

# **Diversity and Firm Performance: An Analysis of Different Workforce Level and Ethnic Groups**

**B. Paul Choi**  
**Howard University**

**Jin-Gil Jeong**  
**Howard University**

**Youngho Lee**  
**Howard University**

*Using unique data for a thirteen-year period, this article examines the impact of diversity on firm performance based on six different levels of workforce for three different ethnic groups. The results of this research show that diversity strategy is successful at the two ethnic groups, i.e., Blacks and Hispanics. However, we cannot find the same result for the Asian group. In addition, the conclusion becomes less conclusive when the workforce demographics are broken into a different level of management.*

## **INTRODUCTION AND LITERATURE REVIEW**

Theory from social psychology and organizational behavior research suggests that diversity can result in either positive *or* negative consequences, depending on the task at hand. In general, two theories explain the impact of diversity on firm performance. One group of research, based on cultural identity theory, argues that members of a common cultural identity are better to share cultural phenomena, such as worldviews, norms, values, and common heritage through a common language and rules among the same cultural group (Alderfer and Smith, 1982, Cox, 1993, and Ely and Thomas, 2001). This group of research supports the positive impact of diversity on firm performance.

The second group of theory is based on status and power. This group of people argues that status and power differentials in work groups explain why majority and minority employee behave in different ways at work (Nkomo, 1992 and Ragins, 1997). Individuals see and evaluate the power of other people on the basis of ethnicity so that diverse group behaves different ways than less diverse group (Alderfer, 1987 and Ridgeway, 1991). A negative relationship between firm performance and diversity is expected from this theory.

Many empirical studies attempt to support the positive link between diversity and firm performance. Firms may have a marketing advantage using a diverse sales force (Edelman et al., 2001, Martin, 2005, and Pandey et al., 2005). Human skills and the knowledge of individual employees are some of the advantages that firms adopting diversity possess (Hunt and Morgan, 1995). Some other studies report that firms, with better decision making by culturally diverse groups and increased problem-solving

capabilities, may achieve comparative advantage over other peer groups (Cox and Blake, 1991 and McLeod et al., 1996).

More studies focus on sales forces on the study of diversity and firm performance e.g., Lattimer, 1998, Gilbert et al., 1999, Richard and Johnson, 2001, and Pandey et al., 2005.

However, there has been lack of diversity studies on the different levels of management and their impact on financial performance among different ethnic groups. Thus, the goal of this paper is to provide an empirical study which attempts to examine the impact of *the Company* workforce demographics on its financial performance by different ethnic groups. More specifically, this paper explores the different levels of workforce from three ethnic groups to examine the positive value of diversity.

We obtain six different levels of workforce, which includes total minorities, total male minorities, total female minorities, minority managers, minority professionals, and minority sales forces. Three ethnic groups, i.e., *Black, Hispanic and Asian*, are further identified and tested. This study uses the linear regression model to analyze *the Company's* changes in demography in relation to financial performance. With this unique data for thirteen-year period, we are able to identify the impact of diversity at a different management level on the firm performance at different ethnic groups.

## DATA AND METHODOLOGY

This paper uses one of the unique data sets that were provided by *the Company*. *The Company* has a tract of different demographic variables over a thirteen-year period. The demographic variables include total minorities, male minorities, female minorities, minority managers, minority professionals, and minority sales workers. To control the effects of other firm characteristics on the firm performance, we have three firm-specific variables in the testing model, i.e., firm size, leverage and investment activities. Also included are a GDP component that accounts for the state of the general U.S. economy and a U.S. population that generally impacts on the demand of the financial products (Cole et al., 2011). With the addition of the GDP and the population component, the linear regression takes into account the degree of influence that the state of the U.S. economy has on *the Company's* financial performance. The regression model is represented by the following:

$$\begin{aligned} Performance_t = & \beta_0 + \beta_1 Minority_t + \beta_2 GDP_t + \beta_3 Population_t + \beta_4 Asset_t + \beta_5 Leverage_t \\ & + \beta_6 Investment_t + \varepsilon_t \end{aligned} \quad (1)$$

