

# Values-based leadership effectiveness in culturally diverse workplaces

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## Abstract

**Purpose** – The extant literature is replete with suggestions, findings, etc., about how best to manage or lead a culturally diverse workforce. However, very few studies have focussed explicitly on leading with values in a workplace that may be fraught with disparate cultural value systems. The purpose of this paper is to assess, conceptually, the relative effectiveness of values-based leadership (VBL) in culturally diverse workplaces and attempt to provide an answer to the questions: what factors determine the effectiveness of VBL in culturally diverse workplaces and what is the probability that VBL will be effective in a culturally diverse workplace?

**Design/methodology/approach** – The authors explore VBL within the context of two models. The first model assesses the relative effectiveness of VBL in culturally diverse workplaces from a deterministic perspective. The second model assesses VBL effectiveness from a probabilistic perspective. At the core of the deterministic model is the notion that the relative effectiveness of VBL can be determined by the cultural recompositioning of a firm's workforce. At the core of the second model is the notion that the likelihood of VBL effectiveness can be derived when conditions are created by the interface of the ethnic identity salience of culturally diverse workers and the organizational culture of the firm.

**Findings** – A conceptual finding from the deterministic model is that the relative effectiveness of VBL is determined by the historical level of cultural diversity in a firm's workforce and the rate at which cultural recompositioning takes place in its workforce. A question addressed by the probabilistic model is: what factors create conditions for assessing the likelihood of VBL effectiveness? A conceptual finding from the probabilistic model is that the strength of a firm's organizational culture and the ethnic identity salience of culturally diverse workers are two major factors that create these conditions.

**Research limitations/implications** – One of the major theoretical implications/contributions is the deterministic and probabilistic models introduce new variables (i.e. historically level of cultural diversity in the workforce, rate of cultural recomposition, strength of workers' ethnic identity salience, and strength of organizational culture) that have the potential to enhance our understanding of VBL by adding to the list of possible determinants of its effectiveness as well as the conditions under which it is likely to be effective. One limitation is the conceptual nature of the models. Empirical validation of the models will be required to test the veracity of the propositions derived from them.

**Practical implications** – A major implication for practice is the need for leaders to develop a values management strategy. Such a strategy entails developing or having a strong set of core values for the organization, clearly communicating those values, and having reward and management systems to reinforce those values. This strategy implies that once implemented the tendency for culturally distinct workers (incoming and existing) to identify with their own values will decrease and the tendency for them to identify with the values of the organization will increase.

**Social implications** – Because of the growing gap between the world's supplies of labor and the demands for it, industrialized nations will have to rely on and compete for foreign-born workers. The result will be the creation of a global workforce composed of individuals from different cultures with different value systems. In terms of economic benefits, success in reconciling these differences will have positive implications for organizations, workers, and the societies in which they exist.

**Originality/value** – Prior studies have not fully explored the conditions under which VBL is likely to be effective in culturally diverse workplaces. Since diversity in the workplace is considered one of the main challenges for human resource management, the models we discuss address a very timely issue



and provide a framework that leaders in organizations around the globe might use to better understand and manage the relationships described in the models. This under-explored topic represents a major gap in the literature. Helping to narrow this gap is an important contribution that the conceptual study makes to the literature related to this topic.

**Keywords** Values, Leadership, Cultural diversity

**Paper type** Conceptual paper

### Introduction

In his book *Global Work Force 2000: The New World Labor Market*, Johnston (1991) predicted that because of the growing gap between the world's supplies of labor and the demands for it, industrialized nations will have to rely on and compete for foreign-born workers to meet their labor requirements. The result, according to Johnston, will be the creation of a global workforce composed of individuals from different cultures with different value systems. Data provided by more recent reports appear to validate Johnston's prediction. For example, Torres (2013) reported that the global workforce currently consists of approximately three-billion workers. Others (cf. Dobbs *et al.*, 2012) have reported that foreign-born workers account for approximately forty-percent of the labor pool from which employers in the more advanced economies use to meet their labor requirements.

In a book titled *Ethical Dimensions of Diversity*, Hopkins (1997) explores the value systems of different cultures around the world and raises the issue of whether the diverse cultural values that a global workforce will bring to the workplace can be reconciled to the extent that the goals of the firm as well as the personal goals of its individual members can be achieved. Several studies (cf. Ng *et al.*, 2009; Ramthun and Matkin, 2012; Taleghani *et al.*, 2010) suggest that a special type of leadership will be required to effectively reconcile different and perhaps conflicting value systems that inevitably coexist in a culturally diverse workforce, and bring them into alignment with the organization's value system. In this paper, we explore the concept of VBL as a type of leadership that has the potential to successfully meet this challenge.

Since the publishing of Johnston's (1991) *Global Work Force 2000*, several studies have focussed on leadership in culturally diverse workplaces (cf. Caligiuri and Tarique, 2012; Frost and Walker, 2007; Gutierrez *et al.*, 2012; Parvis, 2003). The most well-known are the GLOBE studies (cf. House *et al.*, 2014). The major premise of these studies is that leader effectiveness is contextual (i.e. leadership effectiveness is embedded in the societal and organizational norms, values, and beliefs of the people being led).

We note here that the focus of the GLOBE studies is on leadership effectiveness, within the context of cultural diversity, at the executive/CEO level of organizations. However, because the task of reconciling different and perhaps conflicting value systems among culturally diverse workers and aligning them with the organization's value system will most likely be assigned to lower level leaders, who provide direct supervision over an organization's workforce, the focus of our conceptual study is on this level of leadership.

