Similarly, van Knippenberg, Haslam, & Platow (2007) found that pro-diversity beliefs moderated the relationship between diversity and group identification (see also Cunningham, 2010). As another example, Miner-Rubino, Settles, and Stewart (2009) observed that the positive effects of racial diversity on objective measures of performance were strongest when the department followed a proactive strategy.

Collectively, this literature suggests that the benefits of diversity are most likely to be realized when the organization follows a proactive diversity strategy. Thus, I hypothesized:

**Hypothesis 2.** The positive relationship between sexual orientation diversity and organizational performance will be moderated by a proactive diversity strategy.

### 2. Method

#### 2.1. Participants

Senior administrators \((n = 780)\) from National Collegiate Athletic Association (NCAA) Division I universities participated in the study. The sample was comprised of 302 women (38.7%), 467 men (59.9%), and 11 persons who did not list their sex. Participants were mostly White \((n = 635, 81.4\%)\), followed by African American \((n = 96, 12.3\%)\), Hispanic \((n = 16, 2.1\%)\), “other” \((n = 10, 1.3\%)\), Asian American \((n = 6, .8\%)\), and Native American \((n = 3, .4\%)\). Fourteen persons \((1.8\%)\) did not list their race. There was a wide distribution of ages: 18–30 years \((n = 107, 13.7\%)\), 31–40 years \((n = 158, 27.4\%)\), 41–50 years \((n = 210, 26.9\%)\), 51–60 years \((n = 195, 25.0\%)\), and 61 years or over \((n = 42, 5.4\%)\). Twelve participants did not list their age. Finally, the mean organizational tenure was 10.27 years \((SD = 8.93)\) while the mean occupational tenure was 17.19 years \((SD = 10.31)\).

#### 2.2. Measures

The study variables were collected through questionnaires and archival data.

##### 2.2.1. Sexual orientation diversity

In drawing from Harrison and colleagues’ (Harrison, Price, & Bell, 1998; Harrison, Price, Gavin, & Florey, 2002) work, sexual orientation diversity was measured with a single item: “As a whole, how different are members of your athletic department with respect to sexual orientation.” Responses were made on a 7-point scale from 1 (very similar) to 7 (very different). Harrison et al. (1998, 2002) demonstrated the sound psychometrics of this measure, and other researchers have used similar approaches in their diversity research (e.g., Cunningham, 2006, 2007).

##### 2.2.2. Diversity strategy

Researchers using Fink and Pastore’s (1999) framework have predominantly used multi-item measures to assess the organization's diversity strategy (25 items in Fink et al., 2001; 26 items in Fink et al., 2003). More recently, Cunningham (2009) used a vignette to assess the strategy—an approach consistent with business strategy literature (e.g., Snow & Hrebiniak, 1980). This method is as reliable and valid as using multi-item instruments, while also having the advantage of significantly cutting down on the time commitment and mental fatigue entailed in completing long questionnaires (Snow & Hrebiniak, 1980). In Cunningham’s study, a panel of experts (including the lead author of the framework) examined the scale to provide content validity evidence. In the same study, use of a proactive strategy, when coupled with high racial diversity, was significantly associated with objective measures of performance; thus, the measure has predictive validity as well. Following Cunningham (2009), the vignette asked administrators to indicate “how similar your department is to the one in the scenario.” The vignette read: “This department has flexible work hours and schedules, and attempts to make everyone feel as if they contribute to the department. Building and managing diversity is included in the department’s mission, and there are open lines of communication aimed at gauging the advantages of diversity. Strategies, policies, and procedures are in place in order to capitalize on individual differences. The department also manages diversity by anticipating problems and initiating incentives to prevent problems.” Participants then rated how similar their department was to the one described in the vignette on a scale from 1 (very different) to 7 (very similar). Consistent with the framework, this vignette provides an overview of the athletic department’s general diversity management strategy and is not focused solely on sexual orientation inclusiveness.
2.2.3. Organizational performance

Points earned through the National Association of Collegiate Directors of Athletics (NACDA) Directors’ Cup (see www.nacda.com) served as the measure of performance. This is an award given annually to the top-performing athletic department, with points based on the performance of the women’s and men’s teams. Others (e.g., Cunningham, 2002, 2009) have also used this award as a measure of organizational performance. This award also has practical significance, as many athletic directors, and thus, athletic departments, are evaluated in large part based on their placement in the Director’s Cup (Charlotte Westerhaus, NCAA Executive, personal communication, January 15, 2007). Indeed, while the award is based on the athletic teams’ performance, most activities of all athletic department members (not just the coaches and players) are aimed at ensuring optimal performance. Thus, the award provides an objective assessment of “the best overall athletic department” (Timanus, 2010) and thereby serves as an optimal measure of organizational performance in the NCAA athletics context.

