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The People Make the Place Complicated

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When Ben Schneider gave his presidential address to the Society for Industrial and Organizational Psychology two decades ago, he argued that "the attributes of people ... are the fundamental determinants of organizational behavior" (1987, p. 437). Using the dynamic cycle of like people being attracted to organizations, selection into organizations of similar others, and attrition of misfits from organizations (the ASA model), Schneider explained how organizations evolve toward psychological homogeneity. In his presidential address and elsewhere, Schneider has consistently emphasized the importance of people's psychological attributes (e.g., personality, interests) as the primary characteristics driving ASA dynamics. That is, his work assumes that people primarily attend to and are attracted or repelled by the psychological attributes of others.

A long history of psychological research on person perception and stereotyping shows that people also attend to and are attracted or repelled by the social characteristics of others—their ethnicity, age, educational background, and so on. Indeed, people often rely on social cues such as these to draw inferences about a person's psychological attributes. This reality stimulated Congress to create legislation promoting equal employment opportunities for qualified job applicants, regardless of their race, color, sex, religion, or national origin. Due partly to such legislation, workforce diversity is a challenging reality in most U.S. organizations today.

Increasingly, it is recognized as a significant management challenge in other countries as well (Mangaliso & Nkomo, 2001).

For legal, social, and economic reasons, effectively managing a diverse workforce is necessary for organizations that seek to gain a sustainable competitive advantage. Yet, while some executives proclaim the virtues of a diverse workforce, the empirical evidence reveals that few employers have fully succeeded in leveraging workforce diversity to achieve positive outcomes (Kochan et al., 2003).

The difficulty that organizations encounter as they attempt to effectively manage diversity is reflected in the investments employers make in diversity initiatives to improve morale, commitment, and productivity. Almost all large U.S. companies have implemented diversity initiatives to address racial and gender diversity (Grensing-Pophal, 2002), yet employees' complaints and legal claims alleging unfair discrimination and harassment at work have increased steadily. In the year 2000, the total value of monetary awards won by the Equal Employment Opportunity Commission was approximately $300 million—a threefold increase from 1990.

Like employers, organizational scholars have struggled to understand how demographic diversity shapes organizational life. Research on workplace diversity has mushroomed during the past two decades, and today the diversity umbrella covers research of many types (for an overview of the debates and history associated with the diversity research, see Ashkanasy, Hartel, & Daus, 2002). Some of this work is rooted in Schneider's ASA model, but most is not.

Numerous empirical studies of workplace diversity confirm what employers already know—diversity (that is, heterogeneity) can be disruptive. The evidence clearly shows that workplace diversity can increase conflict, reduce social cohesion, and increase turnover. Yet, as suggested in Schneider's description of how "the people make the place," there also is evidence showing that diversity is associated with greater innovation, improved strategic decision making, and improved organizational performance (for comprehensive reviews, see Jackson, Joshi, & Erhardt, 2003; Milliken & Martins, 1996; Webber & Donahue, 2001; Williams & O'Reilly, 1998).

The human composition of organizations is pretty complicated, it seems. Competing forces operate to drive organizations toward homogeneity *and* heterogeneity. To be effective, organizations need to find a balance or a mix of these two extremes. A major challenge for scholars, then, is to understand the dynamics of organizational composition well enough to offer practical advice about how to manage it.

A solid base of empirical evidence from studies conducted during the past 20 years can serve as a foundation for the next decade of research on organizational composition, but advances in our understanding are likely to be slow if we merely accumulate incrementally findings from studies of ASA dynamics and workforce diversity. Each stream of work focuses on issues that are relatively simplistic when compared to the complexity of organizational life. A more fruitful approach going forward may be

to integrate research on the attraction–selection–attrition (ASA) processes described by Schneider (1987) with research on the dynamics of workforce diversity. With this view of the future as our guide, in this chapter we describe recent developments in research on workplace diversity and comment on their implications for research on ASA dynamics. The chapter is organized around four features of research on workplace diversity: its far-reaching theoretical roots, the broad range of attributes used as indicators of diversity, the many units of analysis that have been studied, and consideration of the role of context.

For the purposes of this discussion, we consider the defining features of ASA research to be the assessment of the psychological composition of organizations (business units) and empirical results that are directly relevant to the attraction–selection–attrition process. In comparison, the defining feature of research on workplace diversity is assessment of the demographic composition of work units, which can range in size from at least three people (e.g., work team diversity) to everyone in a large organization (organizational diversity).

THEORETICAL PERSPECTIVES FOR UNDERSTANDING WORKPLACE DIVERSITY

This chapter is written as if there are two different and easily identified streams of research to be integrated—one on workplace diversity and another on the ASA model. In fact, these two categories are quite fuzzy and some integration is already apparent—that is, a few studies of workplace diversity are grounded in the logic of the ASA perspective. In addition, studies of workplace diversity are grounded in the logic of organizational demography (Pfeffer, 1983), the social identity perspective, and the upper echelon perspective (Hambrick & Mason, 1984).

