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## **Diversity management in ageing societies: A comparative study of Germany and Japan\*\***

In response to demographic change organizations in Germany and Japan have recently begun to adapt their human resource management practices to embrace employees with diverse backgrounds: e.g. females, foreigners, or older workers (aged fifty and older). Based on a survey of 209 organizations we compare the current situation of diversity management practices in the two countries. Our findings indicate that, due to institutional differences, the scope and focus of diversity management varies significantly. Japanese diversity management focuses primarily on gender, whereas German organizations adopt a broader approach. While Japanese organizations consider communication and HR initiatives more important, German organizations assign a higher importance to practices integrating diversity in everyday work.

**Key words:** diversity, diversity management, resource dependence theory, Germany, Japan, ageing societies-(JEL: M14, J82, J11, O15, O57)

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## Introduction

The demographic change in industrialized countries worldwide has led to a shift in the age structures of labour markets, resulting in a shortage of human resources and an increasing demand for highly skilled employees (Frank & Taylor, 2004). In response, organizations have started to modify their human resource management (HRM) practices to recruit and retain a more diverse workforce such as females, foreigners, or older workers whom we refer to as workers aged 50 and older (Kooij, de Lange, Dijkers, & Jansen, 2008). However, according to Cox (2001) diversity can be defined as a “double-edged sword” as it can be both a performance barrier and value-adding activity (Cox, 2001, p. 4). Thus, in order to fully exploit the opportunities of diversity while avoiding potential disadvantages (Cox, 1993; van Knippenberg & Schippers, 2007), organizations need to actively manage diversity (e.g., Thomas & Ely, 1996). The idea of managing diversity refers to a systematic approach of managing and involving diverse employees such as targeted recruitment initiatives, education and training, career development, or mentoring programs in order to increase and retain workforce heterogeneity in organizations (Cox, 1993). Similarly, age diversity management refers to HRM practices, which are adjusted to an age-diverse workforce (Boehm, Kunze, & Bruch, 2013). While prior empirical research has greatly enhanced our understanding of the effects of diversity management and age diversity management in particular (Bieling, Stock, & Dorozalla, 2015; Boehm et al., 2013; Rabl & Triana, 2014), the vast majority of prior studies was confined to single country studies, mostly in the U.S. and Western Europe (see Drabe, Hauff, & Richter, 2015; Muller-Camen, Croucher, Flynn, and Schroder, 2011 as exceptions). However, prior research suggests that the design, implementation, and success of diversity management vary across countries (Ferner, Almond, & Colling, 2005; Peretz, Levi, & Fried, 2015) due to institutional and cultural differences (Lauring, 2013; Stoermer, Hildisch, & Froese, in press). Thus, more comparative research is needed to better understand how companies understand diversity management and which practices companies implement in different contexts.

Our study contributes to diversity literature in two ways. First, we extend prior research by conducting a comparative, empirical study on diversity management. This enables us to examine commonalities and differences of the implementation of diversity management in the light of the institutional context of the respective countries. We provide a special focus on the issue of age diversity management in a comparative setting. We chose Germany and Japan as examples because of important commonalities and differences between them. On the one hand, their populations are among the oldest worldwide with a median age of about 46.1 years (second only to Monaco with 51.1 years; CIA, 2015b, United Nations, 2013a, 2013b), and are thus affected by an aging and shrinking workforce. On the other hand, although the two countries are comparable in terms of wealth (Drabe et al., 2015), and confronted by similar demographic challenges, there are institutional and cultural differences that might affect how organizations respond to these challenges. First, Germany and Japan differ significantly regarding their societal diversity: while Japan still remains a rather homogenous society in terms of its ethnic background (Mackie, Okano, & Rawstron, 2014), Germany has become a diverse, immigrant society (Federal Office for Migration and Refugees,

2005). Second, relevant in the context of age diversity, the cultural attitudes toward age and aging differ profoundly (Oetzela et al., 2001). East Asian societies such as China, Japan, or Korea, have a notable tradition of respect toward seniority (Sung, 2001). In contrast, older people in European countries, such as Germany, often encounter negative stereotypes such as tardiness or lack of motivation (Krings, Sczesny, & Kluge, 2011; Kunze, Boehm, & Bruch, 2013). Third, Germany's and Japan's national culture differs significantly. According to the cultural scores provided by Hofstede (2001), the German culture can be characterized as lower in power distance, masculinity and uncertainty avoidance than Japan. This is of importance, because Stoermer et al. (in press) proposed that diversity management will be more successful in societies scoring low on these values. Accordingly, we examine how expectations toward diversity, the definition of diversity, resulting workforce diversity, as well as the importance of particular diversity management practices differ between Germany and Japan.

Second, while (age) diversity has been extensively studied in the Western context (Armstrong-Stassen & Lee, 2009; Muller-Camen et al., 2011; Riach, 2009), little research has been conducted in Asian countries. Prior research in the Asian context investigated e.g. the effect of age diversity on organizational (Li, Chu, Lam, & Liao, 2011) and individual outcomes (Chan & Wu, 2009), the moderating role of age diversity (Drabe et al., 2015; Park & Kim, 2015), and diversity management practices (Magoshi & Chang, 2009). By analysing the responses of Japanese organizations to the demographic shifts and comparing them to a Western country, our study offers new insights into the influence of different contexts on the concept of diversity management in a rather under-explored setting.

