INTRODUCTION

The growing sophistication of research on diversity in organizations parallels the evolution of organizations into increasingly complex and dynamic forms. More than a decade ago, Miles and Snow (1986) described a futuristic network organization characterized by constantly evolving inter-team linkages that allow organizations to quickly respond to technological and market changes, and thereby improve their chances of survival. Today, we witness widespread implementation of such team-based organizational forms (Hackman, 1999).

As teams interact with other teams, the organizational context in which teams operate can create opportunities as well as pose challenges for team functioning. In this chapter, we consider how the demographic characteristics of the organizational context influences teamwork and so attempt to contribute to the academic discourse on diversity in two ways. First, we draw attention to the intrinsic value of diversity in relation to a team’s external relationships. To meet organizational goals, each team must be effective in terms of its internal functioning. In addition, each team must effectively manage its relationships with other teams and individuals in the organization. Through their relationships, team members may gain access to needed resources and exert influence that is beneficial to the team and its individual members. Past research, grounded in social psychological theory, has focused on the negative relationship between team diversity and internal team processes such as team cooperation. We recognize that an additional component of team functioning is relationships between teams. Based on social psychological theory, we argue that diversity in teams will be manifested in cooperative behaviors between teams in organizations.

A second contribution of this chapter is to provide a framework for understanding how the demographic composition of organizations influences the relationships between and within teams. Building upon social identity theory as well as social network theory, we argue that
cooperation within and between teams is a function of the demographic distinctiveness of team members in relation to the immediate environment. By recognizing organizational level demography as a contextual influence on the outcomes of team diversity, we draw workplace diversity research into the realm of cross-level theory and methodology. Based on an ongoing research study involving several hundred service teams, we also provide empirical support for our theoretical framework and make suggestions for future research and practice.

This chapter is primarily organized into four sections. Past research on team functioning has found that the diversity present in teams has important implications for how team members behave toward each other, as well as for the team’s overall performance. In the first section, we begin by considering the implication of team diversity for cooperative behaviors within teams. Next, in the second section we extend existing research and theory to describe how team diversity is likely to influence external team relationships and cooperation between teams. Our review and extension of the literature suggest that diversity can have paradoxical consequences in organizations. On the one hand, diverse work teams may experience lower levels of cooperation among team members. On the other hand, diversity within a team may bolster the team’s external communication and its ability to cooperate with other teams. In the third section we argue that understanding these paradoxical outcomes of team diversity would be incomplete without an appreciation of the context in which teams function. Specifically, we consider how the degree of diversity present in the broader organization is likely to influence the interpersonal dynamics that arise within and between teams. Using a multi-level approach, we propose that the demography of the organization within which diverse teams operate is an important factor that determines the degree of cooperation within and between diverse work teams. We present results of a recent study that illustrate the importance of considering the demographic context in which teams operate. In the fourth and final section we discuss the theoretical as well as practical implications of our findings.

The Meaning of Work Team Diversity

During the past decade, the term “diversity” has been widely used to refer to the demographic composition of a team. In empirical studies, team diversity is usually measured using the compositional approach (Tsui & Gutek, 2000), which focuses on the distribution of demographic attributes—e.g. age, ethnicity, gender—within teams. Studies of team diversity directly parallel the methods that have been used to study organizational demography, which is a closely related field of study. Researchers studying team diversity and organizational demography both assess the extent to which members of an organizational unit are (dis)similar to each other. Furthermore, both literatures use indices of variation (not central tendency) to assess the composition of organizational units (teams, departments, entire organizations).1

In studies of team diversity and organizational demography, numerous attributes have proved to be of interest, including age, gender, ethnicity, length of tenure in the organization, functional specialization, educational background, cultural values, and personality. We refer to these attributes as the content of diversity (following Jackson, May, & Whitney, 1995).

1 In contrast, when personality researchers study team composition, they have more often used measures of central tendency to describe the composition of teams.


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best, they serve as convenient but weak measures of more relevant underlying attributes such as beliefs and values. Positioned between these two extremes is social identity theory, which assumes that social and psychological processes mutually influence each other. In this chapter, we assume that all of these perspectives can be useful for explaining the behavior of people working in diverse or homogeneous settings, and we draw on multiple theoretical perspectives throughout this chapter.

**DIVERSITY AND COOPERATION WITHIN TEAMS**

Research on inter-group relations shows that conflict is a common outcome when members of different groups come into contact with each other. By definition, diverse work teams include members who can be identified as belonging to distinct groups. When findings from research on inter-group relations is applied to understanding dynamics within diverse teams, the natural prediction is that diversity in work teams leads to negative outcomes such as disruptive conflict (Guzzo & Shea, 1992).