where  $t$  indicates the year. The testing model is performed for the three different ethnic groups, i.e., Black, Hispanic, and Asian group. As a measure of *Performance*, we use Tobin's  $q$  which is defined as the ratio of the market value of a firm to total assets (Wernerfelt and Montgomery, 1988 and Lang et al., 1989, Chung and Pruitt, 1999, and Anderson and Reeb, 2003). Tobin's  $q$  has been used to capture many aspects of diverse corporate phenomena, including diversification decisions and cross-sectional differences (Jose et al., 1986 and Malkiel et al., 1979).

*Minority* is the key variable to test the diversity theory. This variable takes six different demographic forms for each ethnic group. The positive relationship between *Minority* and the dependent variable confirms the notion that adopting diversity policies offer positive economic benefits for *the Company*.

To reflect the business cyclical economic fluctuation, two cyclical variables are included in the testing model. Firstly, the model controls for the national GDP level. It is expected to be positively related to performance if the GDP growth boosts demand for the products of *the Company*. It is also expected that this variable captures the riskiness of the firm at different points in the business cycle (see Bassett and Brady, 2002). Secondly, the U.S. population is included. The demand of the products of *the Company* and its profitability can be affected by the number of consumers as well. These two variables are expressed in logarithm form so that we do not want to give too much explanatory power on these variables in the regression model since other variables are expressed in ratios.

We also control for firm characteristics which may have effects on *the Company's* risk and profitability. *Total assets* are used to identify the effect of the size of the firm since financial condition is influenced by, among other factors, total assets of the firm (Demsetz and Villalonga, 2001). This variable is also expressed in logarithm form for the same reason.

Next, we control for risk-taking behavior of *the Company* since risk is closely related to the decision of the level of capital holding. *Leverage* is used to identify the capital adequacy of the sample firm. Leverage is included as a risk measure, and is defined as total assets to total owners' equity. As this ratio decreases, firms' ability to cover unexpected future events is increased. So, an increase in this ratio is associated with higher risk and increased level of financial distress. Colquitt and Hoyt (1997) argue that higher levels of leverage are considered lower values for the firm in the market, which would affect the dependent variable.

Lastly, the model controls for the investment activities. Since investment is one of the core business activities of *the Company*, it is essential to *the Company's* overall financial performance. *The Company's* asset portfolio and its ability and willingness to invest could affect the performance of the firm (Choi and Weiss, 2005). It is expected to have a positive relationship between this variable and firm performance if the market reflects increased investment as enhancing firm value. Otherwise, we expect a negative relationship if the market views the aggressive investment activities as a risky factor.

## EMPIRICAL RESULTS

The empirical analyses are based on the thirteen-year undisclosed data provided by *the Company* for the years 1993 through 2005. We compare the movement of total minorities over the sample period. *The Company* has hired an increasing number of minorities during the sample period. The proportion of total minorities was 12.83 percent in 1993, and then it was increased to 21.56 percent in 2003. Figure 1 highlights that there has been upward trend in minority hiring over the past years. Especially, there was a big jump in minority hiring, mostly caused by hiring the Black and Hispanic sales workers, and Hispanic managers, in year 2000, followed by a small decrease in hiring minority in 2001. The graph on the minority male employment shows that there is a large increase in hiring Hispanic male in year 2000, then the number of Hispanic male workers is higher than that of Black after 2002. The picture of the female minority hiring shows the same trend as the total minority hiring. Different levels of management, i.e., managers, professionals, and sales workers, show the same trends. There is a declined trend of Black managers and Hispanic managers in years 2004 and 2005. The graph of professionals shows that the number of Asian professionals is higher than that of Hispanic professional for the sample period, contrary to the employment trend of managers and sales workers.