## **Theoretical background and literature review**

Resource dependence theory suggests that organizations facing shortages of critical resources will either try to find ways to maintain access to these resources, or start gaining access to alternative sources or substitutes for these resources (Pfeffer & Salancik, 1978). In consequence, these resources receive particular strategic attention within organizations. In aging societies, where qualified talent is becoming a critical and increasingly demanded resource for organizations' future success (e.g., Gardner, 2002; Ng & Burke, 2005), alternative resources have to be discovered. For instance, besides females and foreigners (Benson, Yuasa, & Debroux, 2007; Richard, 2000) organizations have started to broaden their activities of recruitment and retention not only toward young employees but also increasingly older job seekers and employees (Kunze, Boehm, & Bruch, 2011; Tempest, Barnatt, & Coupland, 2002). This implies that organizations today employ workers belonging to different generational cohorts. A generational cohort is defined as 'individuals who experienced the same events within the same time interval' (Ryder, 1965, p. 845). Accordingly, due to similar experiences, generations share similar values, beliefs and attitudes among their cohort (D'Amato & Herzfeldt, 2008; Macky, Gardner, & Forsyth, 2008). In consequence, employing workers from different cohorts implies that individuals with different expe-

riences and value differences are supposed to work together at the workplace (Wey Smola & Sutton, 2002). This can entail risks, such as conflicts or misunderstandings between the different age groups (Boehm, Baumgaertner, Dwertmann, & Kunze, 2011; Jehn, Northcraft, & Neale, 1999; Simons, Pelled, & Smith, 1999). Prior research has, however, found mixed results regarding the effects of an age diverse workforce, because greater heterogeneity in terms of age among employees can also lead to advantages, such as increased knowledge sharing (Lauring & Selmer, 2012; MacCurtain, Flood, Ramamoorthy, West, & Dawson, 2010) or innovativeness (Choi, 2007; Park & Kim, 2015). In consequence, it is essential for organizations to address the needs and values of the different cohorts and age groups in order to manage them successfully (Cogin, 2012). On the contrary, it can entail risks, such as conflicts or misunderstandings between the different age groups (Boehm, Baumgaertner, Dwertmann, & Kunze, 2011; Jehn, Northcraft, & Neale, 1999; Simons, Pelled, & Smith, 1999). A fundamental aspect of age diversity management is thus to develop an age-diversity friendly climate (Boehm et al., 2013; Kunze et al., 2011) to enable cooperation among employees of all ages and in all life phases to fully explore the potential of a diverse workforce.

These attempts to foster an inclusive working atmosphere, however, are not context-free, since organizations are affected by various factors in their environment which have an impact on their actions (DiMaggio & Powell, 1983). From an institutional perspective, Japanese politics have responded very actively to demographic shifts. For instance, a new law has been put into force increasing the pension eligibility age gradually from 62 to 65 (Kashiwase, Nozaki, & Tokuoka, 2012). Furthermore, the Japanese government has formulated the “General Principles Concerning Measures for the Aged Society” (Cabinet decision, 2012) as guidelines for comprehensive measures for an aging society (Government of Japan, 2015). Through these political interventions, the government attempts to keep older employees in the workforce (e.g., Kashiwase et al., 2012; Seike, 2008) and forces organizations to find new solutions for older workers. However, despite these institutional responses, until today, there are only a few legislative regulations discouraging the discrimination of older employees (Gruenschloss, 2011).

Accordingly, Japanese organizations have not internalized these changes yet. They still prefer early retirement due to the increasingly high costs of their aging employees based on the seniority wage system (Mackie et al., 2014). In particular, older employees in large, traditional, Japanese organizations benefit from the seniority wage system, company allowances, contributions to pension systems along with subsidized housing or low-interest loans (Mackie, Okano, & Rawstron, 2014). In consequence, Japanese organizations perceive age diversity not always as a competitive advantage but often as a cost factor (Magoshi & Chang, 2009). Nevertheless, due to its Confucian routes, one essential factor in the Japanese society is the respect for the elderly in terms of their seniority (Mihut, 2014). Seniority means that with advancement in age, wisdom and status also increases and a higher rank of senior employees is widely accepted (Inoguchi & Fujii, 2009). Thus, appreciating older workers has always been an important aspect within Japanese organizations. However, until recently, it was common in Japan to indicate the desired age range of applicants in a job advertisement, which makes job change particularly difficult after a certain age (Mackie et al., 2014). Furthermore, in-

stead of using the knowledge of older workers, early retirees are often re-employed at a lower, less strategic position until their government pension officially becomes available (Mackie et al., 2014). Thus, age diversity management in terms of actively addressing the integration of older workers is still in its infancy in Japan.

Similarly to the situation in Japan, Germany is heavily affected by a decline of its working population (World Bank, 2015). Compared to 2008, the working population is projected to decrease by 30 per cent until 2060 (Federal Statistical Office, 2015a). Furthermore, with 40.2 per cent of employees aged 50 to 65 will represent the largest subgroup of the German working population by 2020 (Federal Statistical Office, 2015a). Taking these demographic developments into account, institutional responses are also apparent within the German context. Recently, the German government decided to gradually raise the legal retirement age to 67 years for the cohorts born after 1963 (Federal Statistical Office, 2015b). Moreover, the German government passed legislation to reduce the incentives for employees to take early retirement (Dietz & Walwei, 2011). Apart from that, public policies and incentives for organizations have been introduced to reintegrate the unemployed aged 50 or older back into the workforce (Jacobi & Kluge, 2006). To burnish the image of age, aging, and older people in society, the German government recently started the initiative "New images of age" (German: "Neue Bilder des Alters"; BMFSFJ, 2014). With campaigns like this, the government tries to improve the image of seniority and eliminate prejudices against older people. These changes in thinking and behaving in society have in turn an effect on the behaviour of organizations operating in Germany toward people in different life stages, as well as social interactions between younger and older people (BMFSFJ, 2014).

