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## Diversity Integration

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## DIVERSITY INTEGRATION

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Workforce diversity has become a reality in the United States as a majority of organizations now offer diversity initiatives and diversity training. Given this reality, the purpose of this research was to examine the reasons for a diverse workforce, the ways in which organizations create a diverse workforce, and how organizations manage a diverse workforce once it is in place. It was found that organizations will be motivated by one of three motives in increasing its diversity: legal compliance, branding, or value-in-diversity. Depending on their motives in increasing diversity, organizations will respond in different ways to diversity by ignoring, assimilating, accommodating, or integrating the differences. Most important to this research is the instance in which organizations want to benefit from the value of diversity by integrating diverse perspectives. This study used a literature review to examine the effects of diversity on group effectiveness. From the review of literature, this research proposes a number of strategies for development in team composition, processes, and communications that will allow organizations to create inclusionary environments in which diverse perspectives are considered in decision making.

The demographics of the United States have been changing such that employers are now faced with more diverse employees and markets (Fernandez & Barr, 1993; Toosi, 2006; Gardenswartz & Rowe, 1994; Carr-Ruffino, 2005). Based on past labor force participation rates with regard to gender, race and ethnicity, and age, it has been projected that the workforce of 2050 will be more racially and ethnically diverse, the labor force participation rate of women will stabilize, and older workers will make up a larger share of the workforce (Toosi, 2006). These projections in combination with the changing demographics of the workforce have sparked an increased interest in diversity for U.S. firms. This interest takes the form of organizations increasing the diversity of their workforces as well as dealing with the diversity of their organizations resultant of a more diverse applicant pool. A majority of organizations have implemented diversity initiatives or practices that address workplace diversity (SHRM, 2010b: 4). Wentling and Palma-Rivas have defined diversity initiatives as “specific activities, programs, policies, and other formal processes or efforts designed for promoting organizational culture change related to diversity” (2000: 37). In essence, diversity initiatives are used by organizations to both increase and manage diversity in the workplace (Wentling & Palma-Rivas, 2000). Of the organizations with such diversity initiatives or practices, most provide diversity training opportunities. In fact, the majority of U.S. firms now have diversity

initiatives and diversity training as part of their human resource strategy (SHRM, 2010b).

According to the 2010 Society for Human Resource Management (SHRM) *Research Spotlight: Workplace Diversity Practices Poll*, of the random sample of 402 SHRM members and human resources (HR) professionals responding, 68 percent of respondents said their organizations have diversity practices in place and 71 percent of those with diversity practices provide training on diversity issues for employees in their organizations. The SHRM poll defined workplace diversity broadly to include “variations in employee personality, work style, age, ethnicity, gender, religion, socio-economics, education, and other dimensions in the workplace” (SHRM, 2010b: 2). The three most common diversity practices used by the organizations of those surveyed were “recruiting strategies designed to increase diversity within the organization” (79%), “community outreach related to diversity (e.g. links between organization and educational institutions, government)” (71%), and “alignment of diversity with business goals and objectives” (68%) (SHRM, 2010b: 8). Of the organizations responding to the question, “does your organization have a method for measuring the impact of its diversity practices”, 64 percent responded their organizations had no measuring method in 2010, up from 62 percent in 2005 (SHRM, 2010b: 18). Only eight percent of organizations responded that they conduct

analyses to determine the return on investment of the diversity practices they employ (SHRM, 2010b: 21). Without measuring the return on the investment of the given diversity practices an organization may have, it remains uncertain if the practices are achieving their intended results. As such, organizations may have diversity practices in place with no end in mind, having serious implications for why an organization may increase diversity, how it increases diversity, and how it manages a diverse workforce. This research will show that the ways in which organizations are motivated to create and manage a diversity workforce can have either negative or positive results for the organization. From these findings, although the survey sample is small, it is clear that organizations are working toward both a diverse workforce and image; however the results of this increased diversity for organizations remain uncertain. This necessitates that the motives for increasing diversity and ways to manage diversity that allow organizations to benefit from its potential advantages be examined.

In a second 2010 poll, the *SHRM Research Spotlight: Challenges Facing Organizations in the Next 10 Years*, of the 449 responses, 47 percent responded that they believe “obtaining human capital and optimizing human capital investments” will be the “biggest investment challenge facing organizations in the coming 10 years” (SHRM, 2010a: 1). The research poll also revealed that executives see the top two challenges to HR to be “retaining and rewarding the best people” and “attracting the best people to the organization” (SHRM, 2010a: 2). In meeting the two challenges identified, a number of tactics were suggested as most effective, most notable to this research being those regarding diversity in the workforce, such as “providing flexibility to balance life and work” (58%), “creating an organizational culture where employees are encouraged to make decisions and take risks” (15%), and “creating a highly inclusive culture that uses diverse perspectives to optimize organizational performance” (11%) (SHRM, 2010a: 2). As noted, the U.S. population is becoming more diverse, meaning organizations will face a more diverse applicant pool, resulting in a more diverse workforce. Based on the tactics regarding diversity introduced to combat the identified challenges to HR, this poll shows that organizations recognize that in dealing with a

diverse workforce, a variety of tactics are necessary to obtain and retain the best human capital to best benefit the organization. Before examining the ways in which organizations can benefit from diversity, it serves useful to define diversity for the purpose of this research.

### WHAT IS DIVERSITY?

When examining the meaning of diversity, a number of definitions surface. On one hand, diversity can refer to outwardly visible differences, and it may be used to describe unseen differences as well. Diversity may be used to group all differences, such as Williams and O’Reilly’s (1998) predilection for diversity existing “in a group when individuals use any number of different attributes to tell themselves that another member is different” (Phillips & Thomas-Hunt, 2007: 38). Diversity can refer to the given categories into which individuals fit at birth such as race, ethnicity, class, nationality and gender, or it may refer to the voluntary categories that individuals adopt over time (Albelda, Drago & Shulman, 2010).

Further, diversity may be grouped more specifically in terms of different varieties of diversity, such as social category diversity, informational diversity, cultural diversity, and value diversity. First, “social category diversity refers to explicit differences among group members in social category membership, such as race, gender, and ethnicity” (Jehn, Northcraft & Neale, 1999: 745). The second variety, informational diversity, will likely exist in a group of members with varied educational backgrounds, work experience, training, and expertise, leading to “differences in knowledge bases and perspectives” for the group (Jehn et al., 1999: 743). Further defined, informational diversity “captures the extent to which a group is characterized by individuals who bring differing information, opinions, and perspectives to the group” (Phillips & Thomas-Hunt, 2007: 38). Cultural diversity refers to the diversity that results from the presence of a variety of cultures, given individuals from the same culture will “share basic values and beliefs” and form an identity based on their culture (Stahl, Maznevski, Voigt & Jonsen, 2010: 691). Lastly, value diversity “occurs when members of a workgroup differ in terms of what

they think the group's real task, goal, target, or mission should be" (Jehn et al., 1999: 745).

While diversity is often viewed in terms of surface-level social categorizations such as race, age, ethnicity, sexual orientation, and gender (Gardenswartz & Rowe, 1994; Carr-Ruffino, 2005), a more encompassing view of diversity will include the intangible aspects of diversity brought on by informational, cultural, and value diversity. These intangible aspects include education, values, beliefs, norms, mental models, and dispositional variables. For the purpose of this research, diversity will be seen more comprehensively, taking into account the four varieties of diversity addressed here: social category, informational, cultural, and value diversity.

### **MOTIVES FOR A DIVERSE WORKFORCE**

As the demographics of the workforce change, firms in the United States are responding with an increased interest in diversity, recruiting and selecting employees for diversity, and trying to best capitalize on what diversity is purported to offer. It is evident that employers are spending considerable time, money, and energy to increase and manage diversity. As such, this research is conducted from a perspective that emphasizes the need to effectively manage diversity, no matter what motivates an organization to increase its diversity. The diversity of the workforce and its management can have serious implications for organizations, as "it is expected that the extent to which these demographic workforce shifts are effectively and efficiently managed will have an important impact on the competitive and economic outcome of organizations" (Wentling & Palma-Rivas, 2000: 35). Therefore, whether an organization is motivated to increase diversity by legal, branding, or value-in-diversity reasons, discussions of which are forthcoming, understanding how to best manage this diversity is crucial.

Not only are employers important stakeholders in the arena of diversity in the workforce, but so are employees who are subject to diversity initiatives and programs in the workplace. In addition to the employer sanctioned diversity initiatives such as training, employees have to work with coworkers who come from diverse backgrounds and offer different perspectives from

their own. As expressed by Wentling and Palma-Rivas, diversity is important for employers as well as employees, as "people from many diverse groups will be working together to keep businesses running competitively throughout the world" (2000: 35). Given the evidence of the diversifying population and organizations' responses in increasing diversity, it deems necessary to further explore the reasons an organization would increase diversity.