The most widely used perspective for explaining the negative outcomes of team diversity is social identity theory. According to social identity theory, it is predictable that people will exhibit a favorable bias toward others who are viewed as members of their in-group, and they will view themselves as being in conflict with out-group members (Turner & Haslam, 2001). Within work teams, the categorization of team members into those belonging to an in-group and out-group creates a barrier to cooperative behavior and may even stimulate competitive behavior among members of a team (Brewer, 1995; Lott & Lott, 1965; Sanchez-Mazas, Roux, & Mugny, 1994).

After nearly three decades of research, there is now substantial evidence to demonstrate that simply categorizing someone as a member of the in-group or out-group determines subsequent interactions with that person. In-group members are assumed to have shared interests and goals, and cooperative behavior follows because it is consistent with one's self-interest. Furthermore, readily detected personal attributes such as gender, ethnicity, organizational tenure, and age stimulate perceptions of in-group and out-group membership (Ashforth & Mael, 1989). When members of a work team are similar on these attributes (low diversity), team members are likely to view each other as belonging to the in-group. In a homogeneous team, higher levels of in-group identification result in more cooperative behaviors (Kramer, 1991). In a heterogeneous team, however, the apparent dissimilarity among team members inhibits in-group identification, which translates into low cooperation among team members (Kramer, 1991).

Social identity theory is clear in predicting that social categorization processes are important determinants of cooperation and competition. In addition, there is substantial empirical evidence showing that perceptions of in-group and out-group status can be formed on the basis of minimal information. People need not interact with each other in order to perceive that they share common interests. 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). Furthermore, such categorization is more likely to occur in demographically heterogeneous groups (Stroessner, 1996).

Theory predicts that diversity within a team is likely to result in competitive behavior and conflict. Despite this clear prediction, empirical research has found mixed results. Here
we briefly summarize studies relating work team diversity to within-team cooperation. We first consider how diversity on relations-oriented attributes influences team dynamics, and then review studies that examined the effects of diversity on task-related attributes.

**Relations-oriented Diversity and Team Functioning**

When examining the effects of diversity on team functioning, researchers have used a variety of indicators to assess intra-team dynamics. Although cooperation is seldom measured directly, inferences about the effects of diversity on cooperation can be easily drawn from studies that measure closely related constructs such as conflict and social integration.

**GENDER**

Studies that have examined the relationship between gender diversity have yielded mixed findings. For example, in a laboratory setting, members of mixed gender groups reported lower levels of “friendliness” and higher levels of conflict in comparison to homogeneous work groups (Alagna, Reddy, & Collins, 1982). In a field setting, Tsui, Egan, and O’Reilly (1992) found that being dissimilar to the group in terms of gender resulted in feelings of lower social integration. Lewis and Gibson (2000) found that gender diversity was associated with lower perceptions of collective efficacy in the group, but the effect was too weak to reach conventional levels of statistical significance. Similarly, nonsignificant findings were reported by Pelled, Eisenhardt, and Xin (1999) in a study of product development teams.

**RACE AND ETHNICITY**

With regard to racial and ethnic diversity, early research into the consequences of social desegregation within the United States suggested that increasing racial diversity in predominantly white communities led to increased levels of racial conflict (Blalock, 1967; Reed, 1972). Similarly, in a study of work groups developing new processes and electronic products, Pelled, Eisenhardt, and Xin (1999) found that racial diversity was associated with higher levels of emotional conflict in teams. In a laboratory study of student groups, Watson, Kumar, and Michaelson (1993) found that racially diverse groups exhibited lower cooperation compared to homogeneous groups.

**AGE**

Along with the trend of an aging US workforce has come increased interest in understanding intergenerational relationships within organizations (e.g. see Tsui, Xin, & Egan, 1995). Yet, most studies of age diversity within organizations have focused on top management teams, where age diversity is somewhat limited. Despite the restricted age ranges found in top management teams, there is some support for the predictions made by social identity theory. For example, Knight et al. (1999) found that top management teams with greater age diversity were less likely to engage in agreement-seeking behaviors that could result in reaching strategic consensus. These researchers also found that age diversity was associated with higher levels of interpersonal conflict, although the effect was not statistically
significant. Other studies on top management teams have found significant relationships between age diversity and behavioral outcomes that are assumed to result from conflict, such as turnover (Jackson et al., 1991; Wiersema & Bird, 1993). Pelled, Eisenhardt, and Xin (1999) reported a contradictory finding in their study. In work groups with greater age diversity, employees reported experiencing less emotional conflict. To explain this finding, Pelled, Eisenhardt, and Xin (1999) speculated that individuals belonging to a similar age group may form rivalries and compete for the role of team “leader.” In summary, as with regard to gender and ethnic diversity, the findings concerning age diversity are not completely consistent.