However, these governmental initiatives face severe challenges. In Germany, age has often been attributed with negative stereotypes such as tardiness and low motivation (Kunze et al., 2013). In consequence, older employees (over 50) are often still affected by age discrimination at the workplace (Rabl, 2010). Thus, organizations face pressure to solve discrimination issues to be able to comply with local legislation. In order to not only prevent age discrimination, but also to integrate and make use of the potential of older workers, new ways of managing the diverse workforce have become inevitable. Nevertheless, German organizations are still attaching a varying meaning to diversity issues. While some German organizations have already adopted a very positive attitude and a highly elaborated diversity management approach, others still show little interest (Suess & Kleiner, 2007).

Taken together, Germany and Japan are strongly affected by shifting demographics and need to react to this challenge. We exemplified the changes by the meaning and handling of age diversity in the two countries. Yet, the cultural and institutional setting in each country also influences other dimensions of diversity, such as gender and cultural background. To provide a broader understanding, our study aims to analyse if and which differences exist in the way companies in Germany and Japan manage this process. Therefore, we investigate the expectations toward diversity, the resulting definition of diversity and actual workforce diversity in both countries and further analyse if responses in terms of diversity management practices differ. Because age diversity is an increasingly important topic in both countries, we will provide an

additional insight into age diversity practices. Due to the lack of prior diversity management research in Asia and in particular in cross-cultural settings, our study is of an exploratory nature aiming to identify commonalities and differences between the countries. Therefore, we address the following research questions:

How is diversity managed in Germany and Japan and how do processes of diversity management differ between the two countries?

## **Methodology**

### ***Data collection and sample***

This current discussion derives from a larger international research project concerned with diversity management. Within this project, survey data was collected from German and Japanese organizations. We targeted medium to large organizations in a purposive sampling process. Previous research showed that larger organizations tend to have a more diverse workforce and more formal HRM policies and programs (Rynes & Rosen, 1995). Thus, in line with research on HRM practices (Huselid, 1995), we only approached organizations with at least 100 employees.

Our data was collected in two stages. First, we collected data in Germany in cooperation with the local Chamber of Commerce. We received a list of 1,026 organizations in the greater area of Hanover, the capital of the federal state of Lower Saxony, and contacted the CEOs or the highest HR manager of each organization. We invited these managers to participate in an online survey between April 2014 and March 2015. In total, 137 respondents participated in the survey (13.4 per cent response rate). After dropping some responses due to missing values or outliers, the final sample in Germany included 104 respondents (10.1 per cent usable response rate). In the second stage, we collected data in Japan between July and October 2014. For this purpose, a publicly available list of organizations in the greater Tokyo area was retrieved containing almost 10,200 organizations. We selected organizations comparable to the German sample in terms of size and industries. We were informed by local researchers that the common response rate is between six and eight per cent. Therefore, we contacted CEOs of 1,500 organizations to receive a comparable number of respondents in Japan. Based on the recommendation of local researchers, we sent the surveys via post, because many Japanese organizations still have security concerns regarding online-surveys. We attached return addressed and stamped envelopes to minimize effort and costs for respondents. Eventually, we received 117 completed surveys (7.8 per cent response rate). After deleting the incomplete cases, the final sample in Japan consists of 105 responses (7.0 per cent usable response rate).

**Table 1: Sample characteristics**

<b>Enterprises</b>			
<b>Category</b>	<b>Germany</b>	<b>Japan</b>	<b>TOTAL</b>
<b>Number of organizations</b>	104*	105	
<b>Number of employees per organization (mean)</b>	2,202**	1,556	3,188
<b>Industry</b>			
Consulting	2%	2%	2%
Education and training	7%	4%	5%
Finance and insurance	8%	8%	8%
IT	6%	10%	8%
Logistics	4%	6%	5%
Manufacturing	24%	32%	28%
Medical and pharma	17%	0%	8%
Services	17%	7%	12%
Trade	3%	16%	9%
Others	14%	16%	15%
<b>Respondents</b>			
<b>Average Age</b>	44.5	48.9	46.7
<b>Percentage of Women</b>	52%	20%	36%
<b>Country of Origin</b>	95% Germany, 5% other countries	100% Japan	50% Japan, 48% Germany 2% other countries
<b>Tenure</b>	12.3	14.9	13.6
<b>Leadership Position</b>	23%	13%	18%

**Note:** For the calculation of the mean number of employees (\*\*) to total number of organizations surveyed (\*), we excluded the largest organization of our sample as an outlier in order to show an unambiguous depiction of our sample.

As intended, the final sample covers a variety of different industries and enterprise sizes (see Table 1). Almost one third operated in the manufacturing industry (28 per cent). Thus, our sample is representative for both Germany and Japan, in which about one third of the GDP is produced by organizations from the manufacturing business sector (CIA, 2015b). Most of the respondents (65 per cent) worked for organizations with 100-500 employees (mid-sized organizations). Of the 209 respondents, 36 per cent were female (20 per cent in the Japanese sample, 52 per cent in the German sample). The average respondent in our sample was 46.7 years old and has worked in the company for 13.6 years. All respondents in Japan were of Japanese origin, while 5 per cent of respondents in Germany were of a nationality other than German.