An organization's motive in increasing diversity in the workforce will influence its human resources strategies used in recruiting, selecting, training, developing, retaining and managing a diverse workforce. According to Hansen, "corporate goals focus[...] on three related objectives: to allow organizations to tap talent pools and incorporate new ideas and perspectives from employees of different backgrounds; to expand market share; and to ensure legal compliance" (2003: 32). Depending on the motive of an organization in increasing diversity, its approaches to making diversity work best for the organization will differ, having further implications for the workforce. In addressing why companies work to increase diversity, three key motives have been identified: legal compliance, branding, and value-in-diversity. These motives for increasing diversity will be defined below.

### **Legal Compliance**

There are a number of legal constraints that may influence an organization's drive to be more diverse. The doctrine of equal employment opportunity and the affirmative action executive order are two such programs that may influence more diversity in the workplace. Equal employment opportunity (EEO) is a non-discriminatory process that works to ensure that there are no barriers in the selection process that gives any one group an advantage (DOL, 2010). Rather than attempt to rectify past injustices by benefitting certain groups, EEO "rests on the assumption that any initiatives to show preference to any member of a protected class would be, in and out of themselves, illegal and just turn the tables by unfairly discriminating against the majority" (Mello, 2011: 309). Affirmative action plans lead organizations to make an affirmative effort to recruit and select from certain pools of

applicants (DOL, 2002). In attempt remedy past injustices, affirmative action grants special treatment in employment opportunities to protected classes of people (DOL, 2002; Mello, 2011). In addition, “affirmative action requires organizations to make special efforts to ensure that their workforce is representative of the society where the business operates” (Mello, 2011: 309).

Aside from equal employment opportunity and affirmative action, other laws that influence diversity in the workplace and prevent employment discrimination against protected groups include the Equal Pay Act, Americans with Disabilities Act, Title VII of the Civil Rights Act, and Age Discrimination in Employment Act. These laws are overseen by the Equal Employment Opportunity Commission (EEOC). The Equal Pay Act “prohibits wage discrimination based on sex or gender for jobs that require equal skill, effort, and responsibility and are performed under similar working conditions” (Mello, 2011: 300). The Americans with Disabilities Act prohibits discrimination on the basis of disability, requiring that employers provide reasonable accommodations to qualified employees with disabilities (Mello, 2011). Title VII of the Civil Rights Act “prohibits discrimination in employment based on race, color, religion, sex, and national origin” (Mello, 2011: 301). Lastly, the Age Discrimination in Employment Act “prohibits employment discrimination against employees who are age 40 or older and prohibits the setting of mandatory retirement ages” (Mello, 2011: 301).

The legal programs and laws that have been introduced may lead an organization to specifically increase the employment of employees from protected and underrepresented groups. Conversely an organization may aim for a discrimination-free workplace, giving no preferential treatment to any one group. The preceding laws and programs are examples of why organizations would want to increase diversity for legal compliance reasons, defining the first motive identified.

### **Branding**

Beyond the legal reasons a firm would want to increase its diversity, the concept of branding can also play into this choice. Organizations appealing

to diverse populations want to appear as if they are diverse to gain a better hold of the consumer market. Mello argues that “there is probably no better way to understand the market to these groups than to have them represented as employees at all levels of the organization” (2011: 47). In addition, as the population is predicted to become more diverse as women, minorities, and elderly individuals are projected to make up a higher percentage of the workforce in the coming decades, it can become a matter of availability to diversify the workforce given what human capital is available. Companies attempt to make the composition of their workforce representative of the market to which they are appealing and will also select other companies to do business with, such as suppliers, based on their standpoint on diversity. Branding, as described, involves organizations increasing diversity to appeal to both the consumer and labor market.

### **Value-in-Diversity**

While the legal motive focuses on legal compliance and the branding motive emphasizes making the workplace representative of the consumer market to gain a bigger share, the value-in-diversity motive focuses exclusively on the value that is attributed to the workplace as a result of increased diversity. When employers aim to increase diversity to reap from its benefits, they hope to take advantage of the “treasure trove of valuable opportunities for innovation, networking, marketing savvy, and similar assets.” (Carr-Ruffino, 2005: 102). In addition, valuing diversity is thought to “lead to greater creativity, more flexibility in responding to change, stronger commitment and better cooperation within heterogeneous work teams, and better-quality products and services to an increasingly diverse customer base” (Fernandez & Barr, 1993: 292). Furthermore, “proponents of diversity hold that differences among group members give rise to varied ideas, perspectives, knowledge, and skills that can improve their ability to solve problems and accomplish their work” (Polzer, Milton & Swann, 2002: 296). According to Richard, McMillan, Chadwick and Dwyer “diverse groups [...] have more extensive experiences and a greater breadth of perspectives from which to draw [and] as a result [...] are often more creative and possess a greater problem-solving capability”

(2003: 114). Further characterizing the value-in-diversity motive, Phillips and Thomas-Hunt (2007) argue that the variety in perspectives and information individuals bring fosters beneficial cognitive conflict within groups. Given the wealth of benefits of diversity discussed, organizations operating from the value-in-diversity motive as defined aim to increase diversity to capitalize on its purported benefits.

In the case of an employer increasing diversity for legal reasons, “to measure progress, one needs a metric by which to evaluate it. The simplest metric is a headcount: How many women and minorities have been hired or promoted after the diversity initiative” (Agars & Kottke, 2005: 159). If branding is the motive for an organization to increase diversity, the metric of a headcount will again suffice to determine the progress made (Agars & Kottke, 2005), yet while “some companies measure diversity results with recruitment, promotion, or turnover rates, [...] few look beyond simple head counts to measure the full financial or performance impact of their programs” (Hansen, 2003: 31). In the case of increasing diversity for branding reasons, in addition to the number of employees hired and retained from protected classes, the organization should measure the ways in which the organizational diversity composition resembles that of its market and surrounding society. Organizations can easily monitor the results of the first two reasons for increasing diversity by such methods as determining how the diversity of the workforce has changed over time and how the success of the company has changed since its image was diversified. However a more interesting, and not as easily tracked, reason to increase diversity is the value-in-diversity motive, which is realized when teams are used in decision making.

The value of diversity purported by this motive transcends the visible aspects of diversity which organizations might obtain when motivated by legal compliance or branding and features both the detectable aspects of diversity as well as those not as easily detectable, arguably making its progress more difficult to measure as well as the resultant diversity more complex to manage. More specifically for the present research and implied from diversity research as well as the value-in-

diversity motive, increased diversity is purported to bring about improved team outcomes such as better problem solving and decision making abilities (Cox & Blake, 1991; Watson, Kumar & Michaelsen, 1993). In the decision making process, an organization that is motivated by value-in-diversity will attempt to capitalize on its human capital by participating in decision making integration that takes into account the varying diversity that brings value to the organization.

This research will focus on the preceding motives leading an organization to increase diversity. Specifically, in moving toward this goal, this research will address why companies want to increase diversity, how they increase diversity depending on their motives, and how to make diversity work in the organization. In determining the different avenues an organization may take in its approach to creating and managing a diverse workforce, different approaches will have their respective outcomes for the organization and how diversity is viewed. If an organization increases diversity for strictly legal compliance it is clear that the attempts to manage the diverse workforce will differ from the instance of an organization wanting to capitalize on the diversity in the workforce. This reality frames the goal of this research to investigate the strategies for full decision making integration in teams to incorporate the viewpoints, values and mental models of diverse people into the decision making process. The following research question will guide the study:

RQ: What are the most effective strategies for team development so that diverse perspectives are considered in decision making?

### **WAYS TO MANAGE A DIVERSE WORKFORCE**

Organizations with different motives to increase diversity will have their respective ways to create and manage a diverse workforce. Given an organization may be motivated by legal, branding, or value-in-diversity reasons, it is relevant to question how an organization approaching diversity from each perspective will increase its diversity. In the case of an organization that is motivated to increase diversity to comply with the law, the organization may seek out certain pools of applicants, mainly those from

protected classes who will diversify the image of the company. This may be the approach for organizations motivated by branding reasons as well – they would recruit and select certain groups so their images are more representative of their consumer market. In these two cases, employers may use a number of resources, such as affinity groups, which “can be formed around any commonality shared by employees, including ethnicity, age, disability, family status, religion, sexual orientation, and usually have some association with a culture or perspective that has faced challenges in either society or the organization,” to recruit members from those categories (Mello, 2011: 47). The third motive for increasing diversity, the value-in-diversity perspective, does not translate as easily into a certain method for increasing diversity. Since this perspective emphasizes the value of all diversity, an employer acting from this motive need not seek out certain groups of individuals – everyone brings diversity to the workforce that can be capitalized upon given the right setting.