Although past studies have focussed on leadership within the context of cultural diversity, very few studies have focussed explicitly on VBL (especially at the lower level of leadership) in workplaces that may be fraught with disparate cultural value systems. Moreover, prior studies have not fully explored the conditions under which VBL at this level is likely to be effective, with respect to reconciling value system differences and aligning them with the value system of organizations, in such a work environment. This under-explored topic represents a gap in the extant literature. Narrowing this gap is an important contribution that we see our conceptual framework making to the literature related to this topic.

Specifically, our objective in this paper is to explore the effectiveness of VBL within the context of two conceptual models. The first model assesses the effectiveness of VBL in a culturally diverse workplace from a deterministic perspective, and is designed to create awareness of important factors that we propose determine VBL effectiveness. At the core of this model is the notion that the effectiveness of VBL can be determined by factors such as the historical level of cultural diversity in a firm's workforce and the rate at which change occurs in the cultural composition of a firm's workforce. The second model assesses VBL effectiveness from a probabilistic perspective, and is designed to create awareness of important factors that influence the likelihood that VBL will be effective in culturally diverse workplaces. At the core of this model is the notion that the probability of VBL effectiveness can be derived by assessing the relative strength of workers' ethnic identity salience *vis-à-vis* the relative strength of the organizational culture within the workplace.

Both models not only enhance our understanding of the determinants and conditions under which VBL might be effective, but also make a contribution toward advancing the theory of VBL. Since diversity in the workplace is considered one of the main challenges for human resource management in modern organizations (cf. Alcazar *et al.*, 2013), the conceptual models address a very timely issue and provide a potential framework that leaders in organizations around the globe might use to better understand and manage the relationships described in the models. After a review of the supporting literature we present and discuss the deterministic and probabilistic models of VBL effectiveness.

### **Review of supporting literature**

As implied by the title of this paper, VBL and cultural diversity in the workplace are the two primary components of our proposed conceptual models. However, there are several other factors that are either components of the models or provide support for why the components are included in the models. Major factors/components that we define and discuss in the following sections of this paper include, culture, cultural value systems, ethnic identity salience, and organizational culture. Once these topics are discussed we turn our attention to the components that influence the determination/probability of VBL effectiveness.

#### *The concept of culture*

Culture has been defined as “[...] patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts [...]” (Kroeber and Kluckhohn, 1952, p. 181). Others (cf. Hughes *et al.*, 1993) view culture as a phenomenon that is shared by people of the same ethnicity, language, nationality, or religion. Culture has also been defined, in more general terms, as the homogeneity of characteristics that separates one human group from another (Hofstede, 1980; Trompenaars and Hampden-Turner, 1998). As noted in *Global Work Force 2000* (Johnston, 1991), workers comprising the global workforce will migrate to industrialized nations from their respective nations. Whether migrating as individuals or groups they are expected to bring to the workplaces of industrialized nations their own unique ethnic culture which includes its own set of learned behaviors, its own language, values, rules for behavior, and traditions (Hofstede, 1983; Naylor, 1998). Thus, ethnic culture is most relevant to the development of our conceptual models.

It has been opined that language and culture are intricately woven together (cf. Ogunsiji *et al.*, 2012), and that language is not only the core of a culture but is also a powerful expression of culture and is closely associated with identity (Hayes and Nation,

2012; Telles and Ortiz, 2008). Thus, when we make reference to a culturally diverse workplace in this paper we mean one where a significant proportion of an organization's workforce is comprised of individuals from distinctly different ethnic cultural groups and the dominant language used in the organization is the second language for these different cultural groups. It is also the opinion of other researchers (cf. Hofstede, 1980; Smith and Schwartz, 1997) that values are at the very heart of culture. Rokeach (1973) defines a value as "[...] a durable belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or reverse mode of conduct or end-state of existence" (p. 5). Schwartz (1999) views culture as being an aggregate of individual values, which attempts to capture the typical individual value priorities in a society, which "reflect the central thrust of their shared enculturation" (p. 26).

#### *Cultural value systems*

A value system has been defined as "[...] an enduring organization of beliefs concerning preferable modes of conduct or end-states of existence along a continuum of relative importance" (Rokeach, 1973, p. 5). It has been argued that cultural value systems represent the implicitly or explicitly shared abstract ideas about what is good, right, and desirable in a society and are the bases for the specific norms that tell people what is appropriate in various situations (cf. Williams, 1970). It has also been observed that members of different cultural groups share many value-relevant experiences and they are socialized to accept shared social values (cf. Kluckhohn, 1951; Olsen, 2015; Rokeach, 1973; Schwartz, 1992). The notion has also been set forth that there may be variation in value priorities within cultural groups (cf. Khilji *et al.*, 2014). These variations have been argued to be due to the unique experiences and personalities of different individuals, and the average of these priorities point to an underlying system of common cultural values (cf. Liska, 1990). When discussing cultural value systems and their implications for the workplace, the concept of cultural distance is relevant.

The concept of cultural distance (Azar, 2014; Hofstede, 1991; Kluckhohn and Strodbeck, 1961) refers to the extent to which ethnic cultures are different from one another. A large cultural distance would be between ethnic groups within or outside of a geographical area, where language, values, rules for behavior, and traditions are significantly different (cf. Bond, 1987; Condon, 1985). From an empirical perspective, several studies (cf. Doran and Littrell, 2013; Littrell, 2012; Søndergaard and Peterson, 2014) support the notion that a large cultural distance between ethnic cultures means that they have significantly different cultural values dimension score averages. The relevance of this concept is that the greater the distance between ethnic cultures the greater the chance for the value systems of the different ethnic cultural groups to come into conflict with one another and the value system of the organizations in which they find themselves employed. As noted by Trompenaars (1994) "However objective and uniform we try to make organizations, they will not have the same meaning for individuals from different cultures" (p. 14).