## ***Measures***

We developed the master questionnaire in English using established scales and translated it to German and Japanese. To ensure translation equivalence, we used the back-translation method (Brislin, 1980; Mullen, 1995). Therefore, with the help of bilingual research assistants the survey was first translated into German and Japanese, followed by the back translation into English. We compared the different versions and made minor adjustments to the translations, when necessary.

At the beginning of the survey, we asked respondents to indicate the *composition of their workforce* in terms of gender, age, and national origin measured by the percentage of employees in each category. Regarding the age distribution we categorized six age groups: aged <20, 20-30, 31-40, 41-50, 51-60, and >60 (e.g., Owoyemi, Elegbede, & Gbajumo-Sheriff, 2011). In terms of country of origin we categorized the number of employees in the home country, the rest of the home continent, (either Europe or Asia; depending on the sample), North America, South America, Africa, and Europe or Asia (again depending on the sample).

*Expectations toward diversity* were measured by using twelve items taken from Carrell and Mann (1995). On a six-point Likert scale the participants were asked to answer to which degree they perceive diversity to influence positive aspects, such as “Better decision making”, as well as negative aspects, such as “Communication problems”. Cronbach’s alpha was 0.85 for the negative and 0.80 for the positive effects.

Furthermore, respondents were asked to indicate which groups are included in their *definition of diversity*. They could choose from the seven dimensions age, gender, country of origin, cultural background, religion, disabilities, and function. In the following section, they could specify for which of these seven dimensions they offered *diversity management practices*. In both sections respondents could either select or deselect the categories.

*Diversity management practices* were measured by thirteen items from Suess and Kleiner (2007). The managers were asked to indicate how important the diversity management practices were in their organizations by using a six-point Likert scale ranging from 1 (= very unimportant) to 6 (= very important). Examples for practices are “Flexible working time agreements”, “Mixed teams” or “Communicating diversity management”. Cronbach’s alpha was 0.89.

To be able to investigate differences between the countries, we dummy coded the two countries (0 = Japan; 1 = Germany). Means, standard deviations and correlations for all variables can be found in Table 2.

**Table 2: Descriptive Statistics and Correlations**

	Mean	S.D.	1	2	3	4	5	6
1 Effects of Diversity (Positive)	3.43	0.84	1					
2 Effects of Diversity (Negative)	2.54	0.68	0.08	1				
3 Blau Index (Age)	0.72	0.07	-0.01	-.16**	1			
4 Blau Index (Gender)	0.37	0.11	0.21**	-0.13	0.11	1		
5 Blau Index (Country of Origin)	0.14	0.18	0.15*	-0.13**	0.10	0.24**	1	
6 Diversity Management Practices	3.08	1.02	-0.25**	-0.43*	-0.09	-0.09	-0.20**	1

Note: N = 209. \*\* p < 0.01 (2-tailed), \* p < 0.05 (2-tailed)

## Findings

We present our results in four parts. First, we elaborate on the overall image of diversity, and examine the expectations toward an increase of diversity in a comparative fashion. Second, we compare the actual workforce diversity across countries, with a special focus on age diversity. Third, to gain a better understanding of the relative importance of diversity dimensions in the two countries, we contrast organizations' definitions of the term diversity. Finally, we analyse similarities and differences in diversity management practices to see how the organizations respond to workforce diversity.

### *Expectations toward diversity*

We start our analysis with the expectations organizations have toward diversity in their workforce. Before testing the differences in the two countries, we standardized all Likert-type items (i.e., expectations toward diversity; diversity management practices) to compensate for potential response style biases between the countries (House, Hanges, Javidan, Dorfman, & Gupta, 2004). We used these adjusted values for analysis.

In the German sample, the positive expectations toward diversity generally exceed the negative expectations. Calculating the total expectations (average rating of positive effects minus average rating of negative effects) toward diversity within the organizations, t-test confirms that German organizations reach a significantly higher average rating than Japanese organizations ( $t = -6.31, p < 0.001$ ). Furthermore, in the German sample all positive expectations are rated higher than the negative expectations (see Table 3). In particular, respondents in the German sample highlight a strong effect of diversity on "Enhanced creativity" (mean = 3.96), "More successful equal employment opportunity / affirmative action programs" (mean = 3.73), and "Greater

achievement of organizational goals” (mean = 3.69). The least emphasized expectations in the German sample are potential negative effects: “Personnel turnover” (mean = 2.16), “Lower productivity” (mean = 2.06) and “Tardiness or absenteeism” (mean = 1.88).

**Table 3: Expectations toward diversity**

Germany	RPS	Japan	RPS
+ Enhanced creativity	3.96	+ Enhanced creativity	3.90
+ More successful equal employment opportunity / affirmative action programs	3.73	– Communication problems	3.72
+ Greater achievement of organizational goals	3.69	+ More successful equal employment opportunity / affirmative action programs	3.64
+ Improved customer / client relations	3.63	+ Better decision making	3.36
+ Organizational culture more reflective of community	3.51	+ Greater achievement of organizational goals	3.33
+ Better decision making	3.38	– Increased training costs	3.10
– Increased training costs	2.80	+ Improved customer / client relations	3.01
– Communication problems	2.69	– Lower productivity	2.56
– Organizational factionalism	2.47	– Personnel turnover	2.54
– Personnel turnover	2.15	– Organizational factionalism	2.33
– Lower productivity	2.06	+ Organizational culture more reflective of community	2.15
– Tardiness or absenteeism	1.88	– Tardiness or absenteeism	2.09