ASA Model

Although the ASA model was not formulated to explain the dynamics of demographic composition, Schneider and his colleagues have been open to using the model as an explanation for the effects of workplace diversity, stating: "Of course, there has been increasing interest in demographic diversity in organizations ..., but B. Schneider's writings have studiously ignored this issue. We ... believe that these [ASA] predictions apply equally well to demographic and personality diversity in organizations" (Schneider, Goldstein, & Smith, 1995, p. 760).

Consistent with this view, some diversity researchers have argued that the dynamics of attraction–selection–attrition may explain the impact of diversity on turnover and the long-term demographic homogenization observed in top management teams (Boone, van Olffen, van Witteloostuijn, & De Brabander, 2004; Jackson et al., 1991). Even when the ASA

model is not explicitly cited in a study of workplace diversity, it often is clear that the research shares the same ancestors in that it is grounded in psychological studies of similarity and attraction (e.g., Byrne, 1971).

Organizational Demography

Diversity researchers also embrace the more sociological logic of Pfeffer's (1983) discussion of organizational demography. Pfeffer argued that the demographic composition of organizations (i.e., organizational demography) influences the behavioral patterns that occur there, including communications, job transfers, promotions, and turnover. Among the demographic attributes that Pfeffer identified as important were age, tenure, sex, race, socioeconomic background, and religion. Sociological studies and marketing research have both shown that differences in people's attitudes and values are reliably associated with differences in their standing on demographic characteristics such as these. The similarity effect provides a rationale for why demographic compositions of organizations are likely to be related to organizational phenomena, such as cohesiveness, communication networks, and employee flows.

Social Identity Perspective

Several studies of workplace diversity have been grounded in the social identity perspective, which encompasses self-categorization theory and social identity theory (Reynolds, Turner, & Haslam, 2003). The social identity perspective asserts that individuals classify themselves and others based on overt demographic attributes, including ethnicity and gender (Ashforth & Mael, 1989; Tajfel & Turner, 1979). Demographically similar individuals classify themselves as members of the "in-group"; those who are demographically dissimilar are classified as the "out-group."

Whereas the ASA perspective assumes that actual psychological similarity is of primary importance, the social identity perspective assumes that perceptions of similarity drive behavior. People bring many attributes to each situation, but only some of these become salient. Salient attributes become the basis for categorizing in-groups and out-groups. Furthermore, the social identity perspective assumes that the mix of people in a situation determines which differences make a difference.

Several decades of research demonstrate that people favor members of their in-group and discriminate against out-group members (for a review, see Hewstone, Rubin, & Willis, 2002). These dynamics arise even when group membership is randomly assigned on the basis of meaningless cues. In addition, the degree of in-group favoring and out-group harming behaviors appears to be contingent on the relative size and implicit status of the subgroups involved (Chattopadhyay, Tluchowska, & George, 2004; Hewstone et al., 2002). Thus, the social identity perspective combines an understanding of individual-level processes with an appreciation of how social context influences individual-level processes.

Upper Echelon Perspective

Finally, many studies under the diversity umbrella draw their logic from the upper echelon perspective, which argues that the composition of top management teams (TMTs) has important consequences for strategic decision-making processes and organizational performance (see Hambrick & Mason, 1984). The distinctive features of upper echelon research are its focus on executive team decision making and the implications of team composition for organizational effectiveness (for a review, see Carpenter, Geletkanycz, & Sanders, 2004). Like Schneider, Hambrick and Mason assumed that cognitive and psychological attributes were the most important determinants of how people behave; they also assumed that psychological attributes are correlated with demographic attributes. Accepting the need to balance rigor against practical considerations, research on the composition of upper echelons typically focuses on demographic attributes.

Toward Theoretical Integration

As in so much of life, scholars who study differences seem to be attracted to perceived similarities and avoid discussing differences. Thus, when scholars draw on more than one of the four theoretical approaches described above, they often presume that different perspectives are grounded in a common foundational logic. All four perspectives do assume that the personal attributes and the interpersonal context created by the mix of personal attributes represented in the workforce are key determinants of individual behavior and organizational outcomes. And the four perspectives all acknowledge that similarity is an important determinant of interpersonal attraction. Nevertheless, there also are important differences among the four perspectives. Research that addresses these conceptual differences may help advance our understanding of how the many types of diversity present in organizations affect the lives of employees.

Despite its popularity, the similarity–attraction logic does not fully account for the effects of team composition and organizational demography. Nor does it easily explain why team diversity is sometimes beneficial to performance. And neither the ASA model nor the social identity perspective accounts for studies that find significant effects of team composition but no corresponding effects for individual-level differences (e.g., Boone et al., 2004; Jackson et al., 1991).

As a first step toward integrating these various streams of research, we recommend differentiating between personal and social identities. A personal identity is formed by the individual's particular personality, physical attributes, psychological traits, values, and so on, whereas a social identity is formed by social categorization of groups (Ashforth & Mael, 1989; Brown, 2000). Substantial evidence shows that people use social identities to categorize themselves and others into in-groups and out-groups, and these social categorizations have important consequences for interpersonal and intergroup relations. Social categorization effects occur even when employees have little direct interaction with one another (e.g., Tsui, Egan, & O'Reilly, 1992). We know of no studies that have examined whether personal identities serve as the basis for in-group/out-group categorization. Nor do we know of research that demonstrates that personal identities influence intergroup conflict or cooperation. If in-group/out-group categorization and its consequences are elicited by personal identities, which personal characteristics are most likely to stimulate such categorization and under what conditions?

