
BENEFITS AND COSTS OF GROUP DIVERSITY ON GROUP PERFORMANCE

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Abstract: Diversity is an increasingly important subject for both researchers and managers, as organizations become more diverse in terms of race, nationality, age, gender, abilities, personalities and many other characteristics of their members. There are many studies on the topic, but the relationship direction of group diversity on performance is not yet fully understood. Sometimes the effects of group diversity on performance are positive, at other times negative. The main purpose of the article is to review the literature of group diversity and performance in order to answer the question: Which are the cost and benefits of group diversity on group performance? Further more, we will have a special focus on cognitive diversity as a variable that is most job related and on group dynamics as a factor that can offer information on the group diversity – group performance relationship. Theoretical and practical implications are also discussed.

Keywords: *group performance, group satisfaction, group diversity, cognitive diversity, team dynamics.*

Introduction

Diversity is an increasingly important factor in organizational life as organization become more diverse in terms of race, nationality, age, gender, abilities, and many other characteristics of their members (Shaw & Barrett – Power, 1998, p. 1307). Moreover, organizations are adopting work group compositions that incorporate differences in educational background of functional background (van Knippenberg & Schippers, 2007, p. 516), in personality characteristics (Mohammed & Angel, 2003) and cognitive abilities (Shin & al, 2012). Due to the new organizational trends, two of the most complex phenomena in the work place, diversity and work groups, are being merged together with the goal of creating high performing groups and organizations (Webber & Donahue, 2001, p.27).

In spite of its recent, there is little consensus on what “diversity” means and on the ways diversity influences group performance (Guzzo & Dickson, 1996, p.331).

In the literature, there are three main theories that focus on the effect of group diversity on group performance: social categorization, similarity/attraction, and information and decision making theory. Researchers favoring the first two theories argue that member heterogeneity has a negative impact on team performance (Horowitz, 2005;

Tajfel, Billig, Bundy & al.,1971). Further more, according to proponents of the two theories, different member characteristics such as - expertise, age, and gender can be easily categorized by individual member and negatively associated with group outcomes (Horowitz, 2007, p. 989). On the other hand, the information and decision making theory comes from a „value in diversity” perspective (Cox, 1993; Cox, Lobel & McLeod) which argues that diversity creates benefits for group performance. The assumption that underlies this theory is that an increase in racial/ethnic diversity means that work group will experience benefits such as: increased creativity, higher quality decisions, and enhanced problems solving ability, constructive conflict and debate, increased understanding of different ethnicities and cultures, and increased information (Shore & al., 2009, p. 118).

Group diversity literature has the characteristics of being diverse itself (Simons & Rowland, 2011). Lorden & Rosner (1991) define diversity as the one that differentiates one group of people from another along primary and secondary dimensions. The two researchers described primary dimensions of diversity as those exerting primary influences on our identities - ethnicity gender, race, age and mental or physical abilities and characteristics. These dimensions of diversity are visible and have the most impact on group in the workplace and society. Secondary dimensions - educational background, work style, work experience, cognitive abilities, attitudes communication style – are less visible and exert a more variable influence on personal identity and add a more subtle richness to the primary dimensions of diversity (Lorden & Rosner, 1991; Barbara Mazur, 2010).

Further, we present the result of 13 empirical studies that have focused their research on group diversity – performance relationship (see table 1).

Research Methodology

The methodology used for this paper is the review of the literature on the relationship of group diversity and group performance. For this, a reach literature has been analyzed including empirical studies, reviews, metaanalysis and results from dissertation. The literature has been collected from the rich online resources. The paper chosen for this review investigated the impact of several important diversity dimensions on performance.

Table 1

Author(s)	Independent Variable(s)	Dependent Variable(s)	Results
1. Bär, Niessen & Ruenzi ()	Social categorization diversity and informational diversity	Group performance	N=2.260 management teams Result showed that while social category diversity is generally negatively related to performance, informational diversity is positively related to performance.
2. Martins & al. (2012)	Expertise and expertness diversity	Group performance	N= 736 students enrolled in a master's program and organized in 196 teams. Result found that when team psychological safety was lower, rather than higher, expertise diversity was more negatively related to team performance, but conversely, expertness diversity was more positively related to team performance. When team relationship conflict was lower, rather than higher, expertness diversity was more positively related

			to team performance.
3. Bucur & Constantin (2014)	Attitudes towards communism	Group performance (group's cognitive complexity)	N= 288 students organized in 72 group. Results indicated no significant relationship of group diversity in terms of attitudes towards communism on group cognitive complexity.
4. Timmerman (2000)	Age diversity and racial diversity	Group performance (basketball task)	N= 871 professional basketball teams and 1,082 professional baseball teams from 1950 to 1997. The results revealed that (after controlling for team ability) age diversity and racial diversity were negatively associated with basketball team performance
5. Neuman, Wagner & Christiansen (1999)	Team personality differences	Team performance	N=328 working in 82 teams were assessed on a broad range of traits organized around the framework of the Big Five personalities. Across the set of Big Five traits, personality difference in terms of extraversion and emotional stability was positively related to team performance.
6. Clement & Schiereck Jr. (1973)	Gender differences	Group performance in a visual signal detection task	N= 48 (24 males, 24 females) There were no differences in performance between all-male and all
7. Apesteguia, Azmat & Iriberrri (2012