Task-related Diversity and Intra-team Cooperation

So far the dimensions of diversity that have been discussed are considered relations oriented. Relations-oriented attributes are likely to influence perceptions of in-group and out-group membership in any social setting, even when there is no work task to be performed. By comparison, task-related attributes refer to characteristics that are made salient by the task setting. Two frequently studied task-related attributes are organizational tenure and educational background.

TENURE

Whether due to the implicit knowledge that a person accumulates through experience or to specific on-the-job training, organizational tenure bestows knowledge, skills, and abilities that are job relevant. Furthermore, employees who enter an organization at about the same time will share similar experiences (Pfeffer, 1983) and may develop similar values and patterns of communication (Wagner, Pfeffer, & O’Reilly, 1984). Tenure diversity has often been assessed in studies of top management team composition, but seldom do such studies directly assess cooperation or conflict. Thus there is scant direct evidence concerning tenure diversity as a predictor of cooperation.

Consistent with the predictions of social identity theory, Pelled, Eisenhardt, and Xin (1999) found that teams characterized by greater tenure diversity experience more conflict than teams characterized by less tenure diversity. Knight et al. (1999) also found that tenure diversity was associated with greater interpersonal conflict and less agreement seeking, but in this study the effects of tenure diversity were not statistically significant.

EDUCATIONAL BACKGROUND

Like tenure, educational background bestows skills that are required or useful in one’s job. Education may also serve to socialize members of a profession to use a common language, accept a common set of values, and adopt a common world view (Jackson et al., 1991; Jehn, Chadwick & Thatcher, 1997). Like organizational tenure, therefore, educational background is likely to trigger perceptions of in-group or out-group status.

Both the content and amount of education received can serve as signals that trigger social categorization processes. In addition, differences in educational background are likely to be associated with substantively different perspectives about how to approach and solve
work-related problems. Although substantive differences in perspective may actually be beneficial to the team’s performance on some types of tasks (see Jackson et al., 1991; Jackson, May, & Whitney, 1995), educational diversity is also likely to stimulate conflict and reduce cooperation.

Jehn, Chadwick, and Thatcher (1997) found that when team members differed in terms of educational background they perceived greater conflict in the group. In a study of a household goods moving firm, Jehn and her colleagues found that greater informational diversity (which could be created by educational differences) in teams was associated with more task conflict (Jehn, Northcraft, & Neale, 1999). In their study of top management teams, Knight et al. (1999) found that educational diversity was associated with lower levels of strategic consensus.

Conclusion

The preceding review of research findings shows a mixed pattern of results. Many studies indicate that teams characterized by relations-oriented and task-related diversity are likely to be less cohesive and experience lower levels of cooperation. The observed effects were weak, however, and in some cases the effects of diversity were not statistically significant.

This mixed pattern of results does not disconfirm social identity theory, however. Proponents of social identity theory recognize that social categorization processes take place in a larger social context. The larger social context, in turn, can attenuate or even reverse the negative effects of social categorization processes (Turner & Haslam, 2001).

For work teams, the larger organizational context serves as the backdrop for perceptions of in-group and out-group status. Just as the physical context can determine whether a person notices and attends to certain visual or auditory cues, the social context may amplify or divert attention to demographic cues. The organizational context also imbues social identities (such as those based on gender or age) with meaning. Later in this chapter, we return to the question of how the organizational context may shape social categorization processes and their consequences for cooperation within teams. Before moving to this discussion, however, we first consider how diversity may influence the degree of cooperation found between work teams.

DIVERSITY AND COOPERATION BETWEEN TEAMS

Typically, work teams in organizations need to rely on other teams for resources and support in order to function effectively (Hackman, 1999). In this section, we strive to describe how a team’s diversity is likely to shape its relationships with other teams.

Ashforth and Mael (1989) provide insights that aid our understanding of how a team’s diversity can influence its external relationships. Following the logic of social identity theory, Ashforth and Mael argued that members of homogeneous teams would be more likely to view themselves as the in-group, and categorize those outside the team as the out-group. In effect, homogeneous teams create perceptual boundaries that bind them together and separate them from others in the external environment. Individuals in homogeneous groups find all their social identification needs satisfied within the team and hence do not feel the need to interact with individuals outside the group. This self-insulating effect is especially
strong when members of the team share several social identities (Brewer & Miller, 1984). A team of design engineers who were all males of about the same age and from the same ethnic background could be expected to become more insulated from others in the organizations, compared to a group that has more diversity in terms of gender, age, or ethnicity.