Theoretical integration of the perspectives described also requires attending more carefully to the three issues we address next: the specific dimensions of diversity, the units of analysis under investigation, and organizational context.

INDIVIDUAL ATTRIBUTES AND DIMENSIONS OF DIVERSITY

For the purpose of this chapter, we have argued that the inclusion of readily detected attributes is a defining characteristic of research on workplace diversity. In their review of recent studies of team and organizational composition, Jackson et al. (2003) found that readily detected attributes accounted for 89% of the compositional effects reported in recent studies. The most frequently studied dimensions of diversity were age, sex, education, functional background, tenure, and ethnicity. From a legal perspective, readily detectable attributes such as age, sex, and ethnicity are of interest because they represent protected categories. These dimensions of diversity are of interest to organizations aiming to comply with Title VII law. Use of these demographic attributes in diversity research links the work directly to managers' concerns.

Demographics as Proxies for Psychological Characteristics

Consistent with the assumptions made by many psychologists, some diversity researchers use readily detectable demographic attributes as proxies for individual values or work-related knowledge. For some demographic attributes, there is direct empirical evidence of associations with psychological characteristics. For example, age is negatively correlated

with risk-taking propensity (Vroom & Pahl, 1971) and the cognitive processes adults use for problem solving (Datan, Rodeheaver, & Hughes, 1987). The societal conditions (e.g., economic depressions vs. booms and periods of war vs. peace) experienced by different age cohorts seem to influence attitudes and values (see Elder, 1974, 1975; Thernstrom, 1973). For executives, the accrual of tenure is associated with commitment to the status quo (Finkelstein & Hambrick, 1990; Hambrick, Geletkanycz, & Fredrickson, 1993). Educational curriculum choices are associated with personality, attitudes, and cognitive styles (Holland, 1973). And while there is little evidence relating personality or cognitive styles to gender or ethnicity, it is apparent that these characteristics are associated with experiences that are likely to influence the perspectives of men versus women and people from different ethnic backgrounds.

Investigating Psychological and Demographic Attributes

A psychological perspective on diversity dynamics might imply that personality, values, and attitudes are the dimensions of difference that explain diversity effects. If so, studies that assess only demographic attributes would be of little value because psychological attributes are only weakly correlated with demographic attributes. But as we have already noted, it is a mistake to assume that people attend only to psychological differences. Demographic differences also are important, for they are the basis of categorizations into in-groups and out-groups (Turner & Haslam, 2001). In-group and out-group categorizations are formed on the basis of minimal information. Simply knowing that another person is similar (e.g., knowing that the person belongs to one's own demographic group) is sufficient to trigger in-group categorization and cooperation (Oakes, Haslam, & Turner, 1994). People need not interact with one another in order to perceive that they share common interests.

Could failure to include both demographic and psychological characteristics in ASA research increase the risk of drawing inaccurate conclusions about which interpersonal dissimilarities are most likely to generate ASA dynamics? Could failure to include demographic attributes in the ASA model increase the risk of concluding that psychological attributes matter most, when in fact the observed effects are due to demographic diversity? Although not widely recognized, the potential for such errors of inference seems apparent.

Consider the following: Personality and values correlate with choice of occupations, and thus the functional units that eventually employ members of different occupations (see Jordan, Herriot, & Chalmers, 1991; Schaubroeck, Ganster, & Jones, 1998). In many organizations, conflicts occur among occupational groups arising from competition for resources as well as competition for status and prestige. Arguably, occupational differences among employees are more salient than personality differ-

ences—especially for employees who are not in direct daily contact with one another, which is true for most employees who are members of a business unit or organization (vs. a small group or work team). According to the social identity perspective, the salience of occupations means that in-group/out-group categorizations and their negative consequences are more likely to be based on occupational membership than personality. Suppose a study of several business units found that people within each business unit had relatively similar personalities, and that units with more personality heterogeneity were less cohesive. Such a result might occur due to conflicts among occupational groups rather than personality differences. If occupational heterogeneity was not assessed, an incorrect inference would be made about the importance of personality heterogeneity.

Including measures of underlying (psychological) diversity as well as readily detected (social) diversity presents an opportunity for gaining new insights about the effects of composition in organizations. The potential value of this approach was demonstrated in a study that assessed both gender and attitudinal diversity (Harrison, Price, Gavin, & Florey, 2002). The study found that readily detected diversity influenced team functioning when teams had little experience together, but over time underlying diversity was more influential. Although the number of studies considering underlying diversity is still small, including measures of both demographic and psychological attributes appears to be a promising direction for the future.

