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Team Diversity

Team diversity refers to the differences between team members on any attribute that may lead each single member of the group to perceive any other member of the group as being different from the self of this particular member. These attributes and perceptions refer to all dimensions people can differ on, such as age, gender, ethnicity, religious and functional background, personality, skills, abilities, beliefs, and attitudes.

Conceptual Overview

The occurrence of diverse teams is widely spread in organizations, with diverse teams operating at all organizational levels: Top management teams, production teams, task forces or any other type of team can be diverse. Team diversity has implications for team processes, team and individual performance and the well-being of team members. It is therefore important to understand the consequences of team diversity, especially in the light of an increasing prevalence of diverse teams. Team working itself appears to gain popularity, while at the same time the workforce is becoming more diverse. For example, due to an aging workforce organizations will depend more on retaining their older employees in the future, contributing to higher age diversity. There is also more use of cross-functional teams to integrate expertise of employees across broad specializations. Furthermore, where organizations establish subsidiaries beyond national borders, cultural diversity is a reality where teams bring together employees from the parent company and the subsidiary. Hence, the existence of diverse teams has become an organizational fact and much speaks for more diverse teams to exist in the future.

Empirical findings about diversities' impact on work group outcomes and individual outcomes are mixed with evidence suggesting both negative and positive diversity effects. It is therefore important to understand how to manage diversity such that one can capitalize on its potential benefit and reduce negative effects.

Taxonomies of Diversity

The various diversity characteristics appear to have different effects on team and individual outcomes. Several attempts have therefore been made to systematize the manifold appearances of diversity, with most research using the following taxonomies; (1) surface-level versus deep-level diversity, (2) task-relevant versus task-irrelevant diversity, and (3) actual versus perceived diversity.

The first taxonomy distinguishes attributes that are at the *surface-level* of a person from attributes that are at the *deep-level* of the person. Surface-level diversity refers to characteristics such as age, gender, ethnicity; they can be readily detected when first meeting a person and refer predominantly to demographic attributes. In contrast, *deep-level* diversity refers to attributes that are detected only when people interact over a certain time with each other (e.g., values, personality or beliefs).

The second approach refers to the role of diversity attributes for team performance and therefore differentiates *task-relevant* from *task-irrelevant diversity*. The former refers to attributes such as functional, occupational, and industry background, or educational level and educational content. They reflect differences in knowledge, skills, and ability (KSA), in information, opinion, or experience; these are attributes that are relevant to the task. Similarly, tenure in industry and in the company could also entail diversity in task-relevant issues. The second category, *task-irrelevant* diversity, comprises demographic characteristics (i.e., age, gender, ethnicity, cultural background) or personality variables. What might appear at first glance as a straightforward way of classifying is on closer inspection a more complex matter. The specific attributes do not fall exclusively into one or the other category. For example, depending on the task, age and gender can be task-relevant, and likewise, the functional background and the associated expertise may not be relevant to a given task.

A third approach to classify diversity takes into consideration that *actual* differences between team members may not be *perceived* as such. Hence, it distinguishes between objective assessments of attributes (e.g., gender, age) and the extent to which group members perceive how similar they are regarding these attributes. The former has been referred to as actual diversity, the later as perceived diversity.

Theories Relevant to Work Group Diversity

Researchers exploring diversity in surface-level attributes, i.e., demographic variables, tend to draw on the *similarity-attraction paradigm* and *social identity theory*, whereas scholars looking into the effects of task-relevant diversity rely on the *cognitive resources perspective*.

The *similarity-attraction paradigm* assumes that similarity on any attribute increases interpersonal liking, whereas dissimilarity decreases interpersonal liking. Lower level of interpersonal liking is associated with less positive attitudes towards each other, less information sharing, poorer communication and increased message distortion and errors in communication. This harms team processes and impairs team outcomes. As diversity implies

dissimilarity, the similarity-attraction paradigm suggests that diversity is detrimental to team outcomes.

Social identity and the related *social categorization theory* make similar predictions about the effects of diversity on team processes. These theories are based on two assumptions: First, the theories suggest that people try to maintain a positive self-identity. Second, they hold that human beings have a tendency to simplify the world by sorting each other into social categories that are relevant to their identity. For example, members of a team will use the categories male – female, or nurse – medical doctor or any other detectable attribute to categorize each other. To secure a positive self-image and to enhance self-esteem, people develop positive views and judgments about their own category and less favorable ones about members of other categories. For instance, in a hospital's task force where half of the team members are nurses and the other half medical doctors, social identity theory predicts that the nurses will develop a positive bias towards their own category (the so called in-group) in order to maintain their self-esteem. At the same time, they will distance themselves from the doctors (from their perspective, the out-group). Members of out-groups are more likely to be treated in a disparaging manner and discriminated against. The same process – the positive bias to the in-group and negative bias to the out-group – happens likewise to the doctors. These processes impair group functioning, reduce identification and commitment with the task at hand and are suggested to impair team performance and cohesion.

The *cognitive resource perspective*, in contrast to the previous theories, argues for a positive effect of diversity. "Cognitive resources" refer to a team's means in terms of their pooled KSA, experiences and perspectives; it is therefore also referred to as the 'information/decision making' or 'trait' perspective. Diversity in task-related attributes is assumed to increase the pooled cognitive resources, which should in turn benefit a team's quality of decision making, problem solving, and creativity. For example, a team that is charged with new product development possesses a broader range of relevant expertise if team members come from different functions within the organization in comparison to a team that is staffed with members from the Research & Development function only. Such a cross-functional team disposes over information on marketing, product development, production and financial issues, and thus can draw on a larger pool of expertise. The wider breadth of cognitive resources is suggested to benefit team performance, such that they are more creative and effective in the new product development.