Among Japanese organizations, there is no such clear trend between positive and negative expectations. The most important effect is consistent with the responses of the German managers: “Enhanced creativity” (mean = 3.90). The subsequent ratings, however, differ tremendously. Our data shows that negative expectations such as “Communication problems” (mean = 3.72;  $t = 6.56$ ;  $p < 0.001$ ), “Lower Productivity” (mean = 2.56;  $t = 3.74$ ,  $p < 0.001$ ) or “Personnel turnover” (mean = 2.54;  $t = 2.93$ ,  $p < 0.01$ ) are rated significantly higher in the Japanese than in the German sample. At the same time, some of the positive expectations received significantly lower ratings than in the German sample. In particular, the Japanese respondents saw less benefit from diversity in terms of “Improved customer / client relations” (mean = 3.63;  $t = -4.09$ ,  $p < 0.001$ ) and “Organizational culture more reflective of community” (mean = 3.51;  $t = -8.25$ ,  $p < 0.001$ ). Taken together, German organizations tend to expect

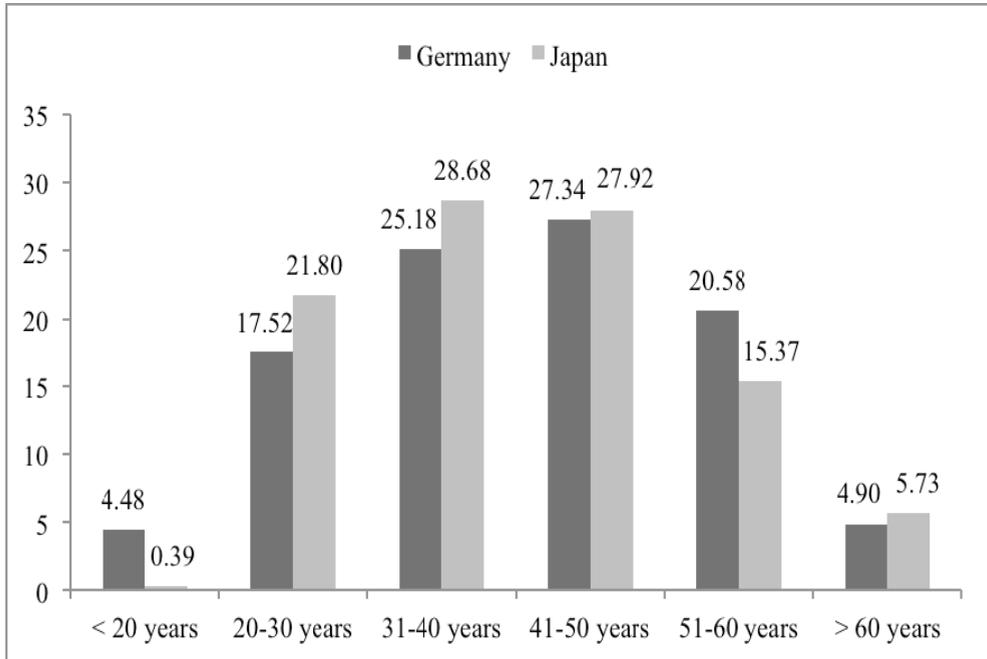
primarily positive outcomes from increased diversity, while Japanese organizations have mixed expectations about their workforces' diversity.

### ***Workforce diversity***

In a second step, we compared the actual diversity within our two samples. In order to do so, we calculated Blau indices (Blau, 1977) based on the data on the distribution of age, gender, and country of origin groups indicated by the respondents. The formula of the Blau index is defined as  $1 - \sum_{i=1}^K p_i^2$ , with  $p_i$  as the proportion of members in each category and  $i$  as the number of different categories (age / gender / country of origin) we included in the survey. The index can vary from 0, signalling a total absence of diversity, to a theoretical maximum of 1. The index is calculated by a formula:  $(K - 1) / K$ , where  $K$  refers to the number of categories of the variable (Biemann & Kearney, 2009). In the case of gender diversity the maximum would be a Blau index of 0.5 indicating a group consisting of 50 per cent men and 50 per cent women.

With a Blau index of 0.74, we found the German sample to be significantly more age diverse than the Japanese sample with a Blau index of 0.71 ( $t = -3.00$ ,  $p < 0.01$ ). Apart from that, we compared the Blau indices for gender and country of origin. With a Blau index of 0.40 we found the German workforce to be significantly more gender diverse than the Japanese one with a Blau index of no more than 0.34 ( $t = -4.68$ ,  $p < 0.001$ ). In particular, regarding the dimension country of origin, the German workforce (0.24) was significantly more heterogeneous than the Japanese workforce with a Blau index of 0.03 ( $t = -9.92$ ,  $p < 0.001$ ).

In addition, we further scrutinized the age structures of the organizations in both countries (see Figure 1). While there is no statistically significant difference in percentage of workers aged 41-50 ( $t = 0.40$ ,  $p > 0.05$ ) and older than 60 ( $t = 0.97$ ,  $p > 0.05$ ), we found significant differences among the other four age groups. In the Japanese sample, only 0.4 per cent of the workforce belongs to the group aged below 20, while 4.5 per cent of the employees in the German organizations belonged to that age group ( $t = -7.43$ ,  $p < 0.001$ ). This can be explained by the fact that around 60 per cent of young people in Germany take part in the dual system of vocational training. This special form of education combines practical work in a company with part-time, theoretical training in a vocational school (BMBF, 2011). In contrast, a significantly lower percentage of the German workforce belong to the second youngest age group between 20-30 in comparison to the Japanese ( $t = 2.31$ ,  $p < 0.05$ ) since this is the age period in which young Japanese employees usually enter the workforce. Also, a higher percentage of the Japanese workforce belongs to the age group 31-40, compared to the German workforce ( $t = 2.67$ ,  $p < 0.01$ ). In contrast, a significantly smaller percentage was rated into the age group 51-60 within the Japanese companies in comparison to the German sample ( $t = -4.04$ ,  $p < 0.001$ ).