Considering Attribute Profiles

Clearly, studies that assess only one aspect of diversity fail to capture the full spectrum of diversity found in organizations. People are more complicated than that. By failing to control for the possible correlations among attributes, scholars risk drawing inappropriate inferences about which dimensions of diversity account for observed effects. But a more serious flaw in the diversity literature is that most researchers attempt to identify the unique and independent effects of various dimensions of diversity (e.g., sex, racio-ethnicity, age); very few studies (less than 5%) have addressed the question of whether the effect of one particular dimension of diversity depends on the presence or absence of other dimensions of diversity. This is true even when multiple dimensions of diversity are included in a study (see Jackson et al., 2003).

A few studies that have examined multidimensional diversity illustrate the potential value of this approach. Jehn, Northcraft, and Neale (1999) found that informational (education and function) diversity was negatively related to group efficiency when social category diversity (sex and age) was high, but not when it was low. Pelled, Eisenhardt, and Xin (1999) found that the consequences of diversity for team conflict were best

understood by taking into account interactive effects for specific dimensions of diversity. In a study of sales team performance, Jackson and Joshi (2004) found that the effects on team performance of any one type of diversity—gender, ethnic, or tenure—depended on the other types of diversity present in the team. Specifically, team performance was lowest for teams with a combination of relatively high tenure diversity *and* high gender diversity *and* high ethnic diversity.

Recent theoretical contributions to the field call for a multidimensional approach to assessing diversity (e.g., Jackson & Joshi, 2001; Lau & Murnighan, 1998; Ofori-Dankwa & Julian, 2002). It seems likely that social processes and their outcomes are influenced by the confluence of diversity dimensions. An R&D team member may identify herself as well as her team members using multiple attributes (e.g., "White female engineer" or "Asian male scientist"). The team's outcomes may be determined by the configuration of team members' demographic or identity profiles (cf. Frable, 1997). Conceptually, it makes sense that the diversity of *attribute profiles* found within teams is likely to influence individual and team outcomes. Unfortunately, diversity researchers (ourselves included) have not yet succeeded in tackling the challenge of empirically assessing multidimensional diversity. Personality researchers interested in understanding the structure of personality systems face a similar challenge (see Mischel, 2004). By recognizing the parallel concerns of scholars working in these two fields, we may be able to make more rapid advances in each.

The Contours of Composition

As we have already noted, most research on workplace diversity has focused on one or perhaps two attributes. Empirical work has proceeded as if the effects of individual attributes are independent of one another, and as if the combined effects across several attributes are additive. In an additive model, the effects of each dimension of diversity are assessed independently of other dimensions of diversity. An alternative is to consider whether an individual's many attributes combine to create unique, multidimensional profiles that capture people as whole persons. Conclusions drawn from studies that considered only additive effects will be inaccurate if the effects of diversity depend on particular attribute combinations or configurations.

For individuals, it is well known that race and gender jointly influence the returns employees receive on their human capital investments (Friedman & Krackhardt, 1997; Smith & Elliott, 1997): White males gain the maximum returns on investment in human capital in comparison to White females or Black males. Other studies have shown that the experiences of Black women differ in a number of ways from those of White women (e.g., Bell & Nkomo, 2001; Frable, 1997). In the diversity literature, the potential value of considering the joint effects of multiple dimensions

of team diversity is widely recognized (e.g., see Joshi & Jackson, 2003; Lau & Murnighan, 1998; Webber & Donahue, 2001). Despite awareness of this issue, only about 5% of recent studies of diversity addressed the question of whether the effect of a particular dimension of diversity depends on the presence or absence of other dimensions of diversity (Jackson et al., 2003). The need for large samples, an abundance of technical problems associated with data analysis and interpretation, and a lack of consensus about how to measure and test multidimensional effects are all likely reasons for the dearth of empirical evidence.

In a relatively new approach to addressing this issue, Lau and Murnighan (1998) developed predictions about the dynamics created by team fault lines, which they define as "hypothetical dividing lines that may split a group into subgroups based on one or more attributes" (p. 328). Fault lines—that is, clear bifurcation of a group into two subgroups—may stimulate team members' awareness of subgroups and their affiliation with a subgroup (Lau & Murnighan, 1998). When fault lines are present, team members may find it more difficult to identify with the team as a whole.

Since Lau and Murnighan (1998) developed the concept of fault lines, a few scholars have created fault line propensity measures and investigated their relationships with team processes and team performance. Thatcher, Jehn, and Zanutto (2002) created fault line scores that capture the interactions between (1) fault line strength (*Fau*), the percent of total variation in overall group characteristics accounted for by a strongest group split, and (2) the Euclidean distance between two subgroups identified by the group split procedure. Bezrukova, Thatcher, and Jehn (2000) compared team heterogeneity measures (Blau's index) with *Fau* fault line scores and found that fault lines were better predictors of task and relationship conflicts and performance. In a study of factional groups, Li and Hambrick (2005) used a modified *d*-statistic to assess the strength of fault lines in teams that included people from two different organizations; they found that fault lines were associated with more task and emotional conflicts and lower team performance. Finally, Shaw (2004) developed a measure of fault line strength that takes into account both subgroup internal alignment and cross-subgroup differences. Drawing on Shaw's (2004) approach, Chung, Jackson, and Shaw (2005) found that fault line strength was negatively associated with team performance, recognition, and monetary rewards. The studies cited above indicate that strong fault lines create conflicts that interfere with team performance. In contrast, when fault lines are weak, group learning may occur (Lau & Murnighan, in press).