To test the relationship between firm performance and diversity relevant to different levels of management, we utilize a regression analysis. Table 1 presents summary statistics for the variables used for the regression model. Table 1 indicates that mean of Tobin's  $q$  of the sample company is 0.3947. Mean of total Black is 0.0835, mean of total Hispanic is 0.0559, and mean of total Asian is 0.039. The mean of leverage is 5.2822, which indicates fairly stable management by the sample company.

Tables 2a and 2b report the regression results for the six different models for the Black. Since there is no evidence for heteroscedasticity and multicollinearity problems, a standard linear regression model is used. The results show that there is a statistically positive relationship between firm performance and total Black in Model 1. Furthermore, the coefficient on total female Black is positive and significant as shown in Table 2a. Thus, the outcomes present a strong argument of diversity strategy for the business case. Hiring more minorities represented by Black ethnic group enhances firm performance.

Next, those total Black variables are further classified by the different level of management types, i.e., managers, professionals and sales workers. When minority demographics are broken down into more specific components, a positive and strong relationship between Black managers and firm performance is found, while hiring more Black professionals does not improve the firm performance as appeared in Table 2b. This suggests that, when the aggregate variables are broken down into the micro level categories, we find a mixed result. It seems to show weak support for the diversity in the workplace at the micro level.

The Black sales workers have a positive influence on the firm's performance, but it is not statistically significant. Thus, the results suggest that there has been a mixed impact of diversity strategy when the management functions are further broken down.

GDP variable shows that there is a statistically positive relationship between the firm performance and level of GDP in all six testing models. The coefficients on this variable indicate that more purchasing power can enhance the performance of *the Company*. However, in all testing models in Tables 2a and 2b, the coefficients on Population show a negative relationship with firm performance. Total assets are negatively related to the dependent variable, and they are significant in 4 testing models. Increased leverage is positively related to firm performance, but it is only significant in Model 3, while Model 4 shows a negative relationship. Thus, we cannot obtain a consistent conclusion. Investment activities are negatively related to the firm performance. So, the results indicate that increases in investment activities draw some suspicious concerns on the riskiness of *the Company* in the market.

Models in Tables 3a and 3b show the relationship between Hispanic variables and firm performance. The positive and statistically significant relationship is found in the Model 1 only. That is, the total Hispanic variable is only related to the performance, while other variables do not show the significant relationship with the firm performance. Testing results for the economic variables and firm specific variables show mostly the same results as in the Black group.

Tables 4a and 4b indicate the result for the Asian group. Compared to the previous two ethnic groups, no positive and significant relationship between the minority and firm performance is found. On the contrary, the Asian male variable shows that increasing Asian male impacts negatively on the performance of *the Company*. As in the Black and Hispanic testing models, similar results for the economic variables and firm-specific variables are found in the Asian group.

## CONCLUSIONS

This study seeks to discover the importance of changes in demography influencing on firm performance over time by different ethnic groups. Various level of diversity was analyzed to explore the impact of diversity on the firm performance. Total minorities, minority male, minority female, managers, professionals, and sales workers are included in the testing models for the Black, Hispanic and Asian group. A regression analysis demonstrates whether the level of workforce at different ethnic groups impacts on firm performance positively or negatively, while testing two prevailing theories.

