DIVERSITY AS PREDICTOR OF TEAM PERFORMANCE

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ABSTRACT Diversity of team members has often been linked to efficiency and organizational effectiveness. This has become all the more important in the context of contemporary organizations especially when labour market is characterized by heterogeneity and team work is emphasized significantly as standard HR practice across the globe. However, managing diversity remains a challenge in most of the organizations. At times, heterogeneity in composition of workforce puts organizational coherence and unity of purpose as well as action at risk. While, diversity augments creativity, problem solving and divergent thinking, it may also jeopardize camaraderie among fellow workers which otherwise comes from similarities such as cultural backgrounds. This review paper is a humble attempt at understanding how various dimensions of diversity e.g. age, gender, race, ethnicity, educational background, experience and functional expertise enhance efficiency and effectiveness leading to higher team performance.

Introduction

Diversity has been a recurrent theme in academic discourses. However, it has caught the imagination of corporate houses across the globe not just out of political compulsions but also because of the attached benefits of creating a diverse workforce even at the cost of jolting the comfort zones of employees having broader similarities. Differences of sorts always come with a price such as incoherence among group members, mutual suspicion, inter-personal conflicts, among others. However, the benefits of diversity often outweigh the disadvantages generated by differences. Hence it is imperative to explore how diversity may boost team performance and thereby augment organizational efficiency and effectiveness.

Both organizations and individuals benefit when exposed to differences (Phillips, Dumas, and Rothbard, 2018). No doubt, including everyone in organizational diversity efforts is important as race, gender, and other demographic attributes are not just hot political topics but vital identities that require recognition and deserve space (Emerson, 2017). Setting aside social, political and moral reasons for encouraging a more diverse workplace, there is arguably no better incentive for promoting diversity than the premise that diverse teams and organizations are more creative (Chamorro-Premuzic, 2017). Apart from fostering creativity, diverse workforce also serves as driver of innovation and performance (Lorenzo and Reeves, 2018).

Unfortunately, diversity has not been appreciated correctly by organizations. Mostly, diversity strategy has been used to accommodate the minority groups in the workforce out of obligations arising out of affirmative actions or to serve their own communities considering their vantage point thanks to similarity/familiarity. Thus their bio-demographic features are over-emphasized at the risk of ignoring their functional expertise, educational backgrounds, cognitive skills, and fresh perspectives on issues faced by the organizations. Thus the differences remain impotent forces because of their marked alienation. Only rarely job related differences are taken seriously and put to good use by the top management for enhancing efficiency and organizational effectiveness. Alienation of the minorities at the workplace result in lower incidence of initiative and higher degree of employee withdrawal where only routine efforts are applied to complete the given tasks. There is hardly any visible discretionary efforts on the part of employees belonging to minority groups in order to realize the vision and mission of the organization.

Diversity-Performance Linkage

Diversity operates at various levels. There are some differences which are readily detectable represented by bio-demographic markers while others characterized by ability and cognitive resources (Jackson et al. 1995). Differences emanating from instantly apparent biological features e.g. gender, race, and ethnicity are termed as surface-level diversity and variances among group members' attitudes, beliefs, and values are deep-level diversity (Harrison, Price and Bell, 1998). Besides, diversity has also been explained in terms of highly job related attributes (functional expertise, education and industry background, experience, skills, perspectives pertinent to cognitive

work tasks) and less job related attributes (gender, ethnicity) where the former is likely to influence the team performance positively (Pelled, 1986).

Functional diversity provides teams with direct access to a variety of expertise, information bases and resources that are not readily available in case all the group members are drawn from identical functional areas (Horwitz, 2005). Several researchers have linked differences in functional expertise with efficiency, effectiveness and higher team performance (Govindrajan, 1989; Lant, Milliken and Batra, 1992; Bantel, 1994; Eisenhardt and Tabrizi, 1995; Keller, 2001). Just like functional expertise, differences in educational backgrounds have positive bearing on team performance thanks to attached cognitive skills (Cohen & Bailey, 1997).