Conversely, heterogeneous work teams are less likely to feel bound together as members of the same in-group. Their team boundaries are more permeable and team members are more likely to form in-group relationships with people outside the team (Ancona & Caldwell, 1998; Ashforth & Mael, 1989). Ancona and Caldwell (1992) recognized that team composition could be an important determinant of its external behavior. In particular, they noted the important role that task-related attributes such as tenure and area of specialization could play in determining “boundary spanning” behaviors—that is, interactions outside the team boundary. They did not, however, acknowledge that relations-oriented diversity might also influence a team’s external relationships and boundary-spanning behaviors. In this section, we present evidence to support the argument that team diversity promotes the development of effective external relationships. Through this process, team diversity may promote team effectiveness. Here we argue that the social categorization processes that weaken intra-team cohesiveness may enable the team to better leverage resources in its external environment. By examining inter-team relationships as an outcome of team diversity, we add support to the “value in diversity” proposition that some researchers have espoused (Cox, 1993; Jackson, May, & Whitney, 1995).

Relations-oriented Diversity and Cooperation between Teams

In organizations, informal relationships and roles often transcend formal positions and hierarchies. Informal relationships in organizations reflect social identifications with extra-organizational communities such as age groups, racial groups, or gender groups (Ibarra, 1992, 1995).

Members of minority groups often find that it is more difficult to establish beneficial social relationships within their immediate work group due simply to the absence of others who are similar to them. Feelings of isolation are the natural result. To alleviate feelings of isolation, today many US organizations provide support to employee affinity groups (also called network groups or caucuses), which facilitate socializing among members of demographically similar groups (Friedman, 1996). Even when formal organizational practices do not intentionally encourage the formation of such social communities, they may arise naturally as minority members seek to form informal relationships with similar others (e.g. see Blau, 1977). Thus, relations-oriented attributes such as race, age, or gender influence the boundary-spanning activities of team members.

GENDER

Studies on social networks suggest that employees form relationships with each other based on their gender (Ibarra, 1992). In a study of male and female managers in an advertising firm, Ibarra (1992) found that men formed same-gender networks that served both social and instrumental goals. In this study, women also formed same-gender social networks, while their instrumental networks tended to cut across gender lines—perhaps out of necessity. Given the propensity of individuals to form same-gender relationships within an
organization, gender diversity in teams may indicate the extent to which team members form same-gender relationships outside the team. Social identity theory predicts that homogeneous teams (i.e., predominantly male or female) are most likely to form impermeable boundaries that bind team members together, while pitting them against members of other teams (the out-group). Thus, while cooperation within the team may be high, the cost of such intra-team cooperation may be reduced cooperation between teams. By comparison, the boundaries of mixed gender teams should be more permeable as both men and women form same-gender relationships outside the team. Such external relationships may be formed on an individual basis and for mostly social reasons; nevertheless, they provide a foundation from which instrumental team cooperation may arise in the future. We could find no published studies that support or refute the role of gender diversity in facilitating cooperation between teams, so our argument here must be considered speculative.

ETHNICITY

Just as gender provides a basis for the development of relationships outside of one’s work group, so too does ethnicity. For example, in a study of friendship networks of MBA students, Mehra, Kilduff, and Brass (1998) found that students formed friendships with others from similar ethnic backgrounds. Thus, students who were not members of the majority ethnic group were marginal in the overall friendship network, and tended to form friendships with other minority students.

In anthropological studies of tribal behavior, tribal membership is a social identity that is somewhat similar to ethnicity. Conflict between tribes is a classic and familiar example of inter-group conflict. Such conflict is not inevitable, however. Anthropological studies have found that hostilities between tribes decrease when individuals from one tribe cross over to the “enemy” tribe. Such crossing over occurs when individuals from one tribe marry into another tribe. In these situations, the individual begins to identify with both tribes and over time the conflicts between the two tribes seem to decrease (Levine & Campbell, 1972).

Regarding work teams, we found no studies that examined the relationship between team ethnic diversity and external behavior or inter-team cooperation. Nevertheless, this limited evidence is consistent with our assertion that ethnic diversity within a team is likely to contribute to greater cooperation with other teams.

AGE

Perhaps because people within age cohorts share common experiences, attitudes, and values (Lawrence, 1988), a person’s age can act as a cue that triggers social categorization processes and promotes communication among cohort members. In teams of people from a single age cohort, age similarity is likely to promote in-group identification and make it easier for team members to satisfy their social needs within the team. Consistent with this logic, Zenger and Lawrence (1989) found that members of project groups tended to communicate with others outside the group based on age similarity. This study did not consider whether teams that were more age diverse engaged in more external communication overall, but the findings are suggestive. Imagine a team in which all members are from the same age cohort. We have already suggested that members of such a team would have less need to seek friendships outside the team. They may, however, need to establish instrumental
relationships. These relationships also may be shaped by age similarity. Because all members of the team are similar, the net effect for the team is likely to be a constrained set of external relationships. Conversely, it seems likely that age diversity within a team should result in a more comprehensive network of communications outside the team.