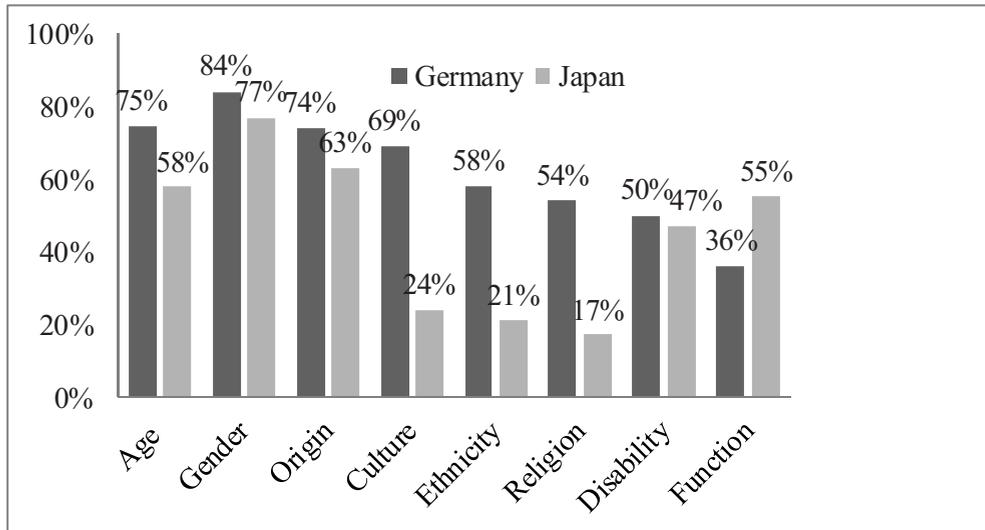
**Figure 1: Age Distribution of German and Japanese Organizations**

### *Defining diversity*

As a next step we compared which target groups are included in the definition of diversity within the organizations. We performed Pearson's chi-square test to compare the diversity dimensions included in the organization's diversity definition, due to the categorical nature of the dependent variables. Our data shows that organizations in both countries most frequently include "gender" in their company's definition of diversity, 83 per cent in Germany, and 79 per cent in Japan (see Figure 2). In case of gender, there was no significant difference between the samples ( $\chi^2 = 0.45$ ,  $p > 0.05$ ). Respondents in both countries regarded "gender" as by far the most relevant diversity dimension. Also, in the case of "country of origin" we found no significant difference between the samples ( $\chi^2 = 1.69$ ,  $p > 0.05$ ). 73 per cent of the German organizations and 65 per cent of the Japanese firms included "country of origin" in their diversity definition. By contrast, we found a significant difference regarding the dimension "age": 76 per cent of the German but only 60 per cent of the Japanese organizations included "age" in their company's diversity definition ( $\chi^2 = 6.11$ ,  $p < 0.05$ ). Japanese organizations were significantly less likely to include "age" in their diversity definition than were German organizations. In addition, in the German sample, "age" was the second most important diversity dimension after "gender" and before "country of origin". In the Japanese enterprises, "age" was only the third most important category after "gender" and "country of origin". German organizations also more frequently include the dimensions "culture" ( $\chi^2 = 45.24$ ,  $p < 0.001$ ), "ethnicity" ( $\chi^2 = 33.03$ ,  $p <$

0.001), and “religion” ( $\chi^2 = 29.37$ ,  $p < 0.001$ ) in their diversity definition. The dimension “function” is the only dimension that significantly more Japanese organizations than German organizations include in their definition of diversity ( $\chi^2 = 6.64$ ,  $p < 0.05$ ).

**Figure 2: Definition of Diversity**



Overall, our data shows that German organizations have a broader definition of the term diversity. On average, the organizations of the German sample included 4.97 out of seven dimensions into their diversity definition, while the Japanese participants associated on average only 3.66 dimensions with the term diversity ( $t = -4.85$ ,  $p < 0.001$ ).

### ***Age as focus for diversity management***

Due to our focus on age diversity we also compared if and when organizations offer particular practices for age diversity. First, our data shows that 42 per cent of the German and 34 per cent of the Japanese organizations stated to offer specific age diversity management practices for their employees ( $\chi^2 = 1.42$ ,  $p > 0.05$ ). In a second step, we split our data into two groups based on the age structure of the organizations: organizations with an average employee age above 40 years (“older organizations”) and less than 40 years (“younger organizations”). While 45 per cent of the “older organizations” offered specific age diversity management practices for their employees, only 30 per cent of the “younger organizations” did. The “older organizations” thus offered diversity management practices focusing on age significantly more often ( $\chi^2 = 4.91$ ,  $p < 0.05$ ). We then again split our data and also analysed this effect by country. In the group of “older” German organizations, 50 per cent offered practices especially for their age diverse workforce and in the group of “older” Japanese organizations only 41 per cent did. This difference was also statistically significant ( $\chi^2 = 7.90$ ,  $p < 0.05$ ). Thus, “older” organizations in Germany offered significantly more practices tai-

lored to older workers than Japanese organizations. In these “older” organizations age diversity was the most important category for diversity management practices. In contrast, for the “young” organizations with an average age below 40, age diversity was not of high relevance: only 35 per cent of the German and 22 per cent of the Japanese firms stated to offer special age diversity management practices to their employees.