#### *Ethnic identity salience*

The concept of ethnic identity salience has been defined as the extent to which individuals hold their ethnicity to be of importance (Ting-Toomey *et al.*, 2000). Factors such as permeable/impermeable group boundaries, positive or negative intergroup comparisons, identity distinctiveness issues, and socialization processes are argued to shape individuals' ethnic membership preferences (cf. Berry *et al.*, 1989; Brewer, 1991; Houkamau and Boxall, 2015; Tajfel and Turner, 1979; Ting-Toomey, 1993). According to Hauser (2009), these

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preferences can be built on non-identification or negation of perceived differences in values and their symbolic expression, thus allowing a distinction to be made between positive and negative ethnic culture identification.

Phinney (1991) has observed that the importance of ethnic identity salience varies on a continuum from strong to weak. An individual's position on this continuum might be partly explained by social identity theory (Tajfel, 1981; Tajfel and Turner, 1979; Turner, 1982). At the crux of this theory is the notion that identification processes play a central role in the dynamics that unfold in groups of individuals. For example, Ashforth and Mael (1989) found that a consequence of strong identification is that members of groups tend to exhibit favoritism toward other group members with whom they share key salient characteristics. Furthermore, saliency in groups elicits a collective identity, because it increases the extent to which individuals identify as group members (cf. Brickson, 2000).

It has been noted in the extant literature that when the collective identity of one group of individuals contrasts with the collective identity of another group of individuals, ingroups and outgroups are formed (cf. Earley and Mosakowski, 2000). In addition, researchers have argued that when the ingroup activates its collective identity, cognitive (Tajfel, 1959, 1969), and motivational (Turner, 1982) mechanisms are evoked that can lead to prejudice and discrimination against outgroup members. The message conveyed by this stream of research is that the formation of ingroups and outgroups may strengthen and maintain ethnic identity salience.

### *Organizational culture*

The concept of organizational culture has its roots in culture theory, which derives from decades of societal cultural studies (cf. Alvesson, 2002; Chhokar *et al.*, 2007; Denison *et al.*, 2003; Hatch, 1993; Hofstede, 1980). Like societal culture, organizational culture is "comprised of many intangible phenomena such as values, beliefs, assumptions, perceptions, behavioral norms, artifacts, and patterns of behavior" (Shafritz *et al.*, 2011, p. 338). The notion of organizational culture being a concept has evolved into organizational culture theory (cf. Pacanowsky and O'Donnell-Trujillo, 1982). It has been argued (cf. Mumby, 1988) that organizational culture theory has become a major theoretical rallying point for expanding research designed to enhance our understanding of employee behavior in organizations, and that the theoretical principles of organizational culture theory emphasize that organizational life is so complex that researchers must take into consideration not only the members of the organization but the intangibles (e.g. values, beliefs, assumptions, perceptions, behavioral norms, etc.).

Attempts to operationalize this theory have resulted in several definitions of organizational culture. For example, Freytag (1990, p. 181) defines organizational culture as "[...] a distinct and shared set of conscious and unconscious assumptions and values that binds organizational members together and prescribes appropriate patterns of behavior." While many other definitions exist in the culture-related literature, the definition set forth by Schein (1992) has been most widely cited. He defines organizational culture as "A pattern of shared basic assumptions that a group has learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (p. 12).

A major theme underlying these definitions is the notion that values are important building blocks of organizational culture and they underpin the way employees approach their work, make choices and decisions, and deal with each other (cf. Gregory

*et al.*, 2009; Sankar, 1988). In support of this notion, Hofstede (1985) has observed that organizations have value systems which represent the guiding principles of the organization's culture, including what guides workers' priorities. However, an issue that arises from this notion is whether the value system of an organization is deep-seated enough that it can effectively guide the priorities of culturally diverse workers from countries where the culture-influenced value systems of organizations may be significantly different from the values systems of organizations that hire these workers. It is believed that to effectively deal with this issue, leaders in organizations must have a thorough understanding of the important role of values in human behavior (Theron, 1992). It has also been suggested that when leaders in organizations lead with values, especially the core values of the organization, employees' attitudes and behavior are strongly influenced (cf. Tsai, 2011).

### VBL

VBL has been defined and described in a variety of ways. For example, it has been defined as leadership based on foundational moral principles or values (Reilly and Ehlinger, 2007, p. 246); a relationship between a leader and followers based on a shared commitment to ideological values projected by a leader (House and Aditya, 1997); and a relationship between leaders and followers based on shared, strongly internalized values that are advocated and acted upon by the leader (Daft, 2005). Values-based leaders have also been described as those leaders with an underlying moral, ethical foundation (Bass and Avolio, 1993; Brown and Trevino, 2006). Elsewhere, VBL has been described as a leadership style in which the leader-follower relationship is formed around an axis of values (Yarmohammadian and Shatalebi, 2011).

As a result of arguments that leaders must be moral, ethical and possess values that are aligned with organizational values (cf. Copeland, 2014; Fernandez and Hogan, 2002), several values-based theories have emerged over the years that are rooted in VBL. Although a review of these theories is beyond the scope of this paper, the ones that are emphasized most in the VBL literature are authentic leadership, or being true to oneself (cf. George, 2003; Luthans and Avolio, 2003); ethical leadership, or being proactively concerned about the ethical behavior of followers (cf. Zhu *et al.*, 2004; Brown *et al.*, 2005); and transformational leadership or seeking to influence the moral values of followers (cf. Bass and Steidlmeier, 1999). The results of previous studies (cf. Bass and Avolio, 1990; Brown *et al.*, 2005) indicate that leaders who possess qualities (i.e. ethical, authentic, and transformational) that are inherent to these theories tend to be more effective than leaders who do not possess these values-based qualities.