**Task-related Diversity and Cooperation between Teams**

Just as relations-oriented diversity may contribute to the development of external social relationships, task-related diversity is likely to contribute to the development of more external relationships. In organizational settings, task-related attributes include tenure, occupational background, and functional experience.

Often in organizations, departmental memberships or shared functional expertise result in common behaviors, languages, and attitudes among employees (Alderfer, 1988; Kramer, 1991). As members within a department or occupational specialty develop into close-knit communities, cooperation between organizational units may decline. Likewise, common tenure or educational background may foster common attitudes and values that lead to close relationships among similar employees.

As we argued above, in homogeneous teams, the shared experiences and backgrounds of team members may result in the team becoming isolated from other teams or even becoming competitive with other teams. On the other hand, the natural tendency to form relationships with others who are similar on a variety of task-related attributes may also serve to create bridges between a diverse team and members of other teams.

**TENURE**

Employees who enter an organization at the same time often share similar organizational experiences and have similar attitudes and values toward work (Pfeffer, 1983; Wagner, Pfeffer, & O’Reilly, 1989). The importance of tenure-based cohorts may be particularly great in organizations that have undergone periods of substantial change, such as the replacement of the company’s founder, an organizational crisis, or a merger. Such events create clear differences in the experiences and perspectives of oldtimers versus newcomers (cf. Jackson & Alvarez, 1992; Moreland & Levine, 2001). Furthermore, if the event had been considered a threat to the organization, it would be accompanied by the development of closer personal relationships among the employees who experienced it (Staw, Sandelands, & Dutton, 1981). Such relationships would endure long after the threat was overcome.

In the study of project engineers conducted by Zenger and Lawrence (1989), engineers who entered the organization at approximately the same time showed higher rates of communication with each other (compared to those who entered at other times) even when they were not members of the same work team. Engineers with similar tenure continued to communicate more with each other about technical issues. Thus, tenure similarity created work-relevant bridges from the team to its external environment.

Ancona and Caldwell (1998) have also argued that tenure diversity in teams is beneficial because it promotes useful boundary-spanning behaviors. In addition to increasing lateral communication among peers in the organization, tenure diversity may increase the team’s upward communication. For example, team members with long tenure in the organization may provide avenues of access to upper levels of management. On the other hand,
newcomers in the organization may form relationships with other newcomers outside the team and gain access to the latest technical know-how. When teams throughout the organization are linked together through such relationships, the teams may find it relatively easy to recognize their common goals and to cooperate in order to achieve those goals.

EDUCATION AND FUNCTIONAL SPECIALTY

In organizational settings, educational backgrounds and areas of functional specialty tend to be strongly related. And, like tenure, similarity on these attributes serves as a basis for relationship building. As social identity theory predicts, Ancona and Caldwell (1992) found that teams characterized by greater functional diversity formed more external relationships. In a study of top management teams in Japan, Wiersema and Bird (1993) found that educational affiliations determined social interactions across team boundaries.

Conclusion

We have proposed that team diversity is likely to benefit work teams and their individual members by increasing the connections between the team and its external environment. Although there is little research that directly tests this proposition, the findings from several studies are suggestive. Both relations-oriented and task-related diversity create the motivation and the opportunities for team members to develop relationships beyond the team's boundaries. Due to these relationships, inter-team cooperation and communication are likely to be enhanced. Furthermore, these relationships may serve the team's instrumental purposes by giving the team greater access to information and other resources in the external environment.

ORGANIZATION DEMOGRAPHY AS THE CONTEXT FOR COOPERATION

So far, we have argued that the effects of team diversity are not limited to consequences for the internal functioning of teams. Although intra-team dynamics have been the focus of most attention to date, we believe that diversity also shapes inter-team relations. Specifically, we have argued that members of diverse teams are more likely to build external bridges to other individuals and teams. That is, compared to more homogeneous teams, the boundaries of diverse teams are less rigid and more permeable. As a result, we expect diverse teams to have more cooperative relationships with other individuals and other teams in the organization.

In order for team diversity to create this phenomenon of greater inter-team cooperation, however, certain other conditions must be met. A team and its members do not exist in a vacuum; they are embedded within a larger organization. To fully understand the dynamics of diversity and cooperation, these multiple levels of the social environment—individuals, teams, and organizations—must be considered together.

Since 1964, US Equal Employment Opportunity laws have promoted the representation of women and ethnic minorities in US work organizations. Nevertheless, US employers differ greatly in their efforts to promote ethnic and gender diversity as well as the outcomes of these
efforts (Cox, 1993). In some organizations, little progress has been made and few women and members of ethnic minority groups are found in the organization. In other organizations, the proportions of women and minorities have increased substantially, but members of these social groups remain clustered within a few departments and occupational groups. Often they remain segregated in lower-status, lower-paying jobs. Finally, in some organizations, equal employment efforts and proactive efforts to manage diversity effectively have created reasonably integrated work settings.