In a third step, we split our sample into industry sectors: “Manufacturing” and “Services” to analyse whether organizations belonging to a certain industry placed a special emphasis on age diversity management. We found that 43 per cent of the organizations operating in the manufacturing sector offered specific age diversity management practices for their employees. In contrast only 35 per cent of the organizations belonging to the service sector reported to offer diversity management practices with a focus on age. However, this minor difference was not statistically significant ( $\chi^2 = 1.34, p > 0.05$ ). In a fourth step of analysis we also tested if firm size made a difference in offering age diversity management practices. Thus, we split our sample into medium sized enterprises (MEs; 100-500 employees) and large enterprises (LEs, >500 employees). We found that 34 per cent of the MEs and 46 per cent of the LEs claimed to offer diversity practices with a focus on age; however, the difference was not statistically significant ( $\chi^2 = 2.65, p > 0.05$ ).

### ***Diversity management practices***

In the last step of our analysis, we analysed a list of specific diversity management practices. Within this section, we will first report on the most and least important practices in the two countries. This will be followed by an analysis of the main differences between the country-specific approaches of diversity management.

In Germany, “Flexible working time agreements” (mean = 4.79), “Mixed teams” (mean = 3.89) and “Integrating diversity management into corporate culture” (mean = 3.64) were rated as the most relevant diversity management practices. At the bottom of this ranking, results showed “Works council agreements” (mean = 2.38), “Determining the requirement for diversity management” (mean = 2.02) and “Evaluating diversity management” (mean = 1.98). In Japan, organizations rated the practices “Communicating diversity management” (mean = 4.06), “Flexible working time agreements” (mean = 4.00) and “Diversity-oriented design of HRM” (mean = 3.84) as most important. “Consulting service for diversity groups” (mean = 3.09), “Works council agreements” (mean = 2.66) and “Diversity-oriented facilities” (mean = 2.65) were the least important practices.

Comparing the diversity management approaches in the two samples, we found that top-down oriented diversity management practices such as “Communicating diversity management” ( $t = 3.74, p < 0.001$ ) or “Evaluating diversity management” ( $t = 8.77, p < 0.001$ ), are of significantly higher importance in the Japanese context, while being less relevant in the German context. Also “Determining the requirement for diversity management” ( $t = 5.78, p < 0.001$ ) and “Diversity trainings” ( $t = 4.75, p < 0.001$ ) are of considerably higher relevance in the Japanese context than in the German context. In contrast, practices supporting diversity in everyday life like “Flexible working hours” ( $t = -3.89, p < 0.001$ ) or “Mixed teams” ( $t = -2.24, p < 0.05$ ) were of

a significantly higher importance in German organizations than in Japanese organizations.

**Table 4: Ranking of Diversity Management Practices**

Germany	RPS	Japan	RPS
1. Flexible working time agreements	4.79	1. Communicating diversity management	4.05
2. Mixed teams	3.89	2. Flexible working time agreements	4.00
3. Integrating diversity management into corporate culture	3.64	3. Diversity-oriented design of HRM	3.84
4. Diversity-oriented design of HRM	3.38	4. Integrating diversity management into corporate culture	3.82
5. Communicating diversity management	3.10	5. Diversity trainings	3.58
6. Institutionalizing diversity management	2.82	6. Mixed teams	3.56
7. Mentoring programs	2.76	7. Institutionalizing diversity management	3.53
8. Diversity-orientated facilities	2.72	8. Evaluating diversity management	3.53
9. Diversity trainings	2.58	9. Mentoring programs	3.44
10. Consulting service for diversity groups	2.49	10. Determining the requirement for diversity management	3.28
11. Works council agreements	2.38	11. Consulting service for diversity groups	3.09
12. Determining the requirement for diversity management	2.02	12. Works council agreements	2.66
13. Evaluating diversity management	1.98	13. Diversity-orientated facilities	2.65

**Note on the RPS (Regression Predicted Scores) in Table 3 and Table 4 (above).** In order to account for response style bias, we used a regression analysis to rescale the corrected scores back into the original 6-point-likert scale (House, Hanges, Javidan, Dorfman, and Gupta, 2004). We performed an OLS regression analysis using the corrected diversity effect scores to predict the uncorrected effect scores from the original survey. The unstandardized predicted values are presented in the aforementioned Tables above.

### *Post-hoc tests*

As post-hoc tests, we reran our analysis adding control variables to all of our statistical analyses. We used dummy codes for this procedure to take account of industry and size effects. For firm size we coded 0 for companies with less than 500 employees and 1 for large organizations with more than 500 employees as previous research showed that larger organizations tend to have a more diverse workforce and more formal HRM policies and programs (Rynes & Rosen, 1995). In addition we controlled for industry sectors. We coded 0 for companies operating in the manufacturing sector and 1 for companies in the service sector. However, results show that neither firm size nor industry had a significant effect and results remained largely the same.