Given the potential benefits of diversity for organizations, it is important to examine the ways in which organizations can realize this potential. Once an organization has obtained its desired diversity, given its motive in increasing diversity, be it legal compliance, branding, or value-in-diversity, will influence the outcomes (Ng & Burke, 2005), an imperative issue to consider is how the organization deals with said diversity. A number of researchers (Sadri & Tran, 2002; Dass & Parker, 1999; Ely & Thomas, 2001) have addressed the approaches an organization will take to manage diversity. An organization’s diversity perspective and strategic response to diversity will define its approach to managing diversity. The concepts of diversity perspectives and strategic responses to diversity will be introduced below. First, three diversity perspectives will be defined. Secondly, the strategic responses to diversity of organizations will be examined, including whether they work to ignore, assimilate, accommodate, or integrate diversity into the organization.

### **Diversity Perspectives**

Organizations have become more diverse as a result of both internal and external forces, each influencing the strategies used to address diversity

in different ways. According to Dass and Parker, “researchers examining how organizations manage workforce diversity have identified three different perspectives: the discrimination and fairness paradigm, the access and legitimacy paradigm, and the learning and effectiveness paradigm” (1999: 69). Furthering the work of Dass and Parker (1999), Ely and Thomas (2001) examined three perspectives of diversity – the discrimination and fairness, access and legitimacy, and integration and learning (referred to as learning and effectiveness in Dass & Parker (1999)) perspectives – which they argued will affect a group’s ability to realize the benefits of diversity. Ely and Thomas argue the different diversity perspectives “governed how members of work groups created and responded to diversity, and these perspectives seemed to have important implications for how well the groups functioned” (2001: 239).

While Sadri and Tran (2002) introduce a continuum from affirmative action to managing diversity approaches, Dass and Parker (1999) establish support for three perspectives of diversity that influence the diversity initiatives an organization may implement. Further, Ely and Thomas (2001) adapted the three perspectives of diversity introduced by Dass and Parker (1999) and applied them to the group level, finding a group’s perspective of diversity will influence how well the group functions. The literature and research of Dass and Parker (1999), Ely and Thomas (2001), and Sadri and Tran (2002) will be compiled below to define three diversity perspectives: discrimination and fairness, access and legitimacy, and integration and learning. Defining these perspectives of diversity will help to understand how an organization will manage the given differences in the workforce.

**Discrimination and fairness.** Dass and Parker argue that from the discrimination and fairness perspective, an organization would define diversity as pertaining to protected groups (1999: 70). According to Ely and Thomas, from the discrimination and fairness perspective, increasing diversity is done to ensure “equal opportunity, fair treatment, and an end to discrimination; it articulates no link at all between cultural diversity and the group’s work and, in fact, espouses a color-blind strategy for managing employees and

employee relations” (2001: 266). When organizations employ the discrimination and fairness perspective of diversity, they will focus their “diversification efforts on providing equal opportunities in hiring and promotion, suppressing prejudicial attitudes, and eliminating discrimination” (Ely & Thomas, 2001: 245). The discrimination and fairness perspective “affects hiring and promotion decisions, is legally driven, benefits specific target groups, assumes that groups brought into the organization will adapt to prevailing norms and meets resistance due to fear of reverse discrimination” (Sadri & Tran, 2002: 228). Dass and Parker provide some specific examples of actions an employer might take when acting from this perspective, such as selecting an affirmative action director from a minority group, advertising in minority publications, or selecting vendors who are visually diverse (1999: 70). Such actions, while they “may improve equity and fairness [...] can have negative effects, as well, if there is confusion about what diversity or legal compliance means” (Dass & Parker, 1999: 70).

**Access and legitimacy.** The access and legitimacy perspective takes into account what human capital is available as well as an organization’s goal to attract certain markets. The access and legitimacy perspective recognizes the diversity of the workforce and consumer market and “therefore behooves the organization to match that diversity in parts of its own workforce as a way of gaining access to and legitimacy with those markets and constituent groups” (Ely & Thomas, 2001: 243). From the access and legitimacy perspective, an organization may define diversity in terms of all differences and will focus its efforts on celebrating these differences (Dass & Parker, 1999: 70). However, the access and legitimacy perspective emphasizes the value of diversity as a resource “only at the organization’s margins and only to gain access to and legitimacy with a diverse market” (Ely & Thomas, 2001: 265).

**Integration and learning.** Organizations operating from the integration and learning perspective view diversity as a “resource for learning and adaptive change” and acknowledge the differing skills, insights, and experiences that result from a diverse workforce can be used by a group to “to rethink its primary tasks and redefine its markets, products, strategies, and business

practices in ways that will advance its mission” (Ely & Thomas, 2001: 240). Organizations with this perspective will work to ensure the that resultant environment is inclusionary, allowing for “people with multiple backgrounds, mindsets and ways of thinking to work effectively together and to perform to their highest potential in order to achieve organizational objectives based on sound principles” (Pless & Maak, 2004: 130). In addition, organizations acting from this perspective manage diversity in ways that work to “build specific skills and to create policies that derive the best from each employee” (Sadri & Tran, 2002: 228). In summary of the work of Ely and Thomas (2001), Polzer, Milton, and Swann state “groups that approached their diversity from an “integration-and-learning” perspective were able to utilize their differences to improve their core work processes and outcomes” (2002: 298). According to Dass and Parker, the integration and learning perspective differs from the discrimination and fairness and access and legitimacy perspectives in that, in addition to recognizing the long and short-term ramifications of diversity, “it sees similarities and differences as dual aspects of workforce diversity; [and] it seeks multiple objectives from diversity, including efficiency, innovation, customer satisfaction, employee development, and social responsibility” (1999: 71).

### **Strategic Responses: Ignore, Assimilate, Accommodate, Integrate**

Given the variety of possible diversity perspectives, it follows that these perspectives may warrant different actions from an organization when managing its diversity. In determining how these actions may differ, it was possible to adapt literature from Brislin (2008), Dass and Parker (1999), and Pless and Maak (2004) to show four strategic organizational responses to diversity: ignore, assimilate, accommodate, and integrate. To ignore diversity means that an organization sees the differences to be of no consequence to the organization and therefore there is no need to acknowledge these differences. The remaining responses, however, recognize the differences that arise from a diverse workforce. In assimilation, one group is expected to take on the norms of the other group. Although this can be confused with ignoring the differences, in assimilation it is



acknowledged that differences exist, however it is expected that the individuals will adopt the norms of the dominant organizational culture rather than continue on with their own personal characteristics (Pless & Maak, 2004). In accommodation, an organization may work to take on some of the norms of the individual, interacting in ways that are familiar to the individual, while the individual acts similarly. Lastly, integration does not require that the organization try to enculturate the individual, rather the differences are recognized, valued, and included in the organization. From the inclusionary approach of integration, “different voices [...] are heard and integrated in decision making and problem solving processes; they have an active role in shaping culture and fostering creativity and innovation; and eventually in adding value to the company's performance” (Pless & Maak, 2004: 130).

### **INTEGRATING MOTIVE, PERSPECTIVE AND STRATEGIC RESPONSE**

The model of strategic responses to diversity – whether an organization works to ignore, assimilate, accommodate, or integrate the differences – can be applied to the perspectives of diversity introduced by Dass and Parker (1999), Ely and Thomas (2001) and Sadri and Tran (2002). The actions appropriate to these perspectives warrants more discussion, given the motives for increasing diversity – legal compliance, branding, and value-in-diversity – coincide with the three perspectives of diversity respectively – discrimination and fairness, access and legitimacy, and integration and learning. The following will explain the responses appropriate at each level, intersecting an organization's motive for and perspective of diversity with its strategic response.

#### **Legal Compliance / Discrimination and Fairness**

The diversity perspective of discrimination and fairness is appropriate given the legal compliance motive to increase diversity. For an organization acting from the discrimination and fairness perspective, its actions will either ignore or assimilate the differences once they are in place. From this perspective, given the pursuit of diversity is legally driven, the organization's work

is done and it can ignore the differences, making no particular effort to acknowledge the diversity once legal compliance is met and the visual diversity is in place. An organization may also convey the expectation that individuals will take on the norms of the corporate culture, working to assimilate diverse individuals to the organization. The organization's prescription to assimilate diverse individuals, may be driven by the desired outcome of leveling the playing field for the protected groups in the organization (Dass & Parker, 1999: 70).

#### **Branding / Access and Legitimacy**

If an organization's motivation to obtain diversity is branding, its diversity perspective will be that of access and legitimacy. In this case, “an organization operating from this perspective often draws on concepts of inclusion to manage the many differences it endorses” (Dass & Parker, 1999: 71). However, the actions organizations operating from the perspective take do not amount to the level of integration defined by the strategic response to diversity model. Rather, the organizations, even while claiming to value the diversity present, will work to assimilate or accommodate the differences present since it is assumed that diverse individuals in the organization can be molded to the organizational culture or will benefit the organization through their individual characteristics. Dass and Parker argue that “while improved performance may be one result of feeling valued, diverse communities may also feel they are being used to serve interests of a dominant class” (1999: 71). Therefore, while actions such as celebrating all differences emphasize the value of diversity, the organization's primary motive to improve bottom-line objectives is clear in its strategic response of assimilating or accommodating the differences of a diverse workforce.