Consistent with the results of these studies, O'Toole's (1996) contention is that these values-based qualities are manifested when leaders choose to lead based on the core values they hold dear. Kerns (2005) advises that when leaders make this choice they need to be clear about what values they champion; they need to ensure that their own behaviors are in alignment with their espoused values; and they must effectively communicate their values clearly and meaningfully to followers. Only then are they prepared to reconcile value differences of culturally diverse followers and align them with organizational values (cf. Walls and Triandis, 2014; Yarmohammadian and Shatalebi, 2011). Fernandez and Hogan (2002) propose that leaders who are most effective in reconciling worker values and aligning them with organizational values are those whose personal values are most like those of the organization.

It has been argued that when values-based leaders are able to successfully reconcile employee values and align them with organizational values, a connection is created

between employees and the organization that leads to employee growth and company productivity (cf. Dean, 2008). The importance of achieving this reconciling/alignment goal for organizational success notwithstanding, the extent to which values-based leaders are effective in achieving this goal, especially within the context of culturally diverse workplaces, has not been thoroughly explored in prior studies. Specifically, prior studies have not thoroughly examined factors that may determine the extent to which this goal is achieved or factors that influence the likelihood that they will achieve this goal. In the next section of this paper we set forth two conceptual models that we feel contributes to a better understanding of VBL effectiveness within the context of culturally diverse workplaces.

### Conceptual models

In our first conceptual model we propose that two major factors determine the effectiveness of VBL: the historical level of cultural diversity in a firm’s workforce; and the rate at which the firm’s workforce becomes more culturally diverse. In our second conceptual model we propose that two factors, organizational culture and ethnic identity salience, combine to create conditions that allow firms to assess the likelihood of VBL effectiveness. The next two sections of this paper are dedicated to discussions of these models.

#### *Deterministic model of VBL effectiveness*

The model shown in Figure 1 is derived from literatures related to cultural diversity in the workplace, suggesting factors that may determine VBL effectiveness. As indicated in this figure, cultural diversity in a firm’s workforce can be historically low or historically high and the rate of cultural recomposition of its workforce can be currently high or currently low. The term currently is translated in this paper to mean that cultural recomposition occurs over a relatively short period of time. That is, a large number of culturally diverse workers might enter a firm’s workforce over a relatively short period of time (currently high) or a small number of culturally diverse workers might enter a firm’s workforce over a relatively short period of time (currently low). Moreover, the concept of cultural recomposition is defined by Hopkins *et al.* (2005) as an event where individuals from different ethnic cultures (e.g. ethnic culture *A* to ethnic culture *Y*) are added to or replace members of a group of individuals who share ethnic culture (*Z*), where ethnic cultures (*A*)-(*Y*) are distinctly different from one another and from ethnic culture (*Z*).

In his study of multicultural organizations, Cox (1991) describes various types of firms in which different levels of cultural diversity exist in their workforce. Cox characterizes firms with a low level of cultural diversity in their workforce as being monolithic. In addition to having a historically low level of diversity in their workforce,



**Figure 1.**  
Deterministic model  
of VBL effectiveness

cultural minorities in this type of firm are concentrated in lower level jobs and inclusiveness is not a common practice. Cox characterizes firms with a high level of cultural diversity in their workforce as being multicultural. In addition to having a historically high level of diversity in their workforce, cultural minorities in these types of firms are represented in all job categories and management levels and a high level of inclusiveness is practiced.

The underlying proposition in the deterministic model is when a high rate of cultural recomposition occurs in a workforce that has historically had a low level of cultural diversity, VBL will be less effective. The rationale is that the sudden influx of culturally diverse workers creates a workplace fraught with cultural value systems that might be in conflict with each other as well incongruent with the organization's value system. In this situation, it might be argued that VBL will be less effective because the reconciliation and alignment goal may not be easily achieved. While the goal might be eventually achieved, there are other situations where the goal might be easier to achieve within a shorter period of time. We propose that one such situation exists in workforces that have historically had a high level of cultural diversity and cultural recomposition occurs at a low rate.

As indicated in Figure 1, when a low rate of cultural recomposition occurs in a workforce that has historically had a high level of cultural diversity, VBL is proposed to be more effective. The extant literature provides a rational reason for setting forth this proposition. For example, organizations with a historically high level of cultural diversity in its workforce has likely fostered a positive diversity climate (e.g. norms of cultural equality and a high degree of tolerance and acceptance of racial, ethnic, and cultural differences) in the workplace (cf. Chin, 2009; Kossek and Zonia, 1993). In such a climate the value systems of employees from different ethnic cultures, who have been long-time members of the firm's workforce, have likely been reconciled and aligned with the organizations' value system (cf. Lu *et al.*, 2012; Olson *et al.*, 2013; Oerlemans and Peeters, 2010). Subsequently, the goal of reconciling the values of new global workers entering the organization at a low rate is facilitated.