## Discussion

Our research examined if and how diversity management differs between Germany and Japan. Based on a survey of 209 organizations we found that German organizations have generally more positive expectations toward workforce diversity than Japanese organizations. This is also reflected in the composition of the workforce. German organizations are on average more diverse in terms of age, gender and country of origin than their Japanese counterparts. Echoing this, German organizations include a broader diversity definition than Japanese organizations. In terms of diversity management practices, Japanese organizations tend to implement more top down HR initiatives, whereas German organizations emphasize practices supporting diversity in the everyday life of the workplace.

## Theoretical and practical implications

From our research, we can draw several implications for diversity management research and practice. First, following the call for cross-cultural diversity studies (Drabe et al., 2015; Stoermer et al., in press), our study examined the commonalities and differences of diversity management in Germany and Japan. We found that Japanese organizations generally expect more negative outcomes of diversity than German organizations. Furthermore, the definition of diversity is narrower in Japan and the workforce is less diverse than in Germany. In the light of institutional and cultural differences, these findings can be explained by the fact that Japan has always been and still is a very homogenous society (Magoshi & Chang, 2009), in which most employees and also clients are of Japanese origin (Sakuda, 2012). Accordingly, Gelfand, Nishii, and Raver (2006) found Japan to be a culturally tight society in contrast to culturally loose societies where special emphasis is placed on conformity and uniformity to existing rules and norms (Gelfand et al., 2006). In consequence, the threat of deviations from the existing order caused by diversity creates more negative expectations toward a diverse workforce in Japan and is echoed in a more homogeneous workforce than in Germany.

We did, however, not only find differences in the expectations, definition of diversity, and workforce composition, but also in the diversity management programs in the two contexts. Our data suggests that in Germany, the diversity management approach is more commonly based on practices like mixed teams or flexible working hours that integrate diversity as an inherent part of everyday business life. In Japan, in turn, we found evidence for a more top-down oriented approach, building strongly on the top down communication of diversity and implementing HR practices via hierarchy. We argue that this different prioritization reflects the Japanese culture of high power distance (Hofstede, 2001) and cultural tightness (Gelfand et al., 2006). Both characteristics suggest that Japanese organizations tend to use a top-down approach to implement diversity management. Our findings are in line with Toh and Leonardelli (2013), who showed that quotas, as a strict top-down practice, are more effective in tight cultures, such as Japan, because employees in tight cultures strictly follow the rules applied by their superiors. In contrast, organizations in less tight environments, like in Germany, may be more successful by developing a more voluntary, participa-

tory diversity management approach, which can be integrated in everyday business life.

Until now, research on diversity management (e.g., Hur & Strickland, 2012; Richard, Roh, & Pieper, 2013) and in particular age diversity management (e.g., Bieling et al., 2015; Kunze et al., 2013; Rabl & Triana, 2014) has been mainly conducted in Western contexts and thus we have known little of the applicability of this research to the Eastern context. By comparing and exploring the distinctive features of diversity management in the Japanese context, our study extends the limited literature on diversity management outside the Western sphere. We showed that Japanese organizations have a slightly different diversity management approach than Western organizations, e.g. by putting a higher emphasis on top-down oriented diversity management practices and also mainly focus their practices on “gender”. Thus, our research highlights diversity management as culture-sensitive and that prior research from other contexts can only be transferred with caution

In terms of our special focus on age diversity, we found another interesting difference. Not only do German organizations significantly more often integrate age in their diversity definition, they also offer more practices that are tailored to this target group. We interpret that this is due to the fact that they employ a higher number of older workers than the organizations in the Japanese sample. We assume that this higher ratio of “older workers” implies a particular challenge for German organizations, as they face a huge loss of corporate knowledge in the near future due to the high number of retirements among the generation of baby boomers (Leibold & Voelp, 2006). We can note here that Strauss and Howe (1991) defined the generation of baby boomers as the cohorts born 1943 – 1960, who were too young to have any personal memory of the second World War, but are old enough to remember the post-war economic upturn. Furthermore, according to Rabl (2010) older workers in German organizations are still more strongly affected by age discrimination than their younger colleagues. Even though Japan is an institutional environment respecting the elderly due to its Confucian roots, there is also age discrimination existing in the Japanese working environment, e.g. in the form of re-employments at lower rates for older employees in order to save costs (Mackie et al., 2014). However, our study shows that, in particular, organizations with a higher age structure in Germany ascribed a high importance to age as a diversity dimension, and have established more practices targeting age diversity than “older” Japanese organizations. This reflects a stronger need of German organizations to address the needs of older workers.

### **Limitations and implications for future research**

The findings of our study need to be interpreted in the light of its limitations. First, our study has been conducted in only two countries: Germany and Japan. Thus, extending our study to other samples in other countries is warranted to draw a broader picture on the institutional and cultural influences on diversity management. Extending the number of countries would also allow future research to investigate whether diversity management practices generally converge or diverge on a global scale (Pudelko & Harzing, 2007).

Second, owing to the limited amount of prior research in this field, our study is primarily exploratory and descriptive in nature. Furthermore, we only investigated the importance of diversity management and did not examine its effects. Since comparative research is still sparse (for an exception see Peretz et al., 2015), future studies could develop and test hypotheses regarding the effects of institutional context on the implementation of diversity management as well as the effectiveness of different practices across countries. In particular, future research could apply longitudinal designs to examine the causal effects of (age) diversity management on different organizational and individual outcomes across countries.

Third, we only surveyed CEOs and HR managers about their expectations toward the definition and implementation of diversity management. Future research could include data from other sources, e.g. employees, to be able to investigate the expectations and multi-level effects of diversity programs within organizations and thereby draw a more comprehensive and realistic picture of diversity and its management in organizations.

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