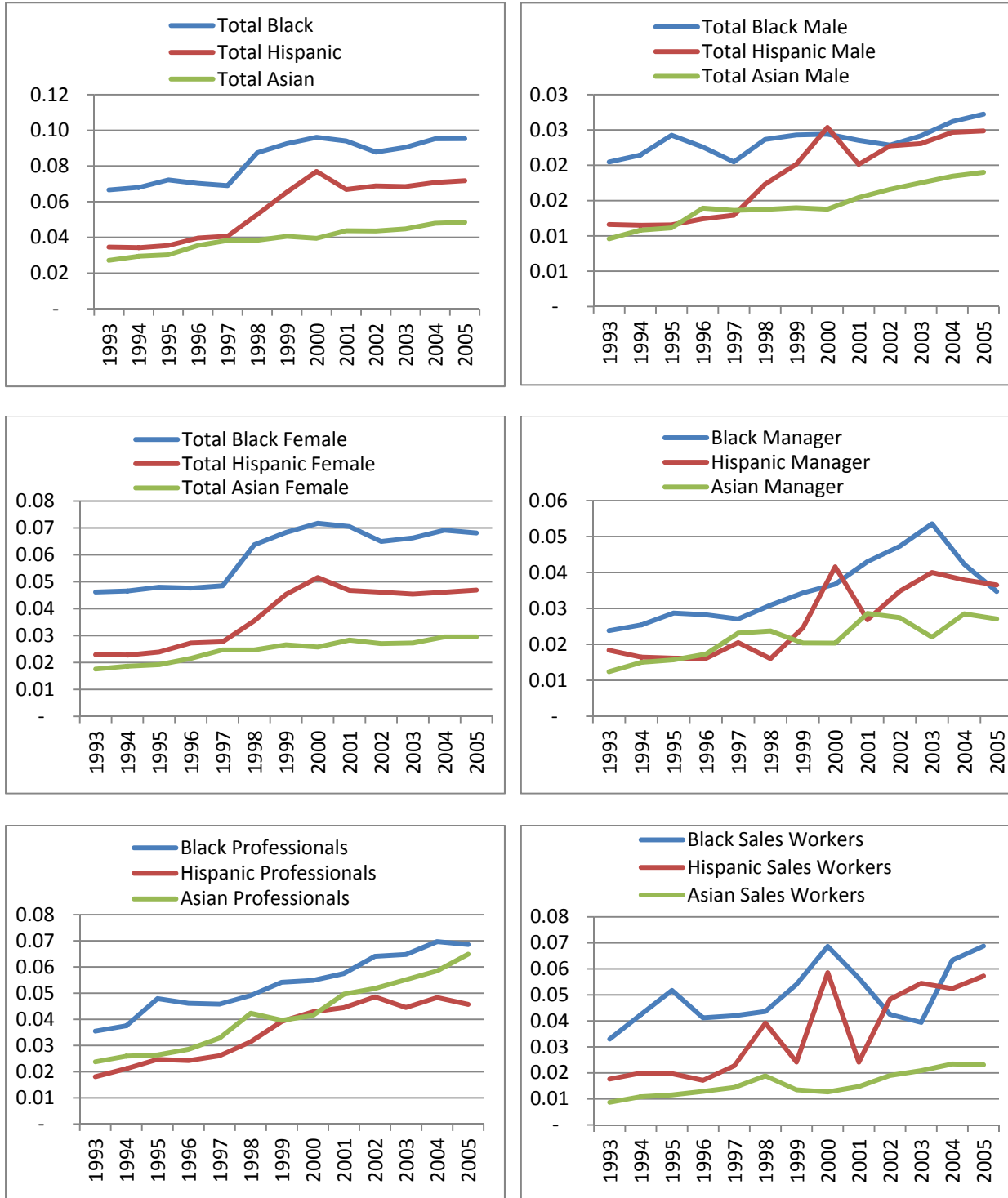
The testing results show a different impact of workforce level on the performance. Generally, the regressions show that total minorities do, in fact, have a positive influence on *the Company's* performance for the Black and Hispanic group. The results confirm the argument that firms with more diverse leadership teams may have a broader range of managerial perspective and skills, which lead to a positive influence on firm performance (Roberson and Park, 2007). This finding is consistent with the notion that diverse firms may enhance strategic problem-solving and decision-making capabilities.

However, we cannot find the same result for the Asian group. Contrary to the findings in Black and Hispanic models, *Total Asian Male* is negatively related to the performance of *the Company* in the Asian ethnic group.

Further, the conclusion becomes less conclusive when the workforce demographics are broken into a different level of management. We only see the positive correlation between Black managers and *the Company's* financial performance. In most cases, testing results show weak support for the importance of workforce diversity at the micro level.