Not shown in Figure 1 are situations where the cultural diversity in a firm's workforce has historically been low and recomposition occurs at a low rate. Also not shown are situations where the cultural diversity in a firm's workforce has historically been high and recomposition occurs at a high rate. We would argue that in both situations VBL will be more effective than in situations where the rate of recomposition is high in workforces that have historically been low but perhaps less effective than in situations where recomposition occurs at a low rate in workforces that have historically had a high level of cultural diversity. In the former situation (low/low), for example, organizations would have time to adapt to cultural changes in the workforce. And in the latter situation (high/high), the organization has likely become accustomed to dealing with cultural changes and have put in place adaptive mechanisms (e.g. diversity training, etc.) to facilitate such changes.

In summary, the deterministic model provides a graphic portrayal of the variables that we propose impact VBL effectiveness. These variables are supported in research indicating that in organizations that have historically had a high level of cultural diversity in their workforce, employees from different ethnic cultures have adopted some of each other's norms (cf. Cox, 1991) thus making it easier for leaders to reconcile the values of current and new workers entering the workforce at a low rate. Logically, it should be more difficult for leaders to reconcile these values when cultural diversity in the workforce has been historically low and the recomposition rate is high. Also, when firms have created a positive diversity climate that fosters norms of cultural equality

and acceptance of cultural differences, employees are argued to retain their identities yet achieve interdependence and mutual identity (cf. Cox, 1993; Kossek and Zonia, 1993). In such situations, we would argue that leaders will have an easier time aligning the value systems of culturally diversity workers with the organization's value system. This is consistent with the historically high/currently low situation portrayed in the model. Arguments provided in this supportive literature can be extrapolated to other situations in the model and suggests that the following proposition is reasonable:

- P1a.* VBL will be more effective when the level of cultural diversity in a firm's workforce has historically been high and the rate of cultural recomposition in the firm's workforce is low.
- P1b.* VBL will be less effective when the level of cultural diversity in a firm's workforce has historically been low and the rate of cultural recomposition in the firm's workforce is high.

*Probabilistic model of VBL effectiveness*

A question addressed by our probabilistic model is: what factors influence the likelihood that VBL will be effective in culturally diverse workplaces? We propose that the relative strength of a firm's organizational culture and the relative strength of the ethnic identity salience of culturally diverse workers are two major factors that influence this likelihood. These factors are incorporated in the probabilistic model of VBL effectiveness shown in Table I. As indicated in this table, the organizational culture of the workplace can be strong or weak.

Strong organizational cultures are those in which values and beliefs are widely shared and significantly influence employees' behavior in the workplace (cf. Badovick and Beatty, 1987; Deal and Kennedy, 1982). Several studies (cf. O'Reilly, 1989; O'Reilly *et al.*, 1991; Schneider, 2000; Wiener, 1988) contend that a strong organizational culture

		<b>Organizational Culture</b>	
		<i>Strong</i>	<i>Weak</i>
<b>Ethnic Identity Salience</b>	<i>Weak</i>	<p style="text-align: center;"><b>Condition One</b></p> <p>➤ <b>Characterization</b> <i>Leveraging Culture</i></p> <p>➤ <b>Likelihood of VBL Effectiveness</b> <i>Very High</i></p>	<p style="text-align: center;"><b>Condition Three</b></p> <p>➤ <b>Characterization</b> <i>Co-depending Cultures</i></p> <p>➤ <b>Likelihood of VBL Effectiveness</b> <i>Moderate to High</i></p>
	<i>Strong</i>	<p style="text-align: center;"><b>Condition Two</b></p> <p>➤ <b>Characterization</b> <i>Competing Cultures</i></p> <p>➤ <b>Likelihood of VBL Effectiveness</b> <i>Very Low</i></p>	<p style="text-align: center;"><b>Condition Four</b></p> <p>➤ <b>Characterization</b> <i>Limiting Culture</i></p> <p>➤ <b>Likelihood of VBL Effectiveness</b> <i>Low to Moderate</i></p>

**Table I.**  
Probabilistic model  
of VBL effectiveness

contains two important traits: the ability of leaders to influence employees to behave in a manner endorsed by the organization; and agreement on the part of employees regarding the importance of organizational values. In agreement with this assessment, others (cf. Jackson, 1966; Saffold, 1988) have found that organizations with a strong culture create clear and coherent values and expect employees to agree with and care intensely about those values.

As indicated in the table and supported by Phinney (1991), the ethnic identity salience of culturally diverse employees can be strong or weak. Ting-Toomey (1993) sets forth the argument that individuals whose ethnic identity salience is weak have “[...] little ethnic interest, knowledge, commitment, or involvement, and negative evaluation of the group and of one’s membership in the group” (p. 194). Moreover, she contends that individuals who experience weak ethnic identity salience are less likely to embody values associated with their ethnic group membership. Before discussing the four conditions set forth in the model, we point out that primary indicators of VBL effectiveness are leaders’ ability to reconcile the values of culturally diverse workers and, once this is achieved (or perhaps simultaneously), their ability to align the values of culturally diverse workers with the organization’s core values.

As indicated in Table I, we propose that condition one exists when organizational culture is strong and the ethnic identity salience of workers from the global workforce is weak. Several studies (cf. Gudykunst, 2005; Holtgraves, 2014; Organista *et al.*, 2010) support the notion that individuals can experience weak ethnic identity salience in a culturally unfamiliar environment. The reasoning is that in such an environment there is inconsistency in repeated cultural routines that individuals experience in a familiar cultural environment. Subsequently, they will tend to experience identity change which may weaken their ethnic identity salience (cf. Holtgraves, 2014). Moreover, individuals with a weak ethnic identity salience are less likely to embody the values and norms associated with their ethnic group membership and thus are more likely to accept (or assimilate) other values (cf. Ting-Toomey *et al.*, 2000).