#### **Value-in-Diversity / Integration and Learning**

The integration and learning perspective coincides with the organizational motive to capitalize on the value of diversity. Organizations that are motivated by capitalizing on the value of diversity and employ the integration and learning perspective will take strategic actions that integrate the differences of a diverse workforce,

given the various benefits of diversity for the organization. The value-in-diversity motive as well as the integration and learning perspective are important to understanding decision making integration and exploring the strategies organizations use to integrate the diverse perspectives, values, and mental models at the team level.

## DIVERSITY AND DECISION MAKING

Before considering what, if any, impact diversity in decision making teams has on the actual decisions made by these teams, we must start with a basic model of decision making.

### Decision Making Model

Thompson (1967) presents a model of decision making in which all decisions are comprised of three elements: standards of desirability, alternatives, and cause and effect beliefs.

**Standards of desirability.** In making any decision the decision maker or decision making team must use an explicitly stated or implicit basis on which alternatives are evaluated, compared, and judged. These standards are often referred to as decision criteria. Most decisions involve multiple criteria, or a criteria set. When using multiple criteria, the criteria are generally assigned weights or values indicative of the importance of the criterion to the decision maker. In team decisions, various members of the team often place a different value or weight on each element of the criteria set.

Decision making effectiveness can be evaluated by how well the decision is accepted by stakeholders impacted by the decision. The effectiveness of decisions are, in part, based on the relative value placed on criteria by a team and how these criteria weights align with stakeholder values. Decisions that are unacceptable to one or more stakeholders are often made without considering the stakeholder's interests, values, or demands in the decision making process or by not giving these criteria sufficient weight.

When decision making teams are more diverse in their composition, I argue there is an increased likelihood that the interests of stakeholders that team members represent are considered in decisions made by them. The key to realizing this

potential value lies in the ability of the team to ensure input is secured by all team members, team members feel comfortable in raising issues not coinciding with the majority viewpoint, and that conflict among alternatives is not decided by a vote in which minority interests are not considered.

**Alternatives.** It is simple logic to assume that all decisions must have at least two alternatives or options. In most complex decisions there are many more than two options. Conflict in decision making can occur when none of the alternatives or positions being considered satisfies the interests of all stakeholders. One way to resolve this conflict is to introduce additional, and often more creative, alternatives.

Since the alternatives being considered are usually functions of the past experiences of team members, the introduction of diversity to teams can increase the likelihood that previous unconsidered options are added to the list of alternatives under consideration. Once again, simply including team members from diverse backgrounds is not enough to realize this potential advantage. The decision making process used must be designed to capitalize on these different backgrounds.

**Cause and effect beliefs.** In order to evaluate alternatives on the basis of a set of criteria, one must have a set of expectations or mental models linking alternatives (cause) to criterion (effect). Flawed mental models or theories lead to flawed decisions.

One's set of mental models are a function of his or her experiences and education. I argue that increased team diversity can increase the likelihood that more complex and more accurate shared mental models are developed and used by a team.

Given organizations will be motivated to increase diversity by different reasons and will create a diverse workplace in various ways, once the diversity is in place, it remains to be seen what effects this diversity will have. To address the question of how diversity influences group effectiveness, it will be necessary to review research that draws conclusions in this area. First, to set the stage for more specific studies relevant to the present research, the equivocality of diversity research in general will be addressed.

Additionally, the relevant behavioral theories to understanding the effects of diversity will be introduced, including the implications of these theories. Next, specific research studies on the effects of diversity on performance will be reviewed. While diversity can result in improved performance in teams, this relationship is not automatic, as there are many barriers to integrated decision making. Two such barriers that will be introduced are team processes and the interdependent nature of team interactions. In addition to the possible conflict given the nature of teams alone, the conflict deriving from diversity in teams is an important barrier to discuss, and studies will be introduced that address this relationship. Finally this section will conclude by addressing the situations in which diversity has positively influenced team outcomes. It will be demonstrated that the effects of diversity on group performance will depend on a number of factors, and the relationship may not always be so forthright.

### **Equivocalness of Diversity Research**

When questioning the effects of diversity on group functioning, the results from diversity research have remained equivocal for a number of reasons. A number of dependent variables have been specifically studied, such as task interdependence, collective team identification, business performance, team outcomes (effective decisions, information sharing, problem solving, collective efficacy, shared mental models, etc.), and team processes (Horwitz & Horwitz, 2007; Joshi & Roh, 2009; Reis, Castillo & Dobón 2007). As such, the relationship between diversity and group functioning is dependent upon a number of factors such as the “mix of diversity dimensions present in the group, the way the group’s tasks and broader context shape the salience of various diversity dimensions, and the extent to which the particular members of the group hold and use stereotypes associated with categorical diversity dimensions” (Polzer, Milton & Swann, 2002: 320). In addition, individuals in groups may belong to a number of social categories and possess a variety of personal characteristics (Polzer et al, 2002: 320). Reis, Castillo and Dobón (2007) reviewed diversity research spanning across a variety of academic disciplines and argued that in over 50 years of diversity research,

the empirical evidence remains insufficient. Indeed much controversy remains over the topic, even in the definition of diversity itself (Reis et al, 2007; Phillips & Thomas-Hunt, 2007; Hansen, 2003). Additionally, there are many diversity theories utilized when addressing different aspects of diversity, be they visible or unseen. When addressing the effect of cultural and surface-level diversity on organizational performance, Horwitz and Horwitz (2007), Joshi and Roh (2009), and Richard (2000) concluded there is no direct positive relationship between diversity and performance. Furthermore, in the case of negative outcomes, there is research to support the finding that “the negative effects generated by diversity gradually disappear over time allowing positive effects to evolve” (Reis et al., 2007: 270).

The research on diversity and group functioning remain inconsistent, attesting to the lack of an undisputed answer to how diversity influences performance. Nielsen (2010: 309) expresses the “clear need to distinguish between different types of diversity in terms of both theory and analysis, as not all diversity aspects can be expected to have the same consequences for team decision-making and corporate performance”. Before delving into specific research studies that address diversity and group effectiveness, it proves beneficial to review relevant diversity theories as they pertain to the present research.

### **Relevant Behavioral Theories**

There are a number of relevant behavioral theories that attempt to explain the possible effects and consequences of diversity on team interactions. These theories set the framework for understanding the effects of the aforementioned varieties of diversity on group performance. While research on the more visible aspects of diversity may use theories of social categorization, identification, and similarity and attraction, the intangible aspects of diversity are often analyzed through the lens of information processing theories (Reis, Castillo & Dobón, 2007). The relevant theories for diversity will be defined and introduced to provide an understanding of their implications in relation to the present research.

**Social identity theory.** This theory begins with the premise that individuals seek to maximize their self-concepts and self-esteem (Pitts & Jarry,

2007; Mannix & Neale, 2005). To attain this goal, individuals therefore make comparisons of themselves among a number of categorizations. Pitts and Jarry argue “these self-comparisons involve individuals placing themselves, and others, into a series of categories along organizational, religious, gender, ethnic, and socioeconomic lines, among others” (2007: 236). These comparisons will lead individuals to develop both a social identity and a personal identity based on their memberships in these groups. For an individual, his or her social identity is based on his or her “social category memberships (e.g., gender, racioethnicity, or profession)” and his or her personal identity will be “based on his or her personal attributes (e.g., personality or abilities)” (Elsass & Graves, 1997: 949; Pitts & Jarry, 2007). In addition, the more salient features of social identity will serve as a basis for comparison, and “since racioethnicity and gender are highly salient and accessible, categorization on the basis of these factors will be nearly automatic” (Elsass & Graves, 1997: 949; Mannix & Neale, 2005).

The predictions of the social identity theory can be related to the responses to diversity addressed earlier as well as to dependent variables of group functioning. Given individuals will develop social identities based on a number of categorizations, this can be a barrier to decision integration, as individuals may be set on their identities and the respective perspectives common to these identities. This can result in such extreme polarization of perspectives, making it impossible to integrate all perspectives and causing the team to ignore some perspectives. Also, from the social identity theory, it can be predicted that individuals developing social and personal identities based on different categories could lead to conflict in the group, making it difficult to come to agreement and establish shared mental models and collective efficacy early on.

**Social categorization theory.** A second theory, social categorization theory, posits that individuals use their social category memberships to define their self-concepts (Mannix & Neale, 2005; Brislin, 2008; Garcia, Meyle & Provins, 2009). Individuals cognitively attach hierarchal levels of emotional value to their self-categorization memberships (Garcia et al., 2009;

Mannix & Neale, 2005). The processes of categorization lead individuals to group and label others into different categories, and those individuals are then treated as category members (Brislin, 2008: 147). The different categories serve as the basis for stereotyping and this theory “assumes that individuals quickly stereotype and make judgments about those from other groups” (Pitts & Jarry, 2007: 236). In a group setting, categorization will lead an individual to “develop expectations for his or her role in the group as other individuals concurrently develop role expectations for the focal individual” (Elsass & Graves, 1997: 949). While categorization can be used to develop favorable role expectations, “unfortunately, cognitive processes evoked by categorization, including status judgments, stereotypes, and similarity bias, are likely to lead to negative expectations for the focal individual” (Elsass & Graves, 1997: 949). In addition, the composition of diverse work groups can lead to issues with “trust, communication, and cooperation,” causing more difficult work processes, and decreased performance (Pitts & Jarry, 2007: 236). For these reasons, the social categorization theory “suggests a negative relationship between organizational diversity and work-related outcomes” (Pitts & Jarry, 2007: 236).