So, overall we can see the collective power on the diversity strategy, but it is not yet successful at the micro level. We also find that the positive impact is not consistent at the different ethnic groups. It should be noted that this study is based on one sample firm for the period of thirteen years. So, future study with additional data could confirm the general results of this study.

**FIGURE 1**  
**EMPLOYMENT CHANGES BY ETHNIC GROUPS: 1993~2005**



**TABLE 1**  
**SUMMARY STATISTICS**

	<b>Mean</b>	<b>Stan. Dev.</b>	<b>Min</b>	<b>Max</b>
Tobin's <i>q</i>	0.3947	0.1014	0.2313	0.5269
<b><u>Diversity Variables</u></b>				
Total Black	0.0835	0.0121	0.0666	0.0961
Total Black Male	0.0235	0.0020	0.0205	0.0272
Total Black Female	0.0600	0.0106	0.0461	0.0717
Total Black Managers	0.0351	0.0091	0.0238	0.0535
Total Black Professionals	0.0535	0.0111	0.0355	0.0697
Total Black Sales Workers	0.0498	0.0117	0.0330	0.0687
Total Hispanic	0.0559	0.0166	0.0342	0.0769
Total Hispanic Male	0.0183	0.0057	0.0115	0.0254
Total Hispanic Female	0.0375	0.0110	0.0227	0.0516
Total Hispanic Managers	0.0266	0.0102	0.0160	0.0416
Total Hispanic Professionals	0.0353	0.0113	0.0181	0.0485
Total Hispanic Sales Workers	0.0351	0.0168	0.0172	0.0586
Total Asian	0.0390	0.0069	0.0271	0.0485
Total Asian Male	0.0144	0.0029	0.0096	0.0190
Total Asian Female	0.0246	0.0041	0.0175	0.0295
Total Asian Managers	0.0217	0.0054	0.0124	0.0286
Total Asian Professionals	0.0416	0.0136	0.0238	0.0649
Total Asian Sales Workers	0.0157	0.0048	0.0087	0.0234
<b><u>Macro Variables</u></b>				
US GDP <sup>1</sup>	\$10,635.51	\$1,637.67	\$8,332.40	\$13,377.20
US Population <sup>2</sup>	285.574	9.053	271.180	298.109
<b><u>Company Profile Variables</u></b>				
Total Asset <sup>3</sup>	\$23,691.80	\$3,403.64	\$18,691.00	\$28,329.00
Leverage	5.2822	0.3339	4.6604	5.9426
Investment	0.0592	0.0255	0.0338	0.0933

<sup>1</sup>GDP in billions of chained 2005 dollars. Source: US Dept. of Commerce, Bureau of Economic Analysis.

<sup>2</sup>Population in millions. Source: US Census Bureau.

<sup>3</sup>Total Assets in millions of dollars.

**TABLE 2A**  
**MINORITY = BLACK, MODELS 1~3**  
**DEPENDENT VARIABLE = TOBIN'S Q**

Independent Variable	<u>Model 1</u>			<u>Model 2</u>			<u>Model 3</u>		
	Coeff.	Std. Err.		Coeff.	Std. Err.		Coeff.	Std. Err.	
Intercept	501.016	93.282	**	359.558	140.85	*	510.218	79.948	***
Total Black	5.4128	2.0982	*						
Total Black Male				-1.5915	30.733				
Total Black Female							6.0420	1.8915	**
GDP	6.7663	1.2360	**	5.4149	2.1521	*	7.0877	1.0918	***
Population	-35.475	6.5511	**	-26.193	9.9008	*	-36.336	5.6569	***
Assets	-0.5818	0.2077	*	-0.4952	0.5216		-0.6673	0.1842	**
Leverage	0.1576	0.0796		0.0781	0.1316		0.1665	0.0686	*
Investment	-4.0170	1.3816	*	-1.4977	2.5488		-3.9472	1.1372	**
Adjusted R <sup>2</sup>	0.9290			0.7718			0.9481		

\*\*\* significant at 1% level, \*\* significant at 5% level, and \* significant at 10% level.