Whether the concept of fault lines can be fruitfully applied to compositional studies of personality and values remains to be seen. It is not clear, for example, whether certain constellations or clusterings of personalities, values, and abilities lead employees to experience psychologically defined fault lines. The possibility is an interesting one, however, and is worthy of investigation. If psychological fault lines are present in organizations, they may accentuate the selection and attrition processes that are central to the ASA model.

Differences Are Not Symmetrical

To date, research on the ASA model has approached the issue of differences among individuals as if all differences were created equal. Many studies of workplace diversity have taken this same approach. Yet the accumulating evidence shows that differences are not created equal. For diversity researchers, it is increasingly clear that the status of one's identity group shapes one's responses to being different. In most American organizations, men and Whites enjoy higher status than women and Blacks (Baron & Newman, 1990). Status, in turn, is associated with responses to team and organizational composition. People with high-status social identities tend to maintain identification with their demographic in-groups even when they are in the numerical minority, which may bolster their self-esteem and insulate them from the negative effects of their minority position (Hewstone et al., 2002; Tajfel & Turner, 1985). Members of low-status groups tend to accept their "inferior" position and are less likely to display discriminatory behavior against higher-status out-group members even when the size of their in-group is relatively large (Sachdev & Bourhis, 1985, 1987, 1991).

In organizations, high-status members appear to be more sensitive to the degree to which they are in the majority. A study of 834 employees in 151 work units in 3 organizations found that men who worked in situations where men were in the majority reported significantly stronger commitment and lower turnover intentions than men who worked in situations where they were in a smaller majority. In contrast, women's commitment and turnover intentions were unaffected by the size of their identity group. Whites who were different in race from the majority perceived lower organizational attachment (commitment, absences, and intention to stay) than did Whites who were similar in race to the majority. However, for non-Whites, racial dissimilarity was not significantly related to organizational attachment (Tsui et al., 1992).

In a laboratory study of attitude similarity, Chen and Kenrick (2002) found that people responded more strongly to undesirable attributes of people who belonged to their in-group rather than their out-group. Although dissimilarity was clearly less attractive, it was apparently more repulsive among people who were otherwise similar.

To date, studies of personality fit have not considered the question of whether employees respond asymmetrically to psychological differences. Since agreeable team members are friendly, trusting, and tolerant, agreeableness may improve interpersonal cooperation and long-term team viability (Barrick, Stewart, Neubert, & Mount, 1998). Furthermore, we might hypothesize that people who score high on agreeableness are more tolerant of the

different personalities of others. As another possibility, perhaps sensitivity to differences on a particular dimension of personality is greater among people who score either quite high or quite low on that dimension. In other words, in addition to personality attributes being the basis of perceived differences, they may predict to whom differences make a difference.

THE VALUE OF MULTILEVEL RESEARCH

As we have already described, the body of theory in which diversity research is grounded reflects the complicated, multilevel nature of diversity phenomena (e.g., see Jackson, May, & Whitney, 1995; Triandis, 1992; Tsui, Xin, & Egan, 1995). As a whole, the empirical research on workplace diversity includes work conducted at the levels of individuals, dyads, small groups and teams, social networks, business units, and organizations. Pfeffer's (1983) landmark treatise on organizational demography focused on organizations, business units, and departments as the units of analysis. Subsequently, the concept of relational demography spurred studies that combined the individual and group or business unit levels of analysis (see Riordan, 2000; Tsui & Gutek, 1999). The social identity perspective emphasizes the team level of analysis, although it also has been applied to social networks (e.g., Ibarra, 1992). Hambrick and Mason's (1984) seminal article on upper echelons focused on top management teams and organizations as the units of analysis.

As we draw on these perspectives to guide research on workplace diversity, many of us assume that theoretical constructs are portable across different levels of analysis, despite cogent warnings against such a foolhardy approach (Klein, Dansereau, & Hall, 1994; Rousseau, 1985, 2000). In addition, until very recently, most studies have focused on phenomena at only one level of analysis, ignoring multilevel complications.

The lack of strong theoretical frameworks that specify cross-level or multilevel diversity dynamics is one reason for the lack of cross-level and multilevel research. No theoretical perspective offers parsimonious predictions about the role of individual demographics and demographic composition at the levels of dyads, teams, business units, and so on. If no extant theories make predictions about related phenomena at other levels of analysis, researchers may not look for the phenomenon. Alternatively, they may look for and discover multilevel effects, but then find that it is difficult to gain acceptance for work that is more exploratory and less clearly theory driven. These same problems may explain why there have been so few multilevel studies of the ASA model (for a recent example of such a study, see Klein, Lim, Saltz, & Mayer, 2004).