The social categorization theory can be used to explain the possible effects on group functioning. Since social categorization theory predicts biases as a result of categorization, this will result in polarization within the team, hampering the ability of the team to perform well, and negatively influencing team outcomes. The negative effects can be seen in decreased information sharing, and decreased ability to solve problems or make effective decisions due to the need to deal with the polarization and biases resultant of social categorization. In addition, as a result of the polarization within the team, some perspectives may be ignored or assimilated to force a decision, rather than take account of all ideas in the decision making process.

**Similarity-attraction theory.** The similarity-attraction theory says that “similarity on attributes such as attitudes, values, and beliefs will facilitate interpersonal attraction and liking, and vice versa” (Mannix & Neale, 2005: 39). Following this logic, the similarity-attraction theory purports that

groups with more liking and similarities will be characterized by increased reinforcement and symmetry in the group. Conversely, group dissimilarities will negatively influence social capital ties, causing strain, dissention, and disagreement amongst the group.

The similarity-attraction theory can be used to show how decision-making integration may not be possible in the group if division is created by individuals grouping themselves with similar individuals. The resultant division may lead the group to accommodate or assimilate ideas rather than integrate the various perspectives present. In addition, as a result of the interpersonal attraction to similar individuals, group functioning variables such as performance and team outcomes can be negatively affected, causing conflict within the group, and making it difficult to develop collective efficacy and shared mental models. Attraction to similar individuals also makes the problem solving and decision making processes more difficult, given conflict hampers the ability of individuals to come to consensus.

#### **Information and decision making theory.**

The information and decision making theory “is predicated on the notion that the composition of the work group will affect how the group processes information, communicates, and makes decisions” (Pitts & Jarry, 2007: 237). The information and decision making theory can be viewed in conjunction with the information processing theory, which says the variety of ways in which individuals process information due to their different backgrounds in areas such as skill, education, and experience positively influence the performance of groups (Mannix & Neale, 2005). This approach proposes that “in diverse groups individuals have a variety of perspectives and approaches to the problem, as well as different sources of information and expertise” (Mannix & Neale, 2005: 42). The information processing theory purports that “this added information might improve the group outcome even as it creates coordination and integration problems for the group” (Mannix & Neale, 2005: 42). Similarly, the information and decision making theory claims that for the functions of producing information and making decisions, “the faulty processes that result from high levels of heterogeneity are overcome by benefits gained from more creativity, a larger

number of ideas, and a larger pool of knowledge” (Pitts & Jarry, 2007: 237).

The information and decision making theory can be used to show how integration is possible, given the multitude of ideas present in the group can be used to develop well-rounded and integrated decision. As a result of the variety of information in the group, members will be more likely to share and coordinate with individuals having different perspectives from their own. Using this theory, it can be predicted that group functioning variables, such as information sharing, problem solving and decision making will improve as a result of the variety of information available.

**Theoretical implications.** The preceding behavioral theories attempt to explain the possible effects of diversity on performance. Understanding the predictions of these theories aides one in understanding how diversity can potential affect performance in the group setting. Given these theories have been defined, it is now beneficial to examine the implications that can be drawn from these theories.

Mannix and Neale argue that instead of using one given theory to analyze the possible effects of diversity, in using a combination of the theories “a fully balanced perspective may be achieved by considering the intersection of categorization (i.e., self-categorization/social identity, similarity-attraction theories) and the information-processing approaches” (2005: 43). While the categorization perspectives, which explain how individuals develop their identities and then relate better to similar others, help to “explain the pull individuals feel toward the validation of homogeneity and the comfort of belonging”, the information processing perspective helps one “understand how distinctiveness and difference can create novel approaches, learning, and enhanced performance through interaction and the constructive exchange of information” (Mannix & Neale, 2005: 43). In addition, while social categorization and similarity-attraction processes can “hinder communication, decrease group cohesiveness, and lead to higher levels of dysfunctional conflict, making it difficult for groups to benefit from their differences in perspective,” diversity in knowledge and perspectives is thought to result in improved group performance (Phillips & Thomas-Hunt, 2007: 39). According to the latter perspective,

which is supported by the review of diversity literature by Williams and O'Reilly (1998), "diverse groups have a larger pool of resources, and because they need to reconcile conflicting viewpoints, they may process task-relevant information more thoroughly and generate more creative and innovative ideas and solutions" (Phillips & Thomas-Hunt, 2007: 39). Furthermore, the social identity, social categorization, and similarity-attraction theories "suggest that diversity's effect on teams is negative, because it makes social processes more difficult" (Stahl, Maznevski, Voight & Jonsen, 2010: 691). Conversely, the effect of information processing theory is thought to be positive as it results in different contributions to the team and "a diverse team thus covers a broader territory of information, taps into a broader range of networks and perspectives, and can have enhanced problem-solving, creativity, innovation, and adaptability" (Stahl et al., 2010: 691).

The intersection of these theories has various implications for the proposed research, as the categorization approaches predict increased group conflict and the information processing approaches predict improved group performance. While organizations may strive to act from the integration and learning perspective, capitalizing on the purported benefits of diversity and integrating all perspectives into the decision making process, realizing these benefits does not always happen. Understanding the preceding theories is helpful for the next section, which will introduce research on diversity and performance.

### **Diversity and Performance**

The information and decision making and information processing theories predict a positive relationship between diversity and performance. The following three empirical research studies will address this relationship in the team setting, addressing such performance variables as problem solving, effectiveness, and overall performance. The following will introduce the three studies, including their objectives, methodologies used, and conclusions made.

Watson, Kumar, and Michaelsen examined the impact of cultural diversity on ongoing organizational groups – group processes and problem solving – with the goal of answering the

question, "what effect does a high degree of cultural diversity have on group interaction and group problem solving over time?" (1993: 591). Watson et al. (1993) hypothesized that interaction processes and performance on complex problem solving tasks would be less effective for newly formed diverse groups as compared to homogenous groups. The researchers also predicted that, "initial differences in the effectiveness of the interaction processes of culturally diverse and culturally homogeneous groups will diminish over time" and as culturally diverse groups become more effective in processes, they will surpass their previous group performance on complex problem solving tasks as well as the performance of homogenous groups (Watson et al., 1993: 592).

Watson et al. (1993) performed a four month study of 173 undergraduate students who had been divided into 36 work groups comprised of four or five members. The sample contained both culturally homogenous and diverse groups. Homogenous groups were made of members from the same cultural background – race and nationality. In addition, "each four-member diverse group contained a white American, a black American, a Hispanic American, and a foreign national from a country in Asia, Latin America, Africa, or the Middle East (Watson et al., 1993: 593). The groups were given four tasks over the period of the study. The groups were tasked with completing a structured case study analysis. The task criteria used to evaluate the case analyses included "(1) the range of perspectives shown in evaluating the situation, (2) the number of potential or existing problems identified (problem identification), (3) generation of multiple alternatives (alternatives generated), and (4) the quality of the recommended solution (quality of solutions)" (Watson et al., 1993: 594). Three professors independently graded the analyses, using a blind process, resulting in high inter-evaluator reliability. The evaluators rated the performance on a five-point scale, from 'very poor performance' to 'very superior performance'. The group interaction process was measured by interviewing group members after completing each task. After completing each task, a professor met with each group to give feedback on group processes strengths and weaknesses and qualitative feedback on the case study. The

researchers used univariate F-tests to analyze the data and compare the diverse and homogenous groups in terms of group processes and performance.

Watson et al. (1993) found that homogenous groups reported more effective processes for the first three periods, “but the two types of groups reported equally effective processes by time four” (1993: 595). While homogenous groups were rated higher for all performance measures for the first task, by the fourth task, overall performance was the same. However the two types of groups scored differently on individual performance measures for other task periods, as the second task revealed that “homogeneous groups scored significantly higher than the diverse groups on problem identification, quality of solutions, and overall performance”, the third task showed “homogeneous groups scored significantly higher than the diverse groups on quality of solutions, and the diverse groups scored significantly higher on range of perspectives and alternatives generated” and in the last task, “diverse groups scored significantly higher on range of perspectives and alternatives generated” (Watson et al., 1993: 596). Watson et al. found that “a high degree of cultural diversity did appear to constrain process and performance among group members in newly formed groups” (1993: 598). In sum, the study by Watson et al. (1993) found that, when compared to culturally homogenous groups, newly formed diverse groups were not as effective due to the need to cope with high degrees of cultural diversity (1993: 598). However, as the two types of groups performed equally well at the conclusion of the study, this research shows that the initial difficulty and disruption resultant of cultural diversity in groups may be overcome with time.