From an organizational culture perspective, a conclusion to be drawn from this line of research is when ethnic identity salience is weak, individuals are vulnerable to influence attempts designed to bring them into conformance with the values of the prevailing organizational culture. A conclusion that might be drawn from other research (cf. Driskill and Brenton, 2011; Lussier, 2015; Miroshnik, 2013) is that leaders may be able to leverage a strong organizational culture to facilitate conformity. For example, when organizational culture is strong values permeate the entire organization, identification with the culture among all employees is strong, and most employees can tell stories about the history and heroes of the organization (cf. Driskill and Brenton, 2011). As indicated in the model, we characterize condition one as leveraging culture because leaders have the opportunity to use these indicators of a strong organizational culture as a lever to bring the values, attitudes and behaviors of global workers into alignment with the core values of the organization.

When this condition exists, it is likely that leaders will find it easier to reconcile the values of culturally diverse workers. Subsequently, the ability of leaders to influence workers to behave in a manner endorsed by the organization (i.e. value alignment) is also likely to be easier. Thus, under this condition we propose that the probability of VBL being effective is likely to be very high. Formally:

- P2. Under condition one, leveraging culture, the probability of VBL effectiveness is likely to be very high.

We propose that condition two exists when organizational culture is strong and the ethnic identity salience of workers from the global workforce is also strong. Ting-Toomey (1993) contends that individuals with a strong ethnic identity salience self-identify as “group members, evaluate their group positively, prefer or are comfortable with their group membership, are interested in, knowledgeable about, and committed to the group, and are involved in ethnic practices” (p. 194). Moreover, individuals whose ethnic identity salience is strong may feel that by “buying” into the values espoused by the organization or other cultural groups their ethnic identity may be threatened and will tend to strengthen their salience (cf. Thomas, 2011; Verkuyten, 2009). When this is the case, individuals tend to be more prejudiced and show greater readiness for conflict behavior toward other groups (cf. Phinney, 1991).

As discussed earlier in this paper, organizations with a strong culture are argued to create clear and coherent values and expect employees to agree with and care intensely about those values (cf. Jackson, 1966; Saffold, 1988). Moreover, when organizational culture is strong there is pressure from employees for nonconformists to conform to the core values of the organization (cf. Lussier, 2015). The implication here is because workers’ ethnic identity salience is strong they are less likely to accept the values of the organization or other cultural groups in the workplace, whose values may be aligned with the core values of the organization. Consequently, there may be resistance to attempts to bring them into conformance with the core values of the prevailing organizational culture.

On the one hand, a conclusion to be drawn from the foregoing discussions is that individuals with a strong ethnic identity salience may feel that by conforming to the core values of the prevailing organizational culture their ability to maintain their own cultural identity will be threatened. On the other hand, a conclusion to be drawn from these same discussions is that organizations with a strong culture expect employees to agree with and care intensely about the core values underlying their organizational culture. This competition for cultural dominance led us to characterize condition two as competing cultures. As a result of several cultural groups working side-by-side in the workplace, and each identifying strongly with their own ethnic values, leaders may not only find it difficult to influence workers to behave in a manner consistent with their organizational culture, they may also find it difficult to reconcile the values of culturally diverse workers in the workplace. In terms of a formal proposition:

- P3.* Under condition two, competing cultures, the probability of VBL effectiveness is likely to be very low.

We propose that condition three exists when organizational culture is weak and the ethnic identity salience of workers from the global workforce is also weak. According to Miroshnik (2013), when organizational culture is weak employees depend on management to provide them with strong and clear direction. This dependency might be attributed to observations (cf. Driskill and Brenton, 2011) that organizational values are limited to top management in weak organizational cultures so there is no agreement between leaders and followers about the importance of organizational beliefs, values, etc. (cf. Jackson, 1966; Saffold, 1988). Lussier (2015) admonishes that employees may even become rebels and fight against the culture when there is no agreement. In addition to this reason for reaching such an agreement, Ruschak (2012) notes that when an agreement is reached employees are most likely willing to adopt the beliefs and values of the organization, which is an indication that organizational culture is on the path to becoming strong. The overriding message conveyed by this line of research is that a strong organizational culture depends on strong leadership.

When individuals from different cultures find employment in a culturally unfamiliar work environment, it has been argued that in some cases their ethnic identity salience tends to be weak (cf. Holtgraves, 2014). It has also been argued that individuals with a weak ethnic identity salience are less likely to embody the values and norms associated with their ethnic group membership and thus are more likely to accept (or assimilate) other values (cf. Ting-Toomey *et al.*, 2000). Such acceptance is likely to be reinforced when the diversity climate in the organization is positive (cf. Buttner *et al.*, 2010; Chung *et al.*, 2015; Goyal and Shrivastava, 2013; Kossek and Zonia, 1993). The overriding message conveyed by this line of research is that when culturally diverse workers are hired into organizations, where the work environment is unfamiliar to them, they also depend on management to provide them with strong and clear direction. This is likely to be the case when organizational culture is weak because there are neither clear nor coherent values. Moreover, there are no expectations that employees should care about organizational values.

The foregoing discussions and supporting research leads us to conclude that workers from different cultures, as well as the organizational culture that determines the environment in which they work, are both dependent on strong leadership for direction. Subsequently, as indicated in Table I, when organizational culture and ethnic identity salience are both weak this condition is best characterized as co-depending cultures. Under this condition we propose that the probability of VBL being effective is likely to be moderate to high, since building a strong organizational culture will likely take time with a steep learning curve to maneuver. Thus, the following proposition seems appropriate:

- P4.* Under condition three, co-depending cultures, the probability of VBL effectiveness is likely to be moderate to high.