**TABLE 2B**  
**MINORITY = BLACK, MODELS 4~6**  
**DEPENDENT VARIABLE = TOBIN'S Q**

Independent Variable	<u>Model 4</u>			<u>Model 5</u>			<u>Model 6</u>		
	Coeff.	Std. Err.		Coeff.	Std. Err.		Coeff.	Std. Err.	
Intercept	804.086	41.1983	***	268.94	86.2180	*	387.341	130.332	*
Black Manager	22.8755	1.8826	***						
Black Professional				-15.702	6.3042	*			
Black Sales Workers							2.1690	2.9504	
GDP	12.1517	0.6248	***	5.2307	1.1401	**	5.3093	1.8380	*
Population	-59.046	3.0358	***	-21.150	5.9826	**	-27.529	9.2292	*
Assets	-0.7700	0.0569	***	-0.5515	0.2108	*	-0.4559	0.3374	
Leverage	-0.1543	0.0266	**	0.1158	0.0767		0.1421	0.1492	
Investment	-1.5506	0.2562	***	-1.6686	1.0368		-2.5691	2.1365	
Adjusted R <sup>2</sup>	0.9955			0.9256			0.8065		

\*\*\* significant at 1% level, \*\* significant at 5% level, and \* significant at 10% level.

**TABLE 3A**  
**MINORITY = HISPANIC, MODELS 1~3**  
**DEPENDENT VARIABLE = TOBIN'S Q**

Independent Variable	<u>Model 1</u>		<u>Model 2</u>		<u>Model 3</u>		Std. Err.
	Coeff.	Std. Err.	Coeff.	Std. Err.	Coeff.	Std. Err.	
Intercept	609.430	118.48 **	782.525	277.018 *	391.068	116.253 *	
Total Hispanic	6.0363	2.2524 *					
Total Hispanic Male			30.6024	18.792			
Total Hispanic Female					-7.8344	8.3192	
GDP	8.0832	1.4815 **	9.704	3.0307 **	7.0201	1.0166 **	
Population	-42.999	8.2236 **	-54.305	18.662 *	-30.142	7.2695 *	
Assets	-0.6411	0.2077 *	-0.7283	0.3080 *	-0.6816	0.1520 **	
Leverage	0.1872	0.0822	0.2652	0.1496	0.1909	0.0581 *	
Investment	-5.2170	1.6740 *	-8.0399	4.1756	0.0460	2.6016	
Adjusted R <sup>2</sup>	0.9327		0.8788		0.9651		

\*\*\* significant at 1% level, \*\* significant at 5% level, and \* significant at 10% level.

**TABLE 3B**  
**MINORITY = HISPANIC, MODELS 4~6**  
**DEPENDENT VARIABLE = TOBIN'S Q**

Independent Variable	<u>Model 4</u>		<u>Model 5</u>		<u>Model 6</u>	
	Coeff.	Std. Err.	Coeff.	Std. Err.	Coeff.	Std. Err.
Intercept	347.222	164.790	530.253	180.077 *	281.98	155.742
Hispanic Manager	-0.6255	4.1178				
Hispanic Professional			7.5613	6.3114		
Hispanic Sales Workers					-1.7481	2.1052
GDP	5.2306	2.1966 *	7.4779	2.4036 *	4.5125	2.0756
Population	-25.301	11.6258	-37.885	12.6451 *	-20.922	10.953
Assets	-0.4756	0.3640	-0.7311	0.3683	-0.4036	0.3407
Leverage	0.0775	0.1312	0.1610	0.1285	0.0382	0.1281
Investment	-1.4066	2.1757	-2.9870	1.8942	-0.3208	2.2399
Adjusted R <sup>2</sup>	0.7733		0.8455		0.8143	

\*\*\* significant at 1% level, \*\* significant at 5% level, and \* significant at 10% level.