Bunderson and Sutcliffe (2002) examined the effect of functional diversity, a product of differing expertise and experience, including how it is conceptualized and measured, on information sharing and performance in teams. The researchers identified three conceptualizations of functional diversity: dominant function diversity (“diversity in the different functional areas within which team members have spent the greater part of their careers”), dominant background diversity (“diversity in the complete functional backgrounds of team members”), and functional assignment

diversity (“diversity in team member functional assignments”) (Bunderson & Sutcliffe, 2002: 878). It was hypothesized that “the intrapersonal functional diversity of a team will be positively associated with information sharing within the team” (Bunderson & Sutcliffe, 2002: 882). Bunderson and Sutcliffe predicted “the dominant function diversity of a team will be negatively associated with information sharing within the team” (2002: 884). In addition, Bunderson and Sutcliffe (2002) hypothesized that information sharing within teams would have a partial mediating effect on “the positive relationship between the intrapersonal functional diversity of the team and (near-term) performance” (2002: 883) and “the negative relationship between the dominant function diversity of the team and (near-term) performance” (2002: 884).

The sample for the Bunderson and Sutcliffe (2002) study included 438 management-level members of business teams at a Fortune 100 consumer product company. Data used in the study came from 44 teams, with an average of 11 members per team. The company provided performance data from corporate records. To measure functional diversity, the survey asked the numbers of years of experience respondents had in each given functional area and then computed the heterogeneity index. The researchers measured information sharing by asking team members to evaluate the degree to which “(1) information used to make key decisions was freely shared among the members of the team, (2) team members worked hard to keep one another up to date on their activities, and (3) team members were kept ‘in the loop’ about key issues affecting the business unit” (Bunderson & Sutcliffe, 2002: 885). Performance was measured by the profitability of the teams. The researchers controlled for number of team members, average number of work years, age and tenure, and market context. The researchers used mediated regression to analyze the survey data.

Bunderson and Sutcliffe “found that intrapersonal functional diversity was positively associated with information sharing” (2002: 889). The findings also show a negative association between dominant functional diversity and information sharing, which “is consistent with our argument that the dispersion of team members

across functional areas of expertise increases the likelihood that team members will have very different backgrounds and experiences and will therefore have difficulty communicating with and relating to one another” (Bunderson & Sutcliffe, 2002: 889). In addition, when information sharing improved in the teams, this resulted in a positive relationship between intrapersonal functional diversity and unit performance. Lastly, it was found that “information sharing partially mediated the relationship between dominant function diversity and unit performance” (Bunderson & Sutcliffe, 2002: 889). Overall, “these findings imply that organizations can benefit considerably by seeking and developing management teams composed of individuals who are functionally broad” to improve informational sharing and performance in teams (Bunderson & Sutcliffe, 2002: 890).

A third study, conducted by Peterson, Mitchell, Thompson and Burr (2000), investigated the effects of collective efficacy and shared mental models on team performance. Collective efficacy in this instance refers to “a group’s judgment of their ability to perform a specific task” (Peterson et al., 2000: 298). The researchers defined shared mental models as “cognitive representations of task requirements, procedures and role responsibilities that members hold in common” (Peterson et al., 2000: 300). Peterson et al. (2000) examined two aspects of shared mental models – “the agreement and accuracy of members’ perceptions about aspects of their task” (2000: 297). It was hypothesized that groups with shared mental models would perform better and produce superior final projects. Also, it was predicted that groups with high collective efficacy would receive better grades on final projects. Over time, it was predicted that “first, groups with higher efficacy early in the quarter would have more shared mental models later in the quarter, and second, groups with more shared mental models early in the quarter would have higher efficacy later in the quarter” (Peterson et al., 2000: 303).

Peterson et al. (2000) used a sample of student work groups in the United States (44 undergraduate students) and Australia (99 MBA students) working on a semester long research project. The sample used contained a range of group members – two to four members for the

American student groups, and five to eight for the Australian student groups. The American students participated on a voluntary basis while participation in the study was a course requirement for the Australian students. Individual and group questionnaires were given that provided information about efficacy, shared mental models, task process, and social process. The process used to measure these variables involved asking group members how much everyone would contribute to each component of the project and how important each component was to completing the project. The group members first completed the group questionnaire collectively, then the individual questionnaire independently. These questionnaires were taken during two stages of the projects – shortly after meeting at the three week mark and at the eighth week mark. The performance measure for the study was the grade groups received for their project. Groups were graded by their professors using predetermined grading criteria. In analyzing the data, the researchers used country of the students as a moderator and found no significant differences between the two groups, collapsing the two samples.

Peterson et al. (2000) found that high collective efficacy and shared mental models were correlated with better performance. In addition, Peterson et al. (2000) found support for the hypothesis that high efficacy early on would be a predictor for more shared mental models later in the semester. However, “in contrast, the extent to which mental models were shared among group members early in the quarter did not predict their efficacy later (and did not predict their performance)” (Peterson et al., 2000: 308). The researchers could make no inferences of the mediating role of social and task process variables as they were not significantly correlated with performance. In sum, “the groups who early in their work together had higher efficacy were the groups with more similar mental models by the end of the project, and were the groups who performed better” (Peterson et al., 2000: 309).

### **Barriers to Integrated Decision-Making**

The preceding research studies have shown the variety of ways diversity influences team performance. As noted, some theories predict positive relationships between diversity and group



effectiveness, while others predict increased conflict as a result of diversity. While diversity may positively influence the performance of teams, this relationship is not automatic, due to possible barriers to integrated decision making. Such barriers as team processes and the structure of the team can serve to hamper achieving the integration typical of organizations motivated by value-in-diversity and acting from the learning and integration perspective. Understanding the processes and interactions of teams will be useful in examining how organizations can foster a team environment that furthers the goal of diversity integration. The nature of teams, including their processes and interdependence, are possible barriers to decision making that will be addressed below.

**Team processes.** Organizations operating from the value-in-diversity and integration and learning perspective will aim to ensure that their usage of teams furthers the goal of creating an inclusionary environment. According to Kang, “teams are goal-oriented groups that share a common goal among members and task-driven groups that are formed around frequently occurring problems” (2010: 152). As the research has shown, diversity has varying effects on teams, but it is equally important to examine the processes of the focal unit, as they may serve as an aid or impediment to accomplishing the goal of decision-making integration.

Teams differ from groups in that they “consist of highly differentiated and interdependent members”, team members bring “different knowledge and skills that apply to the teams’ tasks”, and “teams consist of interdependent members who interact over time” (Kang, 2010: 152). Once teams are formed, there are a number of process considerations to make. Group decision processes “that differentiate among the members as to the impact of their preferences in determining the decision” can be grouped into four categories: unanimity, consensus, majority rule, and hierarchical (Murnighan, 1982: 77; Mackin, 2007). When a group uses the unanimity process to make a decision, all members must agree with the decision. Consensus also requires agreement with the decision by all members, but compromise is deemed appropriate. Also, “with consensus there is usually at least an implicit norm that the group

should seek a solution that satisfies everyone” (Murnighan, 1982: 77). One example of majority rule is for all team members to vote for their preferred alternative and the decision alternative receiving the most votes will be selected. In using a hierarchical process, one team member may be responsible for the final solution or one dictatorial member may make the decision alone (Murnighan, 1982; Robson, 1993). Although teams have a range of decision making processes available, some processes, such as unanimity and consensus, are more effective for integrating diverse viewpoints than are others, which serve as barriers to achieving integration (Mackin, 2007; Robson, 1993; Murnighan, 1982).

**Internal interdependence.** As addressed by Kang (2010), teams are composed of interdependent members. Thompson (1967) has explained the three forms of interaction and communication among group members (pooled, sequential and reciprocal), or internal interdependence, which take place in an organization depending on its structure. Most important to the unit of analysis for this research, the decision making and problem solving team, is reciprocal interdependence, as it characterizes the nature of interaction for this unit. Thompson defines reciprocal interdependence as referring to “the situation in which the outputs of each become the inputs for the others” (1967: 55). As its name implies, reciprocal interdependence involves members reciprocally exchanging communications.

Thompson argues that “in the order introduced, the three types of interdependence are increasingly difficult to coordinate because they contain increasing degrees of contingency” (1967: 55). Pooled, sequential, and reciprocal interdependence require increasing interdependence, and “the probability of conflict among positions or groups is directly proportional to their degree of interdependence” (1967: 60). As such, Thompson (1967) has proposed respective methods of coordination for addressing the potential conflict that may arise with each form of interdependence. Thompson (1967) proposes that coordination by mutual adjustment be used to coordinate reciprocal interdependence. Coordination by mutual adjustment “involves the transmission of new information during the

process of action” (Thompson, 1967: 56). The methods of coordination appropriate to each form of interdependence, “place increasingly heavy burdens on communication and decision” (Thompson, 1967: 56). Most important to the unit of analysis is coordination by mutual adjustment, which is used to address the potential conflict of reciprocal interdependence.