Whereas legal and social pressures have been the impetus for increasing gender and ethnic diversity in the workplace, the other contours of an organization's diversity are more likely to be shaped by normal business processes. For example, economic cycles of growth and contraction create tenure and age cohorts. Business strategies and organizational structures determine the mix of occupational groups in the organization. Labor market conditions and hiring practices determine the mix of educational backgrounds found among employees (as well as their ethnicity and gender), and so on. Regardless of how an organization's demographic composition is created, it provides the context that may either support or inhibit cooperation within and between teams.

In this section, we argue that the demographic make-up of the larger organization creates the opportunities for, or imposes barriers to, the building of cooperative relationships between teams. As we explain next, the probability that inter-team cooperation will arise out of intra-team diversity is greatest when two conditions are present: the organization as a whole is relatively diverse and the teams within the organizations also are diverse. A diverse team in a homogeneous organization will not be able to leverage its team diversity. Likewise, a diverse organization that segregates different social groups into homogeneous teams will not be able to leverage its organizational diversity. While social identity theory predicts that diversity in teams is related to conflict and lack of cooperation with the team, based on an extension of this theory, we propose that these negative outcomes can materialize only when the demographic context presents conditions that increase demographic identity-based salience in the team. When individuals find that their demographic traits are distinctive with respect to their immediate environment, identification based on that trait will be heightened (McGuire et al., 1978). Similarly, diversity will support the development of external team relationships only when the demographic setting presents opportunities for such relationships. Members of diverse teams will more readily form external relationships when there is diversity in their immediate setting.

**Organizational Demography and Intra-team Cooperation**

Within teams, helping and cooperative behavior have been shown to increase along with the degree of interdependence among team members (see Saavedra, Earley, & van Dyne, 1993). Psychologists have argued that feelings of interdependence among members of a team can be created by features of the task itself as well as by rewards that are contingent upon the team's performance. Sociologists, on the other hand, have argued that members of demographically defined social groups are likely to view themselves as interdependent, because social groups compete with each other for scarce resources (Blau, 1977). A combination of these two perspectives has led some to argue that the uncooperative behavior that occurs within demographically diverse teams should be reduced when the task and reward structures promote feelings of interdependence.
We agree that task and reward interdependence may be sufficient to increase cooperation within diverse teams, but these conditions may not be necessary. Feelings of interdependence may also arise in response to perceptions of organizational demography. Just as the composition of a work team is the ground against which self-identifications occur, so is organizational demography the ground against which group identification takes place. When members of a work team view themselves as distinctive compared to others in the organization, team membership becomes a salient identity and intra-team cooperation should follow. Several different combinations of team and organizational demographics can create perceptions of team distinctiveness: for example, a demographically homogeneous team would be distinctive in a demographically diverse organization, while a diverse team would be distinctive in a homogeneous organization. For either team, the contrast between the team’s composition and the larger organizational context leads the team to perceive itself as distinctive. Such perceptions of team distinctiveness should increase intra-team cooperation.

Conversely, when a team’s demographic composition is similar to that of the larger organization, it is less salient. In such situations, the effects of team composition may be weakened. For demographically homogeneous teams in homogeneous organizations, demographic characteristics are not salient. They do not serve to define the team, and so do not create barriers between team members and their external environment. Similarly, for diverse teams in heterogeneous organizations, demographic cues are not particularly salient. When a team’s demographic composition matches the organization demography, its demographic attributes are less likely to determine patterns of cooperative behavior. In other words, we propose that the context of organizational demography moderates the effects of team diversity.

Organizational Demography and Inter-team Cooperation

The preceding section proposed that internal team processes such as team cooperation are influenced by the extent of diversity of the immediate organizational context. These observations are also relevant for relationships between teams. Organizational policies of recruitment, selection, and promotions often perpetuate segregation based on gender or race (Ely, 1995; Nkomo, 1992; Wharton, 1992). While upper management levels in organizations may be predominantly White or male, minorities and women are often confined to entry levels. These characteristics of organizational demography reinforce identification on the basis of gender and race (Ely, 1995; Nkomo, 1992; Wharton, 1992) as well as the formation of segregated social networks within an organization (Ibarra & Smith-Lovin, 1997). When women and minorities are isolated from social and instrumental exchanges in organizations (Ibarra, 1992, 1995), their lack of access to social capital acts as a barrier to advancement (Friedman & Krackhardt, 1997; Ragins & Sundstrom, 1990). Increasing the representation of women and minorities throughout an organization—increasing the diversity of the organization—is one way to improve their access to social capital (Morrison & von Glinow, 1990). Another way that employers can increase the access to social capital of women and minority employees is by supporting identity network groups (Friedman, 1996). However, the extent to which female and minority network groups can harness the benefits of their solidarity depends on the degree of diversity present throughout the organization. Network groups are likely to be of little value to their members if the network itself is small or if members of the network are marginal in
Cooperation within work team