**TABLE 4A**  
**MINORITY = ASIAN, MODELS 1-3**  
**DEPENDENT VARIABLE = TOBIN'S Q**

Independent Variable	<u>Model 1</u>		<u>Model 2</u>		<u>Model 3</u>	
	Coeff.	Std. Err.	Coeff.	Std. Err.	Coeff.	Std. Err.
Intercept	449.63	190.37 *	465.7	61.882 ***	296.58	127.89
Total Asian	-17.869	28.512				
Total Asian Male			-45.014	11.637 **		
Total Asian Female					24.744	21.948
GDP	7.0562	3.2757	7.7039	1.0136 ***	4.3236	1.9133
Population	-33.371	14.657	-34.789	4.5895 ***	-21.083	9.4396
Assets	-0.4499	0.3461	-0.7979	0.1709 **	-0.6891	0.3599
Leverage	0.1180	0.1392	0.1959	0.0618 *	0.0877	0.1107
Investment	-3.2667	3.1731	-4.0241	0.9727 **	-0.6070	1.7538
Adjusted R <sup>2</sup>	0.7980		0.9619		0.8396	

\*\*\* significant at 1% level, \*\* significant at 5% level, and \* significant at 10% level.

**TABLE 4A**  
**MINORITY = ASIAN, MODELS 4-6**  
**DEPENDENT VARIABLE = TOBIN'S Q**

Independent Variable	<u>Model 4</u>		<u>Model 5</u>		<u>Model 6</u>	
	Coeff.	Std. Err.	Coeff.	Std. Err.	Coeff.	Std. Err.
Intercept	341.39	140.10 *	361.34	137.75 *	399.75	107.08 **
Asian Manager	8.5263	19.716				
Asian Professional			0.0267	7.5877		
Asian Sales Workers					-7.5352	5.1195
GDP	5.5284	1.9682 *	5.3699	2.1726 *	6.0036	1.5791 **
Population	-25.028	9.9623 *	-26.241	10.139 *	-29.229	7.7716 **
Assets	-0.8627	0.9620	-0.4762	0.3737	-0.4397	0.2795
Leverage	0.1738	0.2554	0.0782	0.1318	0.0941	0.1009
Investment	-0.3393	3.3869	-1.5876	1.9852	-2.2596	1.4562
Adjusted R <sup>2</sup>	0.7850		0.7716		0.8674	

\*\*\* significant at 1% level, \*\* significant at 5% level, and \* significant at 10% level.