While the conflict brought on by the level of interdependence in teams is a legitimate barrier to integrated decision making, this addresses only the conflict brought on by the nature of teams. The conflict resultant of diversity in teams is a legitimate concern, as this is also a barrier thought to contribute to an organization’s inability to achieve integration. The following section will address this barrier, examining the effects of diversity and conflict in teams.

### **Diversity and Conflict**

The social identity, social categorization, and similarity-attraction theories predict a positive relationship between diversity and conflict. The following two empirical research studies will address this relationship in the team setting. The studies will be discussed in terms of their research objective, methodology used, and findings. These two studies will show that some forms of diversity are more predictive of conflict in groups than are others.

Jehn, Northcraft, and Neale (1999) performed a study to examine the effects of three types of diversity – informational diversity, social category diversity, and value diversity – and conflict on workgroup outcomes. Jehn et al. (1999) used task interdependence and task type as contextual moderators. For work groups, the researchers predicted that informational diversity would increase task and process conflict, social category diversity would increase relationship conflict, and value diversity would increase task, process, and relationship conflict (Jehn et al., 1999: 745). Additionally, Jehn et al. (1999) made a number of hypotheses addressing the moderating abilities of these types of diversity for one another, as well the moderating abilities of conflict, task interdependence, and task type.

Jehn et al. (1999) used a sample of 545 employees in a household goods firm who had been placed in work teams, coming from all

functional backgrounds of the firm. A voluntary survey was distributed, and the researchers received a high response rate of 89 percent, but included only teams with a 100 percent response rate for a total of 92 teams used. A Likert scale was used to measure perceived value diversity, including questions about the values of the team members and team, goals, and agreement on what is important. “Informational diversity measures assessed heterogeneity of education (i.e., major), functional area in the firm (e.g., marketing, mailroom, operations), and position in the firm (i.e., hourly employee or management)” (Jehn et al., 1999: 749). For social category diversity, the measures assessed only sex and age as “the firm’s executives declined to provide data on the ethnic background or nationality of the employees” (Jehn et al., 1999: 749).

In their study, Jehn et al. (1999) found that informational diversity increased task conflict, social category diversity increased relationship conflict, and greater informational diversity resulted in increased workgroup performance when social category diversity was low and tasks were complex. The study also found that greater value diversity lead to decreased satisfaction, commitment, and intent to remain, while these factors increased with higher levels of social category diversity. From this study, Jehn et al. (1999) differentiated between three types of diversity and their effects on various aspects of performance. In sum of their conclusions, effective teams were those with low value diversity and high informational diversity, and efficient teams and teams with high morale had members with low value diversity. Based on these findings, according to Jehn et al., “it is the diversity associated with values, and not social category, that causes the biggest problems in and has the greatest potential for enhancing both workgroup performance and morale” (1999: 758). The findings of this study indicate that different types of diversity have positive and negative effects on teams as they can potentially increase performance and morale, while simultaneously creating conflict that leads to dissatisfaction and inferior performance.

A second study on diversity and conflict is that of Acar (2010), which examined the relationship between group diversity and

emotional conflict over time. The researcher hypothesized that surface-level diversity, more so than deep-level diversity, such as values and personalities, would be positively associated with emotional conflict in the initial period of interaction for a group (Acar, 2010: 1739). Acar predicted that over time, with sustained interaction, deep-level diversity, such as values and personalities, would “have a stronger positive association with emotional conflict than will perceived surface-level diversity” (2010: 1739). Acar (2010) aimed to test the moderating effects of shared leadership on diversity and conflict. According to Acar, shared leadership “refers to the sharing of leadership roles, responsibilities, and functions among all group members” (2010: 1740). It was predicted that high levels of shared leadership would weaken the positive relationship of both surface-level and deep-level diversity and emotional conflict.

The sample for the Acar (2010) study consisted of 301 undergraduate seniors who participated in three assignments over the period of a semester. The students were divided into groups of five or six members, with a total of 81 groups used for the study. Data was gathered from the groups at five, eight and eleven weeks. Surveys, which inquired about perceptions of diversity, levels of conflict within the group, shared leadership, and demographic information (during the first administration), were administered to groups members after they completed each assignment, and before they received feedback on performance (Acar, 2010: 1741). The researcher used a five-point scale to measure both conflict and shared leadership. To correlate the data, Acar (2010) used seemingly unrelated regression.

Acar found partial support for the hypothesis that deep-level diversity would be significantly associated with emotional conflict, as this occurred only when surface-level diversity was insignificant (2010: 1744). Surface-level diversity was found to result in decreased emotional conflict. The findings of this study suggest “in the beginning and in the end of groups’ interaction, perceived surface-level diversity is more likely to trigger emotional conflict when shared leadership is high than when it is low” (Acar, 2010: 1744). In testing the effects of shared leadership, it was

found that “shared leadership diminishes the positive association between perceived deep-level diversity and emotional conflict only in the middle of groups’ interaction” (Acar, 2010: 1744). When shared leadership was relationship-oriented, requiring that leaders encourage “group members to try and suppress the influence of stereotypes on their interpersonal interactions”, the findings suggest that “diversity leadership that instructs cognitively busy participants to suppress stereotypes and prejudices may produce the opposite effects” (Acar, 2010: 1748). This study showed that the effects of surface-level and deep-level diversity on emotional conflict may vary over time.

### Conclusions

The preceding studies have examined the effects of diversity on conflict and performance. The theories presented predicted both the positive and negative effects of diversity, and the research studies included were used to determine if these potential effects were realized in actual team settings. A number of conclusions can be made from the specific research studies introduced.

Watson et al. (1993) concluded that while newly formed culturally diverse teams may not be as effective as their homogenous counterparts, the difficulties faced from high degrees of cultural diversity may be overcome with time. Bunderson and Sutcliffe (2002) found a positive correlation between intrapersonal functional diversity and information sharing and when information sharing improved within the group, this resulted in increased unit performance. Lastly, Peterson et al. (2000) concluded that teams with high collective efficacy and more shared mental models were better performers than those with low collective efficacy and fewer shared mental models.

The studies on diversity and performance showed that ways diversity can influence performance, but certain barriers to capitalizing on the benefits of diversity make it difficult to achieve decision making integration. These barriers, including team processes and interaction, which cause conflict within the team, were introduced. In addition to these barriers brought on by the nature of teams, diversity in teams can serve as a source of conflict as demonstrated in the studies on diversity and conflict. While Jehn et al.

(1999) looked at three forms of diversity and found that the different forms will have different effects, it was concluded that value diversity has the greatest potential for creating conflict in teams, as low value diversity was positively correlated with higher morale and more effective teams. Acar (2010) found that high levels of surface-level diversity resulted in decreased emotional conflict and when surface-level diversity was low, deep-level diversity resulted in increased emotional conflict.

The findings of the above research studies show that the effects of diversity on performance and conflict depend on a variety of factors. These factors include the team duration, amount and variety of diversity present, and levels of collective efficacy and shared mental models. It must be noted that the majority of the studies emphasized the influential effects of intangible or deep-level aspects of diversity, such as shared mental models, values, collective efficacy, and functional diversity, on both conflict and performance. From the studies included, it is possible to identify strategies to make diversity work favorably for group outcomes and the organization.

### **STRATEGIES FOR DIVERSITY INTEGRATION**

As shown by the research on diversity and group effectiveness, diversity can have varying effects on team outcomes. An organization operating from the integration and learning perspective will aim to create an environment which minimizes the negative effects and capitalizes on the positive outcomes of diversity in teams. With this goal in mind, it is necessary to determine the strategies that will ameliorate the perceived shortcomings of diversity in the group setting.

While diversity is thought to yield several positive results, this relationship is not automatic, as there are also several barriers to integrated decision making. In addition to the potential conflict brought on by diversity, the four decision making processes identified can serve to affect team results in different ways. Not only does diversity and team decision processes potentially hamper the outcomes of a team, but the nature of interactions of a group can be a source of conflict

as well, as the more interdependent the interactions of a group, the greater the potential for conflict (Thompson, 1967). In the case of the decision making and problem solving team, as it is characterized by reciprocal interdependence, the potential for conflict is greatest amongst the three forms of internal interdependence.

Keeping in mind the potential for conflict in the identified areas, it is important to consider the environment in which diversity would yield positive results for an organization. To this end, a number of strategies for team development will be introduced that help to create an inclusionary environment in which diverse perspectives are considered in decision making. The following will address strategies for diversity integration in teams in three areas: composition, processes, and communications. These strategies can be used to help organizations can achieve diversity integration effectiveness by creating an environment which preserves the value of diversity while still allowing for consensus in the team.