2.2.4. Control variables

I used three controls in the study: the athletic department’s gender and racial diversity, and the number of head coaches.

Gender and racial diversity were included because of past research showing that these variables could influence organizational performance and functioning (McLeod et al., 1996; Polzer et al., 2002; Richard, Murthi, & Ismail, 2007). The number of head coaches was used as a control because athletic departments offering more sports have a greater chance of accruing NACDA points.

Gender diversity was assessed by asking administrators to mark the proportion of women and men who worked in the department. Responses options for each category ranged from 1 (0–10%) to 10 (91–100%). I then computed the standard deviation for each department and used that value’s distance from zero (which would represent complete diversity) as the final diversity score. By way of example, suppose Department A has 51–60% women (which would be a value of 6) and 41–50% men (which would be a value of 5). The diversity score for this department is −.71 (i.e., 0−.71). On the other hand, Department B has 91–100% men (which would be a value of 10) and 0–10% women (which would be a value of 1), for a diversity score of −6.36 (i.e., 0−6.36). Thus, larger values are representative of greater department diversity.

Similarly, I measured racial diversity by asking administrators to provide the proportion of athletic department personnel who were categorized into six different racial groups: African American, Asian, Hispanic, Native American, White, and “other.” I used the same formula previously described to compute the racial diversity score. By way of example, a department with 0–10% African Americans (value of 1), 0–10% Asian Americans (value of 1), 0–10% Hispanics (value of 1), 71–80% Whites (value of 8), 0–10% Native Americans (value of 1), and 0–10% persons listed as “other” (value of 1) would have a diversity score of −2.86 (i.e., 0−2.86).

Finally, I gathered data concerning the number of head coaches from the Equity in Athletics Report (www.ope.ed.gov/athletics/).

2.3. Procedure

I contacted senior administrators (i.e., athletic director, associate and assistant athletic director, and senior women’s administrator; n = 2082) from all (n = 347) NCAA Division I athletic departments. Following Dillman’s (2000) advice, multiple contacts were made with each administrator. I first sent a pre-notification postcard, alerting the administrators to the upcoming study. This was followed a week later by a questionnaire packet, which contained a cover letter explaining the purpose of the study, a questionnaire, and a postage-paid return envelope. A week later, a second postcard was distributed, encouraging participation. Finally, two weeks after the first questionnaire packet was distributed, I sent each administrator a second questionnaire packet.

A total of 430 administrators responded after the first round of data collection, and 350 responded after the second round, for a response rate of 37%. Given the sensitive nature of the topic, some authors consider this response rate as “good” (Berdahl & Aquino, 2009, p. 37 and p. 41). Nevertheless, I also took steps to check for non-response bias. To do so, I compared the mean scores of early and late responders, as late responders are considered to have similar characteristics as non-respondents (Rogelberg & Luong, 1998). Analysis of variance procedures indicated that early and late respondents did not differ in their ratings of any variables, all p’s > .88. Furthermore, chi-square analyses revealed no differences in early and late respondents based on their gender, race, or age, all p’s > .19. Thus, while late respondents “are not ‘pure’ nonrespondents” (Rogelberg & Luong, 1998, p. 63), the lack of differences between the two groups suggests that non-response bias is not a substantial concern (see also Rogelberg & Stanton, 2007).