## REFERENCES

- Alderfer, C. P. (1987) An Intergroup Perspective on Group Dynamics. In J. Lorsch (Ed.), *Handbook on Organizational Behavior* (pp. 190–222). Englewood Cliffs, NJ: Prentice Hall.
- Alderfer, C. & Smith K.K. (1982) Studying Intergroup Relations Embedded in Organizations, *Administrative Science Quarterly*, 27, 35-65.
- Anderson, R.C. & Reeb D. M. (2003) Founding-Family Ownership and Firm Performance: Evidence from the S&P 500, *The Journal of Finance*, 58(3): 1301-1327.
- Bassett B. & Brady T. (2002) What Drives the Persistent Competitiveness of Small Banks? *Finance and Economics Discussion Series working paper 2002-28*, Board of Governors of the Federal Reserve System.
- Choi, B.P. & Weiss M.A. (2005) An Empirical Investigation of Market Structure, Efficiency, and Performance in Property-Liability Insurance, *Journal of Risk and Insurance*, 72(4): 635-673.
- Chung, K.H. & Pruitt S.W. (1994) A Simple Approximation of Tobin's  $q$ , *Financial Management*, 23(4): 70-74.
- Cole, S., Sampson T. & Zia B. (2011) Prices or Knowledge? What Drives Demand for Financial Services in Emerging Markets? *The Journal of Finance*, 66(6): 1933-1967.
- Colquitt, L.L. & R.E. (1997) Determinants of Corporate Hedging Behavior: Evidence From the Life Insurance Industry, *Journal of Risk and Insurance*, 64: 649-671.
- Cox, T. (1993) *Cultural Diversity in Organizations*. San Francisco, CA: Berrett-Koehler.
- Cox, T. & Blake S. (1991) Managing Cultural Diversity: Implications for Organizational Competitiveness, *Academy of Management Executive*, 5(3): 45-56.
- Demsetz, H. & Villalonga B. (2001) Ownership Structure and Corporate Performance, *Journal of Corporate Finance*, 7(3): 209-233.
- Edelman, L.B., Fuller S.R. & Drita I. (2001) Diversity Rhetoric and the Managerialization of Law, *American Journal of Sociology*, 106(6): 1589-1642.
- Ely, R. & Thomas D. (2001) Cultural diversity at work: The effects of diversity perspectives on work group processes and outcomes. *Administrative Science Quarterly*, 46(2), 229-273.
- Gilbert, J.A., Stead B.A. & Ivancevich J.M. (1999) Diversity Management: A New Organizational Paradigm, *Journal of Business Ethics*, 21(1): 61-76.
- Hunt, S. D. & Morgan R.M. (1995) The Comparative Advantage Theory of Competition, *Journal of Marketing*, 59(2): 1-15.
- Jose, M.L., Nichols L.M. & Stevens J.L. (1986) Contributions of Diversification, Promotion, and R&D to the Value of Multiproduct Firms: A Tobin's  $q$  Approach, *Financial Management*, 15: 33-42.
- Lang, L.H.P., Stulz R.M. & Walkling R.A. (1989) Managerial Performance, Tobin's  $q$  and the Gains from Successful Tender Offers, *Journal of Financial Economics*, 24: 137-154.
- Lattimer, R.L. (1998) The Case for Diversity in Global Business, and the Impact of Diversity on Team Performance, *Competitiveness Review* 8: 3-17.
- Malkiel, B.G., von Furstenberg G.M. & Watson H.S. (1979) Expectations, Tobin's  $q$ , and Industry Investment, *Journal of Finance*, 34, 549-561.
- Nkomo, S. M. (1992) The emperor has no clothes: Rewriting "race in organizations." *Academy of Management Review*, 17(3), 487-513.
- Martin, C.A. (2005) Racial Diversity in Professional Selling: An Empirical Investigation of the Differences in the Perceptions and Performance of African-American and Caucasian Salespeople, *The Journal of Business & Industrial Marketing*, 20(6): 285-296.
- McLeod, P.L., Lobel S.A. & Cox T.H. (1996) Ethnic Diversity and Creativity in Small Groups, *Small Group Research*, 27(2): 246-264.

- Pandey, V.K., Shanahan K.J. & Hansen S.W. (2005) The Relationship Between, Shareholder Wealth Effects, Diversity, and Publicity as a Marketing Strategy, *Academy of Marketing Science*, 33(4): 423-431.
- Ragins, B. R. (1997) Diversified Mentoring Relations in Organizations: A Power Perspective, *Academy of Management Review*, 22, 482-521.
- Richard, O.C. & Johnson N.B. (2001) Understanding the Impact of Human Resource Diversity Practices on Firm Performance, *Journal of Managerial Issues*, 13 2): 177-196.
- Ridgeway, C. (1991) The Social Construction of Status Value: Gender and Other Nominal Characteristics, *Social Forces*, 70, 367-386.
- Roberson, Q.M. & Park H.J. (2007) Examining the Link Between Diversity and Firm Performance, *Group and Organization Management*, 32 (5): 548-568.
- Wernerfelt, B. & Montgomery C.A. (1988) Tobin's  $q$  and the Importance of Focus in Firm Performance, *The American Economic Review*, 78(1), 246-250.