Finally, we propose that condition four exists when organizational culture is weak and ethnic identity salience is strong. As noted earlier in this paper, research (cf. Thomas, 2011; Verkuyten, 2009) supports the notion that individuals whose ethnic identity salience is strong may feel that by “buying” into the values espoused by the organization, or the values of other cultural groups in the organization, their own ethnic identity may be threatened. Subsequently, they will tend to strengthen their salience and resist attempts to bring them into conformance with the core values of the prevailing organizational culture. However, since the prevailing organizational culture is weak and norms and values are not widely and strongly shared (Ruschak, 2012), there is likely to be no attempts made to bring them into conformance with components of organizational culture that are difficult to identify.

Considering that culturally diverse employees may be more committed to maintaining their own system of values rather than buy into the organization’s system of values when their ethnic identity salience is strong, the value systems of the various ethnic groups are likely to “rule the day” in weak organizational cultures. Under such a condition, we would argue that leaders’ ability to reconcile the value systems of the various culturally diverse workers and align them with a loosely defined organizational value system will be severely limited. Thus, as indicated in Table I, we have appropriately characterized this condition as limiting culture. Under this condition we propose that the probability of VBL being effective is likely to be low to moderate, since leaders may be leading from a weak position. Formally:

- P5.* Under condition four, limiting culture, the probability of VBL effectiveness is likely to be low to moderate.

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## Discussion and implications

It is well documented that the success of organizations is largely a function of leadership effectiveness (cf. Gilley *et al.*, 2008; Jing and Avery, 2008; Lieberman and O'Connor, 1972; Magbool and Misra, 2014; O'Reilly *et al.*, 2010; Thomas, 1988). Given the relationship between leadership effectiveness and organizational success, it is important that leaders are aware of and have a good understanding of factors that may have an impact on their effectiveness. The values that employees bring to the workplace represent a major factor that impacts leadership effectiveness. Do their values foster a strong work ethic, cooperative behavior, a commitment to organizations and their success, etc.? Leadership effectiveness, resulting in organizational success, will require affirmative answers to such questions.

While leaders may be aware of the impact that employee values have on their effectiveness, they may lack a clear understanding of these values and the underlying dynamics they manifest in the workplace. In organizations where the composition of the workforce is predominantly culturally homogeneous, it is likely that leaders have little need, practice, or reflection related to value-difference in the workplace. This assertion is supported by Cox (1993) who contends that in monolithic organizations, where the workforce is largely homogeneous, values, standards, and symbols are relatively consistent, and the cultural ideal is almost all-embracing, expectations of behavior deriving from value systems are unlikely to differ. However, in organizations where the composition of the workforce is undergoing a significant cultural diversity change, leaders are not likely to initially comprehend the impact unfamiliar values among culturally diverse workers have on their effectiveness. Further, leaders in this setting are unlikely to have any practice in managing conflicting value systems.

In total, 50-plus years of cultural diversity research (cf. De Abreu Dos Reis *et al.*, 2007) conclude that organizational leaders in more advanced economies are beginning to, or may already, have a better understanding of the impact that culturally diverse values can have on their effectiveness. However, leaders of organizations in less advanced economies, as well as leaders of organizations in more advanced economies that are located in geographical areas where there is very little cultural diversity, may be just beginning to experience significant changes in the cultural composition of their workforce. Subsequently, they may not have sufficient awareness of what we propose are important culture-related factors that will impact their leadership effectiveness. The deterministic and probabilistic models of VBL effectiveness set forth in this paper was designed to address this awareness issue. Implications for theory and practice derive from both models.

## Theoretical implications

In the introduction to this paper, we stated that one of our objectives was to make a contribution toward advancing the theory of VBL. Recent research related to VBL and diverse workplaces (cf. Chin and Trimble, 2015; Kraemer, 2015; Jonsen *et al.*, 2015; Prause, 2015) suggest that the search for answers to lingering questions about the effectiveness of VBL in diverse workplaces is still in progress. The conceptual models set forth in this paper are not only designed to provide answers to these questions, but also to stimulate new ideas and discussions about this important topic. The models also contribute new variables to existing VBL frameworks that have the potential to alter our understanding of VBL effectiveness. For example, variables such as honesty, integrity, and trustworthiness are primary variables used in existing frameworks to assess VBL effectiveness. The deterministic and probabilistic models introduce new variables (i.e. historically level of

cultural diversity in the workforce, rate of cultural recomposition, strength of workers' ethnic identity salience, and strength of organizational culture) that have the potential to enhance our understanding of VBL by adding to the list of possible determinants of its effectiveness as well as the conditions under which it is likely to be effective.

Another contribution that our models make is that they enhance our understanding of VBL effectiveness at an important level of leadership in organizations. For example, the GLOBE studies (cf. House *et al.*, 2014) centers around the topic of leadership effectiveness (be it values based or otherwise) within the context of a culturally diverse workplace at the top-executive level of leadership. In contrast, the focus of our conceptual study is at the lower level of leadership in organizations. Since the GLOBE and many other studies have not focussed explicitly on VBL effectiveness at this level of leadership, under conditions of workplaces that may be fraught with disparate cultural values systems, our models provide a framework that facilitates the learning of new information about this topic. As such, the models might be viewed as making a significant theoretical contribution toward advancing the theory of VBL.

The theoretical contributions made by our conceptual study notwithstanding, there are limitations that will require future research efforts to overcome. One limitation is the conceptual nature of the models. Empirical validation of the models will be required to test the veracity of the propositions derived from them. While there are likely to be others, both models only consider two variables from which the propositions are derived. This represents another limitation. Having noted these limitations, our recommendation is that future research efforts not only focus on validating the models in their current state of development but also consider other variables that may impact VBL effectiveness.