3. Results

3.1. Data aggregation

While data were collected from individual administrators, the hypotheses were concerned with the department as a whole. Thus, it was first necessary to aggregate the data from the individual to the department level, and to do so, I first computed Inter-rater agreement ($r_{wg}$) values and eta square ($\eta^2$) values. Inter-rater agreement assesses the extent to which members of a particular group agree in their ratings of a particular item, which eta square values provide indications of the variance between groups (see Bleise, 2000; Dixon & Cunningham, 2006). Only staffs with two or more respondents were
included in the study. Inter-rater agreement values were slightly below the traditional .70 cutoff value recommended by James, Demaree, and Wolf (1993): sexual orientation diversity \( r_{\text{obs}} = .65 \); proactive diversity strategy \( r_{\text{obs}} = .59 \). However, the eta square values (sexual orientation diversity \( \eta^2 = .47 \), proactive diversity strategy \( \eta^2 = .45 \) exceeded the traditional cutoff of .20 (Florin, Giamartino, Kenny, & Wandersman, 1990). These results, coupled with the theoretical rationale for aggregating the data, provided support for data aggregation. Thus, the sample decreased from 780 administrators to 239 departments, or 68% of all NCAA Division I athletic departments.

3.2. Descriptive statistics

Means, standard deviations, ranges, and bivariate correlations are presented in Table 1. In terms of mean scores, sexual orientation diversity (Mean = 2.72, SD = 1.05) was low, and a one-sample t-test showed that it was significantly below the midpoint of the scale (4), \( t (234) = -18.51, p < .001 \), while proactive diversity strategy (Mean = 4.48, SD = 1.05) was significantly above the midpoint of the scale, \( t (238) = 7.21, p < .001 \). The range for both variables was wide: 0.00–6.00 for sexual orientation diversity and 0.00–6.50 for proactive diversity strategy. Turning to the associations among variables, result indicates that the number of head coaches \( (r = .45) \) and a proactive strategy \( (r = .17) \) were both significantly, positively associated with NACDA points earned. Sexual orientation diversity also held a positive association with NACDA points earned, though the correlation was only marginally significant \( (r = .14, p = .06) \). Finally, it is worth noting that all three diversity variables (i.e., racial diversity, gender diversity, and sexual orientation diversity) were significantly and positively associated with one another, suggesting those athletic departments diverse in one area are also diverse in others.

3.3. Hypothesis testing

Hypothesis 1 predicted that sexual orientation diversity would be positively associated with organizational performance, while Hypothesis 2 predicted that the aforementioned relationship would be moderated by the proactive diversity strategy. These hypotheses were tested through moderated regression following Cohen, Cohen, West, and Aiken’s (2003) guidelines. Specifically, I entered the controls in the first step, the standardized sexual orientation diversity and proactive diversity strategy variables in the second step, and the sexual orientation diversity \( \times \) proactive diversity strategy interaction term in the third step. NACDA points served as the dependent variable. Variance inflation factor values and the condition index were all under the recommended levels (10 and 30, respectively; Hair, Black, Babin, Anderson, & Tatham, 2006), suggesting multicollinearity was not a concern.

Results of the moderated regression are presented in Table 2. The controls accounted for 21\% (\( p < .001 \)) of the variance in NACDA points, with the number of head coaches \( (\beta = .45, p < .001) \) and racial diversity \( (\beta = .12, p = .08) \) both positively

Table 1

<table>
<thead>
<tr>
<th>Item</th>
<th>( M )</th>
<th>SD</th>
<th>Min.</th>
<th>Max.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number head coaches</td>
<td>11.08</td>
<td>4.65</td>
<td>.00</td>
<td>28.00</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Gender diversity</td>
<td>–2.31</td>
<td>1.10</td>
<td>–6.36</td>
<td>.00</td>
<td>.11</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Racial diversity</td>
<td>2.97</td>
<td>.44</td>
<td>–3.67</td>
<td>–1.60</td>
<td>.02</td>
<td>21*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Sexual orientation diversity</td>
<td>2.72</td>
<td>1.05</td>
<td>1.00</td>
<td>6.00</td>
<td>.26**</td>
<td>.30**</td>
<td>.18*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Proactive diversity strategy</td>
<td>4.49</td>
<td>1.05</td>
<td>1.00</td>
<td>6.50</td>
<td>.05</td>
<td>.07</td>
<td>.15</td>
<td>.06</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>6. NACDA points</td>
<td>223.70</td>
<td>283.28</td>
<td>5.00</td>
<td>1508.50</td>
<td>.45***</td>
<td>.05</td>
<td>.11</td>
<td>.14*</td>
<td>.17*</td>
<td>–</td>
</tr>
</tbody>
</table>

\* \( p < .05 \)
\** \( p < .10 \)
\*** \( p < .001 \)