#### **Composition**

As evidenced from the research on diversity in teams, the composition of teams can play a central role in their outcomes. It is important to consider the implications of the included research on the structuring and composition of teams. One study found that high levels of functional diversity were positively correlated with information sharing and information sharing was characteristic of groups who performed better (Bunderson & Sutcliffe, 2002). Given these findings, organizations aiming to capitalize on the value of diversity should ensure the teams they form contain members having a wide variety of experiences and expertise. When there is a high level of informational diversity in a team, resultant of team members with a differing backgrounds, expertise, knowledge, perspectives, training, and education, team members are more willing to share information, which leads to better performance than groups with low informational diversity.

A second study found that newly formed culturally diverse groups were not as effective as homogenous groups, but with time, the two groups performed equally well (Watson et al. 1993). This study shows that cultural diversity may be a source

of conflict at the onset of group formation, but the difficulties created by visible aspects of diversity, such as race or culture, can be overcome with time. When identifying some of the causes of team failure, Mackin notes that “management expects immediate return on investment and the team is unable to provide as quickly as it is demanded” (2007: 38). It is important that organizations do not assume that every team will realize its potential from the beginning. Especially when there are high levels of social categorization diversity in the team, it may take time to reconcile these differences before the group would perform as well as a homogenous group. Given these findings, it is suggested that, when faced with a culturally diverse team, organizations should structure their teams and goals to compensate for the fact that diverse teams may take longer to realize their full potential.

A study addressing surface-level diversity in teams revealed that the effects of surface-level diversity may vary over time (Acar, 2010). Acar (2010) found that high surface-level diversity resulted in decreased emotional conflict, but when surface-level diversity was insignificant, deep-level diversity, such as differing values, increased emotional conflict. These findings were inconsistent with the social categorization behavioral theories that suggested increased social categorization diversity in teams would result in increased conflict. This study shows the potential of surface-level diversity for decreasing emotional conflict amongst group members. As such, one strategy organizations can employ is to take into consideration that a team with high surface-level diversity may decrease the emotional conflict in the team; and without such diversity, deep-level diversity will be a source of increased conflict.

In conclusion, to address the issue of team composition, organizations should form teams such that members are heterogeneous in terms of functional and surface-level diversity. Doing so will increase information sharing and decrease emotional conflict, which will lead to better performance and integrate more diverse viewpoints in decision making. In addition, while organizations may select for culturally diverse team members, it is important to understand that the potential of diverse groups may not be

immediately realized due to the need to cope with this cultural diversity.

### **Processes**

With respect to team processes, the chosen decision making process and nature of interaction of the team serve as potential sources of either conflict or advantage. Teams may use unanimity, consensus, majority rule, or hierarchical processes when making decisions. While unanimity and consensus ensure that all group members have a say in the decision, majority rule and hierarchical processes can silence the perspectives of some group members. It is also important to note that although the situation may not rise to the level of team dictatorship, some team members, possibly due to status effects or a domineering nature, may interfere with all perspectives being considered in making the decision (Konrad, 2003; Robson, 1993). For this reason, it is recommended that organizations use the consensus decision making process as it will incorporate all perspectives and result in a solution that best benefits all team members. The presence of overpowering members also creates the need to effectively manage group discussion (Konrad, 2003), which will be discussed when addressing strategies for team communications.

Given the decision-making and problem solving team is characterized by reciprocal interdependence, this increases the potential for conflict. Thompson (1967) suggests that coordination by mutual adjustment be used to coordinate interactions that are reciprocal in nature. Coordination by mutual adjustment involves the exchange of new information during the decision making process. Thompson (1967) posits if there is an ongoing exchange of information, this will reduce the amount of conflict for the team caused by the high level of interdependence among members. Therefore, it is recommended that organizations incorporate self-assessments into its decision making processes and appoint a team member to the role of critical evaluator to facilitate ongoing communication and healthy debate (Mackin, 2007; Parker, 2008; Robson, 1993). Mackin identified some of the key components of high performance teams as those in which “communication is spontaneous and shared among all members” and “the team continually

works on improving itself” (2007: 37). If a team performs self-assessments during the decision making process, it is able to assess how well it is working and identify any impediments to its effectiveness (Parker, 2008: 20). Additionally, the role of critical evaluator serves to provide the team with new information (Mackin, 2007). The use of the strategies of self-assessment and appointing a critical evaluator will reduce the conflict typical of highly interdependent team members and ensure that more diverse perspectives are heard during the decision making process.

### **Communications**

Once a team is in place, there are several communication strategies that can be employed to achieve full diversity integration. Returning to the empirical studies on diversity, it was found that low value diversity resulted in teams being more effective and having higher morale (Jehn et al., 1999). As value diversity exists when group members differ on what they believe should be the task or goal of the group (Jehn et al., 1999), organizations can combat this potential source of conflict by ensuring that clear objectives are set for the team. Another study found that teams with high collective efficacy and more shared mental models were better performers (Peterson et al., 2000). High collective efficacy in a group is the result of the members being confident in their ability to perform a task. Shared mental models are the result of group members being in accord with respect to the requirements, procedures, and responsibilities to addressing the task at hand (Peterson et al., 2000). To address the findings of the studies conducted by Jehn et al. (1999) and Peterson et al. (2000), a number of strategies can be proposed. First, as suggested by Mackin, when forming a team, the first step should be to “define the team’s goal on the basis of the purpose or problem to be examined” (2007: 8). A second strategy to employ is to develop a team charter, which includes “the missions, team goals, expected outcomes, time requirements, and authority level” for the team (Mackin, 2007: 8). Third, organizations should make sure to “identify the SMART goals for the team [which are]: specific, measurable, achievable, results-oriented, and time-bound” (Mackin, 2007: 9). As a result of employing these strategies, team members will have the same clear objectives in mind when

approaching the task at hand, and will be confident in their ability to complete the task, as it will be achievable and measurable. These strategies will reduce some of the uncertainty resultant of high value diversity, low collective efficacy, and few shared mental models. The reduction of these potential sources of conflict, which serve as impediments to the decision making process, will allow for more effective and inclusionary decisions to be made.

The importance of effectively managing team discussion was briefly introduced, and it remains to examine some strategies that will achieve this charge. As previously addressed, some decision processes do not work to integrate the viewpoints of all team members. As such, it was suggested that organizations employ the consensus process when making decisions. In addition, to avoid overpowering members from dominating the process and to ensure that “people are free in expressing their feelings as well as their ideas, both on the problem and on the group’s operation” (Parker, 2008: 15), organizations can structure brainstorming in a way that allows for the integration of all viewpoints. Such a strategy for brainstorming involves creating an uninhibited environment in which all members are share ideas (Kayser, 1990). In round-robin brainstorming, each team member is able to offer ideas “without others making comments or criticisms until the end of the session” (Mackin, 2007: 132). After the rounds of sharing ideas verbally are complete, in round-robin brainstorming, slip brainstorming, in which team members can write down remaining ideas, can be used (Mackin, 2007: 132). The use of round-robin brainstorming is a recommended strategy as it ensures that the views of all team members are heard, allowing for the integration of these viewpoints into the decision making process (Mackin, 2007; Robson, 1993).

### **CONCLUSION**

Organizations may increase diversity in their workforce for a variety of reasons – be it to comply with laws, identify with the consumer market, or capitalize on the purported benefits of diversity. It follows that there are different responses to the increased diversity and organizations may manage diversity in ways that ignore, assimilate, accommodate, or integrate the

differences brought on by a diverse workforce. This study was conducted to examine the reasons organizations aim to increase diversity, the ways in which organizations increase diversity, and how organizations manage diversity once it is in place. More specifically, this study aimed to identify plausible strategies for team development for those organizations aiming to benefit from the value of diversity.

In applying the relevant research on diversity and group effectiveness, team processes, and team interactions, it was possible to identify strategies that will help organizations to achieve diversity integration. These strategies were grouped into development strategies in team composition, processes, and communications. For team composition, it was recommended that organizations form functional and surface-level diverse teams, but keep in mind culturally diverse teams may not immediately realize their potential. To address team processes, the strategy of using the consensus process of decision making was suggested. Also, it was recommended that organizations incorporate self-assessments into the decision making process and appoint a member to serve as critical evaluator in order to facilitate ongoing communication during the process. Strategies for team communications included clearly defining the purpose of teams, developing a team charter, identifying SMART goals, and managing team discussion so all ideas are heard, which can be achieved through the use of round-robin brainstorming. All of the provided strategies work to ensure that the resultant environment is inclusionary, and the perspectives of all members can be heard, and therefore integrated into decision making.

This study contributes to human resources research as it provides research on managing diversity as a way to capitalize on its benefits. This research was analytic in nature, drawing upon research to identify implications for teams in organizations. By identifying the perceived shortcomings brought on by diversity, team processes, and team interaction, through analysis and application, it was possible to determine specific strategies organizations can employ in order to benefit from the use of diverse teams.

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