Experience of the leader is one variable that may have a significant impact on VBL effectiveness. For example, if an individual is promoted into a leadership position with no prior leadership experience in a culturally diverse workplace, he/she will most likely lack a clear understanding of the different value systems that workers from the global workforce bring to the organization and the underlying dynamics these values might manifest in the workplace. Empirical research might determine the extent to which experience help or hinder a leader's ability to reconcile the different values systems that culturally diverse workers bring to the workplace. Another possible variable might be leadership tenure in a particular organization. If, for instance, a leader is new to the organization she/he may have only cursory knowledge of the culture and values of the organization and the degree to which employees share these values. An issue raised is whether this level of knowledge will affect leaders' ability to align the different values systems that culturally diverse workers bring to the workplace with the value system of the organizations in which these workers are employed. Thus, empirical research might also seek to determine the impact of tenure on VBL effectiveness.

Finally, future research might address issues related to timing. Under conditions two, three and four in the probabilistic model, for instance, the likelihood of VBL effectiveness is suboptimal, where the likelihood of VBL effectiveness being very high (condition one) represents the optimal situation. With respect to conditions two, three and four, an implied assumption is that factors (i.e. organizational culture and ethnic identity salience) influencing the likelihood of VBL effectiveness create these conditions initially and at some point in time the likelihood of VBL will reach the optimal state (i.e. very high). What is missing in the model is an estimate of when these conditions might reach this optimal state. Empirical research will be required to determine when or if these conditions will reach this state. Such research might also seek to identify factors that might help or hinder movement toward this state.

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*Practical implications*

Underlying the situation described at the left end of the deterministic model (historically low level of cultural diversity in the workforce and the current rate of cultural recomposition is high) is the notion that the incongruence of values among the culturally diverse workers from the global workforce entering the organization, as well as the incongruence of values between these incoming workers and the values of the culturally homogeneous workers comprising the organization's existing workforce, can be attributed to VBL being less effective. A major implication for practice derived from this situation is the need for leaders to develop a values management strategy (cf. Paarlberg and Perry, 2007). Such a strategy entails developing or having a strong set of core values for the organization, clearly communicating those values, and having reward and management systems to reinforce those values.

This strategy implies that once implemented the tendency for culturally distinct workers (incoming and existing) to identify with their own values will decrease and the tendency for them to identify with the values of the organization will increase. A positive diversity climate (e.g. norms of cultural equality and a high degree of tolerance and acceptance of racial, ethnic and cultural differences) in the workplace is argued to provide the type of environment for the successful implementation of this strategy (cf. Chin, 2009; Kossek and Zonia, 1993). That is, if this climate fosters beliefs that organizational values are congruent with workers' values workers may feel that they should integrate their values with organizational values (cf. Grojean *et al.*, 2004). Further, if leaders' values are perceived to be congruent with organizational values, their actions are likely to be viewed by workers as the standard of acceptable conduct and modeled as appropriate and necessary for achieving their personal as well as organizational goals (Grojean *et al.*, 2004).

With respect to the probabilistic model, condition two and condition four hold the strongest implications for practice. When these conditions exist, the likelihood of VBL being effectiveness is proposed to be very low and low to moderate, respectively. The various studies cited in this paper provide convincing evidence that a major variable affecting VBL effectiveness under these conditions is the potential for the ethnic identity salience of culturally diverse workers to be strong when they enter the workforce of organizations. Relevant questions to be answered under these conditions might include: what would be the impact on the likelihood of VBL effectiveness if the greatest proportion of the workers hired in a large cohort represented workers from the same ethnic culture? Would these workers' tendency be to reinforce their ethnic cultural values thus strengthening their ethnic identity salience?

It has been reported that the salience of an individual's identity is influenced by the degree of commitment that individual has to the identity (cf. Burke and Reitzes, 1991). It has also been reported that the greater the number of persons who shares an identity with that individual, the greater will be the individual's commitment to that identity (cf. Stryker and Serpe, 1982, 1994). These reports have clear implications for practice. What they imply is that organizational leaders may be able to increase the likelihood of VBL effectiveness by hiring only a limited number of workers from the global workforce who share the same ethnic culture. Although individuals who share the same ethnic culture may not have the same level of identity commitment (i.e. unequal salience strength), this practice may increase the likelihood that VBL will be effective. However, making cultural proportionality a part of the decision making process when hiring culturally diverse workers is likely to have other implications as well. For example, does such a practice have ethical and/or perhaps legal implications?

*Concluding remarks*

Values continue to receive considerable interest in popular business media (e.g. Colvin, 2013; Gentile, 2010; Smergut, 2005), and VBL is receiving increasing attention in the leadership literature (cf. Copeland, 2014; Hess and Cameron, 2006). This is largely because it is fundamental in developing organizational values and employees' values-based behaviors (Driscoll and Hoffman, 2000; Coleman, 2000). Although VBL effectiveness within the context of increasing cultural diversity in the workplace has important implications for organizational success, this topic has not been thoroughly explored in the leadership/management literature. Consequently, many issues related to this topic remain unresolved. This gap in the extant literature suggests the need for additional exploratory research. The conceptual models we set forth in this paper represent an attempt to partially satisfy this need. While we acknowledge that additional gaps in the models can be identified and hopefully filled by future research efforts, in their current state of development they have important implications for organizational leaders as well as for those interested in advancing research on the topic of VBL effectiveness.

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