Related to the cognitive resource perspective is the notion of *social networks* as a source. While individuals based in the same organizational function are probable to have similar networks within the organization, people from different functions are likely to have non-overlapping social networks. Then, a team diverse in functional composition has in total access to a larger network and, associated with this, access to a larger pool of information, skills, and supports that lie in this network. This network based advantage may also apply (but to a smaller extent) to other diversity attributes, as for example members belonging to an ethnic minority within a team (e.g., one Chinese among four white Americans) might be more likely to meet with people of the same background belonging to other teams.

Empirical Evidence: Impact of Diversity on Work Group Outcomes

Comprehensive reviews such as compiled by Katherine Williams and Charles O'Reilly or Frances Milliken and Luis Martins suggest that the pattern of diversity effects on group outcomes such as cohesion, team performance, or member satisfaction is inconsistent and complex. For example, while top management teams' functional diversity was found to be *positively* related to organizational innovation by Karen Bantel and Susan Jackson, the study done by Deborah Ancona and David Caldwell found a *negative* effect of functional diversity for new product teams. Karen Jehn and colleagues showed a positive effect of informational diversity (i.e., diversity in task-relevant attributes) on team performance; looking beyond direct effects they found that the positive result of informational diversity was enhanced when the teams were at the same time homogenous in terms of their demographic composition and their values.

Explorations of diversity effects on individual team members' satisfaction and morale also deliver a complex pattern. Karen Jehn and colleagues found that individuals in teams with higher diversity in values were less satisfied, had a lower level of commitment and intent to stay, whereas the reverse was true for diversity in demographic variables. One of the critical components seemed to be the level of emotional conflicts experienced, enhanced by demographic diversity. This was further explored by Lisa Pelled and colleagues who found that emotional conflict was a function of demographic diversity and contextual variables. This research suggests that, depending on contextual variables, demographic diversity and their underlying differences in belief systems and attitudes might lead via emotional conflicts to lower cohesion, poorer coordination and communication on the group level, and to individuals developing lower satisfaction, and higher absenteeism and turnover. On the other hand, Pelled and colleagues showed that differences in task-relevant characteristics facilitate

task conflicts. As task conflict comes along with dissenting opinions, conflicting viewpoints, and the sampling of diverse information, it has been frequently suggested that task-relevant diversity facilitates creativity and innovation, problem solving, and decision quality in groups.

Critical Commentary and Future Direction

Though theoretical reasoning and empirical research advanced tremendously over the last decade, team diversity research is still in its formative stage. The above theoretical approaches and examples of empirical findings presented may suggest that task-relevant diversity is more likely to benefit a team whereas task-irrelevant diversity, such as demographic attributes, could be more likely to be detrimental. However, a meta-analysis performed by Sheila Webber and Lisa Donahue could not support this assumption. This indicates that other contingency factors such as the length of time a team has worked with each other and nature of the task – as found by Pelled and colleagues – shape the effect of diversity. David Harrison and colleagues demonstrated that the effects of surface-level, demographic diversity on team outcomes decreases over time, whereas the impact of deep-level attributes increases.

Future research will also have to take further factors, such as a group's culture, climate and processes, or task characteristics into account. The work by Doris Fay and colleagues on teams in the healthcare, for example, showed that higher levels of multidisciplinary staffing *only* benefited innovation quality if the teams had also high quality team processes.

To date, the majority of diversity research focused on the effects of a *group's* diversity on group level outcomes (e.g., cohesion) or individual level outcomes (e.g., satisfaction). However, the effects of diversity on the *individual* members of a team might be different. Individuals who are more different from the rest of the team are likely to have different experiences than individuals who are more similar to others in the group. Belonging to the minority – ethnic, value- or personality- or age related – certainly has a different impact than being part of the majority within a team. Findings by Anne Tsui and colleagues suggest that members of a high status group (such as white males) suffer more from being different from the other team members than do members of lower status groups (such as ethnic minorities and females). Other research also indicates that being in the minority may negatively impact well-being, psychological withdrawal, or organizational citizenship

behavior, strongly suggesting to further explore these processes and to identify factors that buffer these negative effects.

Future research might also have to pay more attention to issues of measurement. At the moment few guidelines are available how to choose among the wide variety and types of measures (an overview has been recently provided by David Harrison and Katherine Klein). Most researchers use the Blau or Gini Index to capture how diverse a team is in regard to a certain attribute, as used for example in research by Bantel. The extent to how different an individual is from other group members is most frequently assessed with the relational diversity measure developed by Tsui and collegues. Other measures allow to capture multiple attributes of diversity, differences between subgroups in diverse teams or assess the degree to which individuals *perceive* these attributes as diverse (in contrast to their objective assessment).

The ambiguous and somewhat contradictory empirical findings make it difficult to tell practitioners how they should manage diverse teams. In an attempt to reconcile the negative and positive effects of diversity on team processes and team outcomes van Knippenberg and colleagues proposed the categorization-elaboration model. The categorization-elaboration model suggests that the team processes implied in *social identity theory* and *cognitive resources theory* unfold their effect simultaneously and interact with each other. The model proposes that the positive effects of diversity are based on the in-depth processing of potentially task-relevant information, and thus should be beneficial in particular for innovation and group decision making. However, inter-group bias caused by social categorization might interrupt these elaboration processes. The authors suggest that common goals, team building workshops, and the establishment of norms valuing diversity might help to overcome these negative effects. Still, the model needs to be empirically validated before we can derive recommendations from it.

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See also Diversity, Information Processing, Social Identity Theory, Team Composition, Team Development

Further Readings and References

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