<table>
<thead>
<tr>
<th>Step</th>
<th>( B )</th>
<th>( SE )</th>
<th>( \beta )</th>
<th>( R^2 )</th>
<th>( \Delta R^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
<td>.21</td>
<td>.21***</td>
</tr>
<tr>
<td>Number head coaches</td>
<td>26.76</td>
<td>3.97</td>
<td>.45***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender diversity</td>
<td>–9.02</td>
<td>17.93</td>
<td>–.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Racial diversity</td>
<td>75.66</td>
<td>42.87</td>
<td>.12*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.23</td>
</tr>
<tr>
<td>Sexual orientation diversity</td>
<td>13.87</td>
<td>19.89</td>
<td>.05</td>
<td></td>
<td>.02</td>
</tr>
<tr>
<td>Proactive diversity strategy</td>
<td>31.14</td>
<td>18.34</td>
<td>.11*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 3</td>
<td></td>
<td></td>
<td></td>
<td>.26</td>
<td>.03*</td>
</tr>
<tr>
<td>SOD ( \times ) PDS</td>
<td>44.61</td>
<td>16.73</td>
<td>.18***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\* \( p < .01 \)
\** \( p < .001 \)
\*** \( p < .10 \)
contributing to NACDA points earned, though the latter association was only marginally significant. The second step, which contained the first order effects, contributed an insignificant portion of unique variance (ΔR² = .02, p = .18). Thus, Hypothesis 1 was not supported.

On the other hand, the third step, which contained the sexual orientation diversity × proactive diversity strategy interaction term, was significant (ΔR² = .03, p < .01), with the interaction term holding a positive association with NACDA points earned (β = .18, p < .01). I plotted the interaction following Cohen et al.’s (2003) guidelines. As seen in Fig. 1, 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 v. 44.50 points). Thus, Hypothesis 2 was supported.

4. Discussion

LGBT persons routinely face prejudice and discrimination in the workplace, and these events negatively impact the way they experience work and their overall health and well-being. Despite the antagonism expressed toward sexual minorities, there is evidence that differences among employees can result in greater decision making and problem solving capabilities, ultimately leading to performance gains. 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. As such, the purpose of this study was to examine the association between sexual orientation diversity and organizational performance. This is the first study identified to examine these potential linkages.

Contrary to Hypothesis 1, sexual orientation diversity did not have direct effects on performance. However, in line with Hypothesis 2, these effects were qualified by the significant interaction between sexual orientation diversity and proactive diversity strategy. Athletic departments in this study that coupled high sexual orientation diversity with a strong proactive diversity strategy far outperformed their peers. In fact, in some cases, they accumulated nearly seven times the NACDA points of their counterparts. These findings support Kochan et al.’s (2003) contention that “context is crucial in determining the nature of diversity’s impact on performance” (p. 17), and, at a broader level, bolster researchers’ claims that the effects of diversity on subsequent outcomes are so complex such that they cannot be accounted for by only examining main effects (Harrison & Klein, 2007; Pearsall, Ellis, & Evans, 2008).

Results from this study are also consistent with past research that has examined the influence of other diversity dimensions on group functioning and performance (Cunningham, 2009, 2010; Ely & Thomas, 2001; Homan et al., 2007; van Knippenberg et al., 2007). In each of these studies, the benefits of individual differences were best realized when the context was one characterized by diversity and inclusion. Similarly, the positive association between sexual orientation diversity and performance was strongest when the department followed a proactive diversity strategy. Interestingly, the poorest performing organizations were those with low sexual orientation diversity but a high proactive strategy. Situations such as this potentially create a mismatch whereby the professed emphasis on diversity and inclusion is not congruent with the characteristics of the workplace, and as such, the benefits of following a proactive diversity strategy are lost (for similar arguments, see Doherty & Cheładurăi, 1999).

Furthermore, most researchers that have examined the influence of diversity on performance have focused on “task-related” diversity elements, such as functional background or education (see Horwitz & Horwitz, 2007). The rationale behind...
this emphasis is that “task-related” diversity can improve group processes and performance, but “non-task-related” diversity characteristics (e.g., race, gender, sexual orientation) are thought to primarily result in emotional conflict and negatively influence work outcomes (see also Pelled, 1996). This viewpoint is consistent with what Ely and Thomas (2001) termed a discrimination and fairness perspective, and suggests that these diversity forms “are relevant only insofar as they trigger others’ negative reactions; they are therefore a potential source of negative intergroup conflict to be avoided in the service of a task” (p. 268). Contrary to this perspective, but consistent with van Knippenberg et al.’s (2004) categorization-elaboration model, this study illustrated that the benefits of employees differences can be observed with many other diversity forms, such as sexual orientation, so long as the work conditions allow for as much. This latter perspective is also consistent with Ely and Thomas’s integration and learning perspective, which recognizes that all diversity forms can be a source of enrichment and understanding.