The ASA model argues that the cumulative effects of individual-level decisions create organizational-level phenomena such as homogeneity (Schneider, 1987); it typically is used to explain the causes and consequences of a person's attraction to and fit with an organization

(Schneider, Smith, & Goldstein, 2000). The predictions of the ASA model are consistent with the results of numerous studies of group relational demography, which show that being dissimilar to one's immediate work group is associated with a variety of employment outcomes, including increased turnover (Kirchmeyer, 1995; O'Reilly, Caldwell, & Barnett, 1989; Tsui et al., 1992; Wagner, Pfeffer, & O'Reilly, 1984; Wiersema & Bird, 1993). But do individual-level decisions and behavior completely account for the positive relationship found between team-level diversity and team turnover rates? Or might these results be due in part to phenomena that are better understood at higher levels of analysis?

In a study of TMTs in the U.S. financial services industry, Jackson et al. (1991) predicted that individual-level similarity would account for a positive relationship between team demographic diversity and team turnover rates. As expected, the authors found that more diverse teams experienced higher turnover during a 4-year period. However, contrary to predictions they made based on the ASA model, executives' similarity to their teammates was unrelated to their propensity to leave. Jackson et al. speculated that the association between group heterogeneity and group turnover rates created discomfort for all group members, resulting in elevated turnover propensity for everyone. Apparently, the observed homogeneity among teams was due to a similarity effect in the selection and promotion process, but not to a dissimilarity effect for exit decisions.

More recent work by Jackson and colleagues provides other examples of the value of multilevel analyses. In a study of sales teams, Jackson and Joshi (2004) modeled diversity effects at three levels of analysis: individual managers, teams, and business units (districts). Looking at performance as the outcome, their results revealed significant interactions between individual- and team-level predictors as well as additional effects at the district level. In an investigation of pay equity, Joshi, Liao, and Jackson (2006) found that pay equity was unrelated to team-level diversity, but it was significantly related to district-level diversity. In both studies, differential effects at the team and district levels were unexpected. The theoretical perspectives used provided no rationale for arguing that the effects of diversity should be different for small work teams and larger work units.

Looking ahead, increased use of multilevel analytic techniques may prove useful as diversity researchers strive to understand the growing body of inconsistent results. Likewise, multilevel tests of the ASA model may be needed to fully understand how the forces that create the mix of personalities and values present in complex organizations with complicated formal structures that cluster people into teams, departments, levels, and so on.

Organizational Networks

For employees who work in medium to large organizations, much of daily life is lived in the context of teams, departments, and the other social

units that comprise an organization, but just as individuals seldom work in isolation, work teams and departments rely on others for the resources and support needed to function effectively (Hackman, 1999). As organizations become flatter and more interconnected, employees spend more and more of their time working on tasks that require interteam and even interorganizational cooperation. Team members often engage in boundary spanning to seek out new ideas, gather information, and coordinate on technical or design issues (Ancona & Caldwell, 1992). As they cross formal boundaries, they share and obtain tacit knowledge as well as tangible resources (Anand, Glick, & Manz, 2002; Tsai, 2002; Tsai & Ghoshal, 1998). Through these and other activities, employees become embedded in organizational networks, which act like glue binding together units of the organization.

Demographic similarity seems to facilitate communication among members of informal organizational networks (Brass, 1995; Ibarra, 1992; Oh, Chung, & Labianca, 2004; Reagans & Zuckerman, 2001; Reagans, Zuckerman, & McEvily, 2004), perhaps because it heightens feelings of interpersonal attraction and trust. As a consequence, organizational networks tend to be homophilous rather than heterogeneous (McPherson, Smith-Lovin, & Cook, 2001; Ruff, Aldrich, & Carter, 2003).

Gender, ethnicity, and age all provide a basis for the development of relationships outside of one's work group. A study of male and female managers in an advertising firm found that men formed same-gender networks, which served both social and instrumental goals (Ibarra, 1992). A study of friendship networks of MBA students (Mehra, Kilduff, & Brass, 1998) found that students formed friendships with others from similar ethnic backgrounds. A study of project groups found that engineers tended to communicate with others outside the project group based on age similarity (Zenger & Lawrence, 1989).

Just as team members can serve as conduits for interteam cooperation, homophilous networks are likely to develop among team leaders and department managers. Demographic similarity among team leaders or members of management may explain workflow and decision-making networks (Bunderson, 2003). If demographic similarity of team leaders facilitates interteam cooperation, the teams working under similar leaders may achieve higher performance (e.g., see Joshi et al., 2006).

Likewise, psychological similarity may play a role in shaping social networks. For example, a study of teams working for a national service program found that demographic similarity had little consequence for the formation of advice and friendship networks (Klein et al., 2004). The authors concluded that "surface" (demographic) similarity is less important than "deep" similarity of values and attitudes (cf. Harrison et al., 2002).

Going forward, it seems likely that studies of both workplace diversity and the ASA model will increasingly emphasize the informal social structures that hold organizational units together. When such networks are leveraged by teams or departments to gain access to knowledge and

resources, or to improve coordination with other units, they are likely to enhance organizational effectiveness, as well as team effectiveness. The challenge for organizations, then, is to facilitate the development of cohesiveness within social units while also encouraging employees to build relationships beyond the boundaries of their primary realm of activity.