Diversity has significant role in augmenting team performance. However, factors such as team type, team size, task complexity, task interdependence, frequency and duration of interaction among team members play a moderating role vis-à-vis diversity-performance linkage Horwitz, 2005). Hence, the organization must consider the moderating factors while making strategies to leverage diversity for enhancing team performance. Team compositions can be strategically considered so that differences of group members can be optimally leveraged for the benefit of the organization.

Criticism

Sceptics believe that diversity looks good only on paper. Multi-cultural teams tend to spawn frustrating management dilemmas as cultural differences often create substantial obstacles to effective team work which is unlikely to surface until significant damage has been done (Brett, Behfar & Kern, 2006). Communication turns out to be quite challenging in teams having members from diverse communities due to concomitant communication barriers causing lower incidence of information sharing and higher occurrence of inter-personal conflicts. Direct versus indirect communication, trouble with accents and fluency, differing attitudes towards hierarchy and authority, and conflicting norms for decision making widen the rifts among heterogeneous members of the teams in organizations (Brett, Behfar & Kern, 2006). On the other hand likelihood of communication and interpersonal issues emerging out of proportion is almost nil thanks to greater degree of familiarity quotient.

Several scholars have observed that age differences tend to adversely impact group outcomes and reduce socialization opportunities which in turn may lead to higher turnover intentions (Rhodes, 1983; Tsui, Egan and O'Reilly, 1992; Zenger and Lawrence, 1989). Age differences among managers inadvertently create conflicting scenarios as young ones are inclined pursue aggressive strategies as opposed to seniors who generally seek more information to assess the matter and need more time to act (Hambrick, 1994). Gender difference appears to be another limitation on team performance. Intra-group conflicts are attributed to gender diversity in work teams (Pelled, 1996). Differences in interaction and communication styles among male and female group members may also induce process losses (Shaw, 1981).

Conclusion

Diversity is a new currency. It has emerged as a potent source of competitive advantage provided differences among employees are managed holistically. However, organizations have generally adopted diversity management more as a marketing gimmick rather than a considered strategic move. Many times, organizations pay lip service to diversity and inclusion and thus unmindfully miss the opportunities to leverage the multi-faceted differences. Diversity can be a great game-changer in a highly competitive world, if managed properly.

First of all, top management needs to shake its traditional mind-set vis-à-vis diversity. People with differences should not be hired, retained and promoted in the organization just to be compliant with affirmative action norms or deployed cater to their own communities to have some extra mileage. This is a parochial approach. Best way to leverage diversity is to integrate the employees drawn from minority or marginalized segments of the society with the overall management processes where they can freely contribute to organizational growth and development. This also implies that not only the people with differences are having a level-playing field within the organizational context but also share a mutual respect and acceptance. All this while, people with differences are allowed to retain their distinctive characteristics with a lot of pride. Such an organizational scenario is bound to bring in phenomenal outcomes in sync with vision and mission of the company.

Apart from shift in the mind-set of top management, there should be appropriate policy framework for recruiting, hiring, deploying, and promoting the people with differences without undermining the majority groups. In absence of an articulate policy, diversity management will be a non-starter. Ambiguity is the greatest killer of organizational spirit. Hence a clear mandate would ensure that differences are best utilized for the benefit of all. Sensitizing the whole organization on issues revolving around diversity is another important strategic move to sustain the benefits accruing from differences of employees. Hence due care should be taken to arrange sensitizing sessions on a regular basis so that majority people are able to understand the value of differences and develop an empathy and compassion to work with the members of minority communities.

Diversity and inclusion are two sides of the same coin. Best way forward is to foster inclusive workplaces where people with differences are able to contribute their mite towards team performance and organizational success in a free environment. Organizations which fail to catch up now on inclusivity are likely to be out of businesses sooner than they realize just as those organizations which became too arrogant to innovate and move with the pace of change.

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