From an applied perspective, an important implication from the current study is that the diversity strategy followed can have a meaningful impact on how diversity impacts subsequent outcomes. This is noteworthy because top managers can actively shape and change the strategy followed. Fink and Pastore (1999) underscored the importance of valuing all forms of diversity, systemically integrating diversity and inclusion throughout the organization, having diverse top management teams, and establishing flexibility and openness into the workplace. Other researchers have highlighted the significance of supportive supervisors (Huffman et al., 2008), organizational policies that affirm sexual orientation diversity (Button, 2001; Human Rights Campaign, 2009), ensuring that the workplace is a “safe haven” in which people can express their sexual identity (Ragins, 2004), engaging in organizational activities that ensure agency for all employees (Miner-Rubino et al., 2009), and diversity training (Homan et al., 2007; van Knippenberg et al., 2007). With respect to training, Homan et al. suggested that particular focus should be placed on alerting people to the value that diversity brings to the workplace, thereby helping to improve and shape their diversity beliefs.

Additionally, the findings underscore the importance of effectively recruiting and retaining a diverse workforce, particularly when the diversity strategy is proactive and inclusive. Several options exist. For instance, some companies, in recognizing the value LGBT diversity brings to the workplace, sponsor and attend the annual Reaching Out MBA Conference (see www.reachingoutmba.org) and use that event as a way to recruit and attract LGBT professionals to the workplace (for an overview, see Ho, 2006). Athletic departments could engage in similar efforts. Additionally, athletic departments and the universities in which they are housed can also offer partner benefits as a way of attracting LGBT employees. Indeed, research among Fortune 1000 companies shows a positive association between company growth and LGBT-inclusive policies, such as partner benefits (Human Rights Campaign, 2009). Finally, it is possible that being diverse in other areas, such as gender or race, might also attract LGBT employees. As Pugh, Dietz, Brief, and Wiley (2008) note, visible diversity forms can serve as an “extracted cue in which people develop a larger sense of what is occurring” (p. 1424, emphasis original). Thus, LGBT job applicants might form estimates about the diversity and inclusion of a workplace based on the visible cues of that organization, such as the demographic diversity of the workforce.

4.1. Limitations and future directions

Though the study makes many contributions to the literature, there are potential limitations. First, some may view the 37% response rate as a limitation. However, this is not uncommon for studies dealing with sensitive issues (Berdahl & Aquino, 2009), and subsequent tests showed no differences between early and late responders, thereby suggesting that non-response bias was not a concern (Roaxberg & Stanton, 2007). Furthermore, the focus of the analysis was on the departments (as opposed to the individual respondents); thus, when considering that data were collected from a large proportion of all departments (68%), concerns about response rates become moot. Second, the theoretical framework from which I drew (van Knippenberg et al., 2004) suggests that diversity, when properly managed, should result in information elaboration and improved decision making comprehensiveness, both of which should improve performance. However, I did not directly assess these underlying processes; thus, the explanations for the positive influence of department diversity and diversity management strategy on subsequent effectiveness are based on theory, not empirical evidence. Finally, while I examined the presence of sexual orientation diversity in the organization, I did not address the power relations that are endemic in LGBT discussions. Future researchers should expand in this area.

There are also several avenues for future research. First, in addressing the aforementioned limitations, future researchers should examine the influence of sexual orientation diversity on critical intervening processes, such as information elaboration, creativity, and decision making comprehensiveness. Second, given that sexual orientation diversity may result in improved performance, research is needed to understand how organizations attract and retain LGBT employees. Similarly, future investigations are needed to understand how managers can improve the diversity mindsets of their employees. Gaining such an understanding not only aids in creating more diverse and inclusive workplaces, but, as the results in this study illustrate, might also result in meaningful performance gains.

Author note

Cunningham is with the Laboratory for Diversity in Sport, Department of Health and Kinesiology, Texas A&M University.
References