Research that sheds light on the combined effects of demographic and psychological network composition may provide insights into how to better manage organizational networks. For example, it is interesting to speculate about whether affinity networks—such as those intended to promote the development of women and minorities—might benefit organizations by strengthening the organizational glue. Are organizational networks characterized by homogeneity of psychological characteristics also? Does an employee's psychological similarity to other members of a network predict whether he or she is likely to remain in the network over time? Future research that uses the ASA model to investigate organizational networks is needed to answer questions such as these.

CONTEXT AS A MODERATOR OF SIMILARITY EFFECTS

As Johns (2001) observed: "There are several reasons why scholars should consider, study, and report organizational context. Perhaps the most central, if mundane, reason is that, like Everest, it is there" (p. 34). And it is clear that context matters. Yet, as Schneider (2001) observed, even those who study person–environment fit and its consequences usually do not consider how the environment (context) influences person-fit dynamics.

In their continuing attempts to understand the complex pattern of findings regarding how diversity influences organizations, some scholars have begun to examine context as a potential moderator of diversity effects. This line of research views organizational context as a factor that may influence whether diversity has positive or negative consequences.

Demography as Context

In the diversity literature, one newly emerging approach to examining context is closely associated with the emergence of multilevel research. Consistent with Schneider's (1987) argument that "the people make the place," the social composition of higher-level aggregates (e.g., business units) can be treated as demographic contexts that shape the effects of diversity in lower-level aggregates (e.g., teams). Using this approach, Joshi et al. (2005) found that the gender and ethnic composition of business units moderated the effects of individual dissimilarity on performance and pay. In a study of retail stores, however, Leonard, Levine, and Joshi (2004) found no support for the hypothesis that community demograph-

ics moderate the effects of store demographics. Perhaps most relevant for research on the ASA model is a study of turnover among employees of a Fortune 500 service firm, which found that the effect on turnover of being in a demographic minority was stronger for minority groups with smaller proportions of similar others employed in the same job. In addition, the authors reported a marginally significant effect for the demographic composition of jobs at higher levels than the target employee (Zatzick, Elvira, & Cohen, 2003).

Recently, Joshi (2006) identified three forms of organizational composition and discussed how they are likely to moderate the effects of workplace diversity. Briefly, she argued that the negative consequences of diversity are more likely to be found in monolithic organizations (which are characterized by demographic homogeneous, stratification, and segregation), while the benefits of diversity should be more visible in pluralistic and multicultural organizations (which are less stratified and segregated).

Temporal Context

Several studies indicate that the effects of workplace diversity are moderated by temporal factors. We have already mentioned the finding of Harrison et al. (2003) concerning the shifting importance of surface- and deep-level attributes. Likewise, another study found that the negative effects of racio-ethnicity, functional background, and organizational tenure diversity were weaker in longer tenured work teams (Pelled et al., 1999). A study of top management teams found that the effects of TMT demographic diversity were stronger for teams that had spent less time working together (Carpenter, 2002). More recently, in a study of turnover among restaurant employees, demographic misfit was found to be more predictive of turnover during the initial weeks of employment compared to later, for adult workers (Sacco & Schmitt, 2005).

Time is central to the ASA model's description of how organizations evolve. To date, ASA studies have treated time as a predictor of homogeneity. For example, Denton (1999) found that retail store managers with longer tenure in an organization had more similar personalities than those with shorter tenure. Ostroff and Rothhausen (1997) found a similar pattern among school teachers. Given that tenure cohorts are characterized by differing degrees of homogeneity, it seems natural to wonder whether this matters—for individuals as well as their employing organizations.

Task Type

In research on team diversity, the work itself is perhaps the most frequently cited contextual factor mentioned as a potential moderator of diversity dynamics. The generally accepted assumption is that the potential benefits of diversity for performance are greater when the task requires creativity and innovation. When the task is routine, or when speed is the goal, diversity may interfere with performance (e.g., see Jackson, 1992; Williams & O'Reilly, 1998). Although several laboratory experiments seem to support this proposition, clear evidence is not yet available from field studies. Studies of the ASA model could contribute to the accumulating evidence on the role of tasks simply by including good descriptions of the tasks engaged in by the employees studied.

Cultures and Climates

Several authors have argued that organizational cultures shape diversity dynamics. Cox (1993) and Cox and Tung (1997) argued that the consequences of diversity depend on the degree of structure and informal integration present in the organization. Ely and Thomas (2001) argued that diversity is more likely to lead to positive outcomes when the organizational culture emphasizes "integration-and-learning." Empirical studies that examine the effects of dissimilarity (relational demography) in organizations with differing cultures seem to support this general line of reasoning (Chatman, Polzer, Barsade, & Neale, 1998; Dass & Parker, 1999; Gilbert & Ivancevich, 2000).

