### Chapter 3

# When Demographic and Personality Diversity are Both at Play:

Effects on Team Performance and Implications for Diversity Management Practices

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#### **ABSTRACT**

This chapter reviews what we know about the effects of demographic diversity (age, sex, and ethnicity) and personality diversity (conscientiousness, openness to experience, extraversion, emotional stability, and agreeableness) in teams in organizations. It also outlines challenges to today's diversity management and Human Resource (HR) practices, such as the lack of definite conclusions from research results, the mismatch between team diversity research designs and organizations' needs, and the lack of research examining simultaneously different aspects of diversity. Drawing from analysis results of team data from 55 teams of volunteers from Shanghai, the author recommends that HR training and selection take specific team contexts into account and increase attention on functions that support important team processes such as communication and mutual support among team members.

#### INTRODUCTION

Managing workforce diversity is one of the most important tasks and challenges for today's organizations. Managers constantly face the questions of how to utilize diversity as a positive driving force within the organization, and how to resolve potential conflicts it may bring. As the nature of work shifted from being done by individuals to self-managing teams, managers and human resource (HR) professionals have increased attention to managing team diversity. At the same time, an extensive body of research has also been devoted to the various aspects of diversity, or heterogene-

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ity, and their implied effects on team processes and performance (Bell, Villado, Lukasik, Belau, & Briggs, 2011; Jackson, Joshi, & Erhardt, 2003; Joshi & Roh, 2009; Williams & O'Reilly, 1998). On the one hand, research has found that teams with diverse talents positively contribute to team performance due to their different points of view, expertise, and experience (Cox & Blake, 1991; Hoffman & Maier, 1961). On the other hand, it has also been shown that heterogeneity in teams can provoke conflict, reduce communication, and result in dissolution (Chatman, 1989; Jehn, Northcraft, & Neale, 1999; Tajfel & Turner, 1986). Frustrated by these contradicting results, research has been conducted on the effects of multiple aspects of diversity on team process and performance variables (Harrison, Price, & Bell, 1998; Mohammed & Angell, 2004). Organizational scholars have also refined their theories and analyses based on the results of recent meta-analytic studies (Bell et al., 2011; Harrison & Klein, 2007; Milliken & Martins, 1996; Van Knippenberg, De Dreu, & Homan, 2004; Williams & O'Reilly, 1998).

One reason for this far-from-conclusive state of the art is that researchers have taken different, and separate, approaches to study different kinds of diversity variables. Some come from the similarity/ attraction paradigm (Byrne, 1971), some use social categorization theory (Tajfel & Turner, 1986), while others utilize the information-processing/decision-making perspectives (Ancona & Caldwell, 1992; Jehn et al., 1999; Pelled, Eisenhardt, & Xin, 1999). Consequently, some meta-analytic studies have not been very successful identifying the links between diversity and performance, not to mention the different weights of different types of diversity (Bowers, Pharmer, & Salas, 2000; Horwitz & Horwitz, 2007; Webber & Donahue, 2001). A growing trend of research attempts at simultaneously studying the effects of different types of diversity; however, these efforts have been limited within student teams and their semester projects (Harrison, Price, Gavin, & Florey, 2002; Mohammed & Angell, 2004).

This chapter reviews what we know about diversity management in work teams as well as some challenges still present within team diversity research and HR practices pertaining to how to effectively manage and utilize the diversity pool in work teams. Recommendations for practice and future research directions are discussed.

#### BACKGROUND

What is diversity? It refers to "differences between individuals on any attribute that may lead to the perception that another person is different from self" (Van Knippenberg et al., 2004, p. 1008). More specifically, workforce diversity is "the composition of work units (work group, organization, occupation, establishment or firm) in terms of the cultural or demographic characteristics that are salient and symbolically meaningful in the relationships among group members" (DiTomaso, Post, & Parks-Yancy, 2007, p. 474). Diversity management in organizations refers to "a set of managerial actions aimed at either increasing diversity, and/or promoting amicable, productive working relationships" (Jonsen, Maznevski, & Schneider, 2011, p. 36).

Diversity management practice originated in North America (Özbilgin & Tatli, 2008), where it was rooted in the passage of the Civil Rights Act and the anti-discrimination movement of the 1960s (Ashkanasy, Härtel, & Daus, 2002). Early diversity research, from the 1960s to the 1980s, focused on whether there was bias and discrimination in important human resource functions, such as selection, training, performance evaluations, and promotions (Shore et al., 2009). Parallel to this research stream was the diversity debates regarding legislative issues such as equal employment opportunities (EEO) and affirmative action (AA) in the United States (U.S.) (Jonsen et al., 2011). While EEO aims to guarantee that prospective employees are treated equally in all aspects of employment, such as getting jobs, 24 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

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