Diverse organizations

Homogeneous organizations

Low Work team diversity High

Figure 14.1 Organizational diversity as a moderator of the effect of team diversity on cooperation within the team

the larger organization. Thus, just as organizational demography may moderate the effects of team diversity on intra-team cooperation, so too is it likely to moderate the effects of team diversity on inter-team cooperation.

Figures 14.1 and 14.2 illustrate the moderating role of organizational demography that we have proposed. To date, studies of team diversity have ignored the role of organizational demography. We believe that this omission may account for some of the inconsistent results reported in the literature. An organization's specific demographic contours are likely to determine whether gender diversity or ethnic diversity or tenure diversity, and so on, will be predictive of team processes and outcomes.

Preliminary Empirical Evidence

Research that we have been conducting in a Fortune 500 company provides some initial support for the moderating role of organizational demography proposed in the previous section (for a more detailed description of this study and additional results, see Joshi, 2002). Throughout the past several decades, Company ABC (not its real name) has consistently

Cooperation between work teams

Diverse organizations

Homogeneous organizations

Low Work team diversity (focal team) High

Figure 14.2 The proposed moderating role of organizational demography on the relationship between team diversity and inter-team cooperation
promoted workforce diversity and worked to increase the proportions of women and ethnic minorities. The company's efforts to promote diversity are reflected in staffing practices, performance appraisals, training procedures, and the reward system. For example, all division managers must meet annual targets for the representation of majority and minority males and females in each employee grade level. Targets are determined by studies of the internal labor pool and US census data. In order to ensure that managers meet their staffing targets, performance appraisals assess performance against these targets and the results of these performance appraisals are considered in decisions about promotion and compensation. Diversity training is also provided to develop managerial capabilities for interacting with subordinates and colleagues irrespective of demographic differences.

PARTICIPANTS

The data we present here were collected from employees ($n = 8636$) who worked as members of equipment service teams ($n = 1820$). These service teams were organized into 68 regional divisions. The average regional division employed 133 individuals. For the purpose of this study, we focused on teams with 3 or more individuals ($n = 1401$). The average team size was 5.77 individuals.

TEAM TASK

Service personnel provided technical support to customers. Their services included performing ongoing maintenance, responding to unscheduled calls from customers, and making calls initiated by the company. Team members were highly interdependent in terms of their tasks and outcomes; they discussed calls and assessed their priority in order to establish the material resources and manpower that should be allocated. Performance was measured on the basis of the team's achievement of objective, quantitative goals, and these team performance measures were used as a basis for compensation.

DATA AND ANALYSIS

All data were collected from the organization's archives. We used employee personnel records to obtain information on respondents' demographic attributes such as age, ethnicity, gender, tenure, and educational background. Team performance data were obtained from operational records. Perceptions of intra- and inter-team dynamics were obtained from an employee survey, which was conducted annually by an external vendor.

The data for this study are characterized by multi-level nesting of individuals within teams and teams within service regions. Our analysis used hierarchical linear modeling to examine whether the demography of service regions acted as a moderator of the relationship between team diversity and various consequences.

RESULTS

Unlike many prior studies, we found no main effects of team diversity on employee reports of team processes or objective measures of team performance. Notably, reports of cooperation
within teams were unrelated to their gender, ethnic, and age compositions. However, as predicted by the arguments we presented above, adding information about organizational demography revealed a very different picture. In this case, measures of organizational demography captured the composition of the region within which teams were embedded. The demography of the regional-level organization was a significant moderator of the effects of team diversity. The pattern was not exactly as we had predicted, however. Specifically, a positive relationship was found between team gender diversity and intra-team cooperation, but only within regions that were relatively diverse in terms of gender. Furthermore, team gender diversity was positively related to team performance, but again this was true only within regions characterized by relatively high gender diversity. Overall, regions with greater gender diversity at managerial as well as nonmanagerial levels were more cooperative.

When we examined the role of ethnic diversity, we found a slightly different pattern. Again, there was no main effect of team ethnic diversity on reports of team cooperation, nor did we find a significant moderating effect of organizational demography. However, we did find a significant moderating effect of organizational ethnic demography when we examined objective team performance. Ethnically diverse teams working in relatively homogeneous organizations experienced performance deficits relative to the more homogeneous teams. The performance deficit was not evident for ethnically diverse teams working in ethnically diverse organizations. Given the nature of the tasks performed by these teams, this finding is consistent with our predictions. In ethnically homogeneous organizations, the ethnic differences among members of diverse teams become more salient and are more likely to interfere with performance. In ethnically heterogeneous organizations, however, the ethnic identities of team members may be less salient and therefore they create less disruption.

CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

Work team diversity can have both positive and negative outcomes in organizations. In this chapter we focused on two specific outcomes—intra-team cooperation and inter-team cooperation. Our review and extension of past research suggested that intra-team cooperation may be negatively related to team diversity due to social categorization processes. Our conclusion is based on the predictions offered by social identity theory since empirical studies indicate mixed support for this proposition. Based on social identity theory, we also predicted that cooperation between teams would be positively associated with diversity. Diverse teams have the opportunity to capitalize on diverse social networks outside the team and enhance performance. We argued that an important consideration while examining both these outcomes of team diversity is the demographic context in which teams function. The representation of women and minorities in the organization as a whole triggers social—psychological processes that are relevant for team functioning. Thus, we proposed that the relationship between team diversity and cooperation within and between teams would be moderated by the organization's demographic context. Our study suggests that this proposition is justified with regard to some of the dimensions of diversity.

Before drawing firm conclusions from the findings presented in the previous section, particular characteristics of the research setting that may limit the generalizability of these findings need to be acknowledged. For example, although the teams of service technicians in this study were interdependent with each other, reliance on external relationships may not be as critical to these teams as it would be for cross-functional teams. Future research may
test similar hypotheses in multiple organizational settings and extend the generalizability of the findings. The lack of significant effects of diversity at the team level also calls for some explanation. Company ABC has a long tradition of diversity-related interventions. These practices may have served to neutralize some of the effects of diversity within teams, although such practices apparently did not diminish the desire of employees to seek out similar others elsewhere in the organization. Regardless of the limitations of the study, we believe that the review and findings presented in this chapter make theoretical as well as practical contributions.

**Theoretical Implications**

Both the theoretical arguments we developed here and our findings from the study described suggest that a cross-level application of social identity theory to research on team diversity may prove fruitful. A theoretical perspective that takes into account the potential cross-level effects of workplace diversity may shed light on the mixed findings of past research. Given that social identification processes are partially driven by the distinctiveness of team members in relation to their immediate organizational environment, the larger social context is an important factor to take into consideration when conducting studies of work teams.

By including inter-team relationships as outcomes of social identification we are also able to reconcile the pessimistic predictions of social identity theory regarding inter-group relations in organizations with the “value in diversity” proposition (Ashforth & Mael, 1989). By developing this external perspective, we hope to stimulate new research on work team diversity. Additional research is needed to determine whether our findings regarding the beneficial effects of organization-wide diversity are replicable, however. Our findings suggest that performance of ethnically and gender-diverse teams is significantly improved when such teams are embedded in a larger social context that is also characterized by ethnic and gender diversity. But in order for these benefits to accrue, organizations may need to proactively engage in practices that ensure organization-wide integration of women and minorities.

**Practical Implications**

Clearly, the cross-level approach to work team diversity suggested in this chapter also has some practical implications. If an organization’s existing HR practices permit the presence of glass ceilings and walls that limit the career opportunities of women and minorities, then it is quite possible that the creation of diverse work teams will not yield the desired performance improvements. Segregation within organizations creates conditions that increase the likelihood of negative outcomes arising from social identification processes (Wharton, 1992). HR policies and practices related to recruitment and career progression can help ensure that the demographic make-up of the entire organization is conducive to the functioning of diverse teams. Practices that create diversity at entry levels but do not support the presence of diversity at higher levels in the organization may be particularly harmful in that they help to set the stage for dysfunctional team processes.

In addition to ensuring that glass ceilings and walls have been eliminated, organizations may also find that it is helpful to support the formation and operation of employee caucus groups. Caucus groups often are implemented in order to create opportunities for women
and minorities to access social capital and advance their careers. But caucus groups may also prove beneficial to team functioning. When team members can tap into external relationships that have been formed through caucus group activities, they increase the team's ability to gain information and other resources that may be needed to maximize their team's performance.

Conclusion

Demographic differences within work groups have been typically linked to conflict and lack of cooperation. This chapter proposed that the negative relationship between work team diversity and teamwork or cooperation needs to be revisited. We extended past research to emphasize the positive influence of diversity on cooperation between teams. A discussion of diversity and cooperative behaviors in organizations is incomplete without acknowledging the role of the broader organizational context in shaping these behaviors. This chapter attempted to make a contribution to the understanding of cooperation and teamwork in organizations by suggesting a cross-level approach to studying the outcomes of diversity in work teams.

REFERENCES