Just as organizational culture may moderate the effects of organizational diversity, team climates and internal team processes may moderate the effect of team diversity. West (2002) argued that several aspects of team climate must be present in order for teams to effectively use their knowledge for innovation, including shared team objectives, feelings of safety, and effective conflict management, among others.

Many organizations that adopt initiatives to improve employees' tolerance of diversity and their ability to leverage differences to achieve better performance take a broad approach to the topic of diversity. For example, training sessions often discuss how differences in personalities and cognitive styles (as well as demographic differences) can influence the way employees treat one another and the way teams function. Training for managers often emphasizes the importance of focusing on performance-related characteristics of employees rather than allowing personality characteristics that have little job relevance to influence managers' evaluations. Through such training and other means, it seems likely that some organizations develop cultures that truly embrace personality differences. Schneider (1987) observed that "unless organizations consciously fight restriction in the range of the kinds of people they contain, when the environment changes they will (1) not be aware that it has changed, and (2) probably not be capable of changing.... In fact, the ASA model is quite grim with respect to how organizations will cope with the requirements of change" (p. 446). From this it follows that long-lived organizations have found ways to fight range restriction in their workforce. How have they done this? When it

comes to increasing tolerance for personality differences, what works and what does not work? Managers may need answers to questions like these in order to ensure their organizations survive.

Business Strategy

Two decades of research on the performance-related effects of top management team diversity has produced an accumulation of conflicting evidence. One explanation for the inconsistent results is that the strategic context of firms moderates the relationship. Yet the specific role of strategic context remains unclear. One line of reasoning suggests that TMT diversity should be more beneficial under conditions of greater strategic complexity because diversity helps the team deal with the demands of complexity (Richard, 2000). Another line of reasoning suggests that TMT diversity will be more detrimental under conditions of greater strategic complexity because diversity makes the necessary coordination among team members more difficult (Boone et al., 2004; Carpenter, 2002).

The logic of the ASA model also suggests that an organization's strategy might moderate the firm-level (and perhaps individual-level) consequences of similarity-based attraction and attrition. ASA dynamics should be most detrimental to firms pursuing strategies that emphasize responsiveness to rapidly changing markets. ASA dynamics may be less detrimental, and even beneficial, to organizations that depend on strong and stable internal cultures for their success. Studies conducted within a single organization usually are not able to empirically evaluate the role of the strategic context in shaping ASA dynamics or observing their consequences. Nevertheless, it would be helpful to provide descriptions of the strategic context of research sites when publishing future ASA research. As studies accumulate, the role of strategic context may eventually be discerned.

CONCLUSION

We have argued that the places people make are complicated—a bit more complicated than suggested by Schneider's original formulation of the ASA model. Research on workplace diversity has begun to recognize and confront these complications, which creates an opportunity for ASA scholars to learn from their successes and failures.

It seems appropriate to end a chapter about diversity with a call for greater integration. In this case, the integration that we look forward to is among researchers interested in the wide range of phenomena now being investigated through the double-sided lens of similarity and difference. We began this chapter by describing four of the most often cited perspectives on difference: the ASA model (Schneider, 1983, 1987), organizational demography (Pfeffer, 1983), the social identity perspective (Turner & Haslam, 2001), and the upper echelon perspective (Hambrick & Mason,

1984). We also acknowledged the growing body of relevant research on social networks (Burt, 1982). As scholars working in each of these theoretical domains have become increasingly aware of research in other related domains, theoretical and empirical cross-fertilization has quickened. We believe this trend is healthy and hope that this chapter stimulates even greater integration among these areas.

Clearly, Schneider's ASA model has been well received by management scholars, who have used it to gain new insights into the functioning of top management teams, business units, and smaller work teams. It is unfortunate that management scholars seldom assess the personalities or styles of the employees in their studies. More often they apply the logic of the ASA model to studies of demographic composition. On the other hand, psychologists interested in testing the ASA model have largely ignored the demographic characteristics of employees and organizations, except perhaps to treat them as nuisance variables.

It is unlikely that management scholars interested in top management team demography will adopt the practice of regularly including measures of psychological attributes as additional ingredients in their studies. But it seems quite feasible for psychologists to include demographic measures as legitimate components in the profile of person characteristics that are assumed to be primary influences on the thoughts, feelings, and behaviors of employees. We hope to see research on the ASA model move in this direction.

The development of the ASA model and our understanding of organizational composition may also be enhanced by imitating some of the recent trends in workplace diversity research. As we have suggested, the most notable trends worthy of imitation are nonadditive approaches to modeling the effects of personal attributes and social composition, multilevel research, and investigations of context as a potential moderator of compositional effects.

Finally, we encourage ASA scholars to closely examine the theoretical logic of related (competing?) models of organizational composition, and contribute to the process of developing more comprehensive—and more complicated—frameworks. For example, the evidence suggests that attraction and attrition processes are not symmetrical or mirror images. The evidence also suggests that the dynamics of composition do not operate identically at all possible levels of analysis. The evidence suggests that context matters. These empirical developments provide opportunities for theoretical integration and development. Perhaps Ben Schneider is already working on this challenge. If not, we hope this chapter stimulates the next generation of scholars to carry on this important work.

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