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WHAT DOES DIVERSITY MEAN TO CHINESE EMPLOYEES?

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In Western technology industry, diversity is seen as a way to promote innovation. What does diversity mean to Chinese companies and how diversified are they?

Diversity and Innovation

Apple, Google, and Facebook are famous, innovative giants in the high technology industry. However, not much has been said about their talent management strategy. Since 2013, these companies have been releasing their annual Equal Employment Opportunity (EEO) reports. In the report, they disclose their employee information in term of diversity attributes: ethnicity and gender, and the distribution of these attributes in various positions, including technical versus non-technical and leadership versus non-leadership roles.

To stimulate innovation, these company all target to increase the proportion of females and the country's underrepresented minorities (URM), including Black, Hispanic, Native American, Native Hawaiian, and Other

Pacific Islander. And they all emphasize employee diversity management. Why? Because as Apple says, “The most innovative company must also be the most diverse”.

To better manage workforce and promote diversity, first we need to understand what diversity mean to employees. Denise Young Smith, Apple Vice President of Worldwide Human Resources, once said, “Diversity is more than gender, race, or ethnicity. It’s richly representative of all people, all backgrounds, and all perspectives. It is the entire human experience.” That is to say, other than differences on the surface level such as ethnicity, gender, and age, there are also deep-level differences such as education, functional background, and personality.

However, from industrial practice to academic research, more still needs to be done to explore diversity attributes and their influences on human resources. Furthermore, more needs to be done to explore diversity in different contexts, such as in China, which is lacking in both industries and the academic field.

To examine the above question, Professor **Dora Lau** from the Department of Management, CUHK Business School and myself interviewed 92 employees from nine organizations in different industries of various sizes and capital structures in Beijing and Shanghai. The findings from our working paper offer a brief picture of diversity in the two major cities in China.

In general, 72 percent of the interviewees noticed the existence of diversity in their organizations and 46% considered diversity to be desirable as it could promote innovation in the company. The study also reveals the diversity attributes which are unique to China and that deep-level diversity (such as personality and work experience) having more influence than surface-level diversity (such as gender and age) on the workforce.

UNIQUE DIVERSITY ATTRIBUTES IN CHINA

Provincial diversity

One of the attributes unique to China found in the story is provincial diversity which has never been discussed before in the extant literature based on US and European studies. Provinces are the highest level of administrative divisions in China; the concept of which is similar to the concept of ‘states’ in the United States. Each Chinese province has some degree of autonomy in terms of local administration and financing, and has non-overlapping geographical boundaries.

In Western diversity research, the birth and upbringing from different administrative divisions within a country was seldom considered to be a key attribute of diversity. However, in our study in China, 43% interviewees considered provincial background to be a source of diversity at work, as one interviewee said, “China is a big country. If you come from a different province, you carry certain characteristics with you.”

China consists of 34 provincial level administrative units, and the provincial diversity in the population of each provincial level administrative unit is different from one another. In mega cities like Beijing and Shanghai, which attract people from all over the country to explore job opportunities, the provincial diversity is fairly high. As more and more immigrants join the big cities, the differences between local citizens and immigrants become salient.

One major difference is that people born and growing up in top-tier provinces and cities have enjoyed a much higher standard of living in the recent decade as compared to people from outside these cities, resulting in differences in social-economic status between the two groups. An interviewee shared, “There is a problem with the locals from Beijing – they have their own houses, and they don’t have much pressure on earning a living, so maybe that’s why they are not so determined to work.”

Interestingly, we also observed that provincial diversity was more salient in Shanghai than in Beijing. In China, Shanghainese is commonly considered to have a strong sense of identity, partly because of the city’s

long history of being a prosperous city and its strong prevalence of local dialect which is different from the official language of Putonghua in Beijing.

Education diversity

In terms of education, 41% of the interviewees observed the existence of education diversity, and talked about it in terms of education background (e.g., accounting, economics), level of education (e.g., Ph.D, master degree), and prestige of school (e.g., famous or not).

Moreover, Chinese seems to consider studying in local schools different from studying overseas in terms of knowledge structure, logic of thinking, and attitudes towards work. For instance, one interviewee talked about a colleague who studied overseas as “being influenced by both the Chinese and Western culture, and her way of thinking being more creative and liberal-minded.”

Though education is a universal attribute in diversity, the Chinese employees in our study have discussed a unique aspect in terms of local vs. overseas education, which has not been discussed before.

SURFACE-LEVEL DIVERSITY

Consistent with the extant literature on diversity, the Chinese employees in our study also commented on diversity in readily observable attributes such as gender and age.

Gender diversity

38 percent of the interviewees reported gender diversity in their current team. Further discussions reveal that many of our interviewees related gender differences with other dispositional characteristics or behavioral differences, which are consistent with the prejudice towards gender roles in the Chinese society. One interviewee said, “Male is careless and female is more careful; males are more sensitive to the trend but when females do transactions, they are very careful.”

Age diversity

Age difference and generation gap was the second most commonly mentioned (48%) diversity attribute and our interviewees seem to be highly sensitive to age difference, as they could tell the exact year of birth of their colleagues. For example, one interviewee told us that her team members in retail banking were even younger and some were born between 1985 and 1989, and that the oldest team member in corporate banking was born in 1963. Among interviewees who reported having age diversity in their teams, nearly half of them considered age diversity an important aspect for a team, especially the age of female employees because of pragmatic reasons. For instance, one interviewee said, “There are many females in the team. Most of them have reached the age for marriage. If they are all pregnant, they will need to take maternity leave for half a year.”

DEEP-LEVEL DIVERSITY

Personality diversity

Personality was the most prominent and widely mentioned (51%) diversity attribute among our interviewees who used it as a broad term to describe individual differences. Conscientiousness, which refers to whether an individual is dependable, self-disciplined and who acts dutifully was the most salient one mentioned among the interviewees. Other salient personality traits included extraversion, openness to experience, and agreeableness.

Work experience and tenure diversity

Work experience was an attribute mentioned by 34% of the interviewees. The differentiation of working in local or state-owned companies versus working in foreign companies was particularly salient for the interviewees. One said, “My colleague has worked in a state-owned enterprise. She also worked in a foreign company in the past. Therefore, she has diverse experiences in different aspects.”

On the other hand, the interviewees would also differentiate work experience of individual by length or time (e.g. years). The years of work experience also indicated work capability. “If that person has some working experience, the manager would say she can do this kind of job, and demand more from that person,” said an interviewee.

The study also reveals that these deep-level diversity attributes, which are not readily observable, as compared to surface-level attributes, reflect more about employees’ attributes and behaviors in the workplace, and have more direct influences on employees’ performances. For example, a conscientious employee will often voluntarily work overtime to finish a task on time, whereas a less conscientious employee will attribute the delay of tasks to other coworkers or the management. In the study, we could tell the performance differences between these two types of employees. However, since the attributes are difficult to recognize immediately, it is not so easy for human resource specialists to manage accordingly.

Implications

Understanding what diversity means to employees is the first step to learn how diversity could influence employees’ performances and better manage workforce diversity. Top technology companies, such as Apple, Google, and Facebook, value employee diversity; they believe that diverse perspectives, skills and knowledge can promote innovation. Is diversity being valued in the same way in China as in the West? How could the diversity of employees promote innovation in China? More discussions will be needed to answer these questions.

Few academic studies and diversity management practices have comprehensive understanding on especially deep-level diversity. Our findings have attempted to describe these differences in China, in particular, in Beijing and Shanghai, in detail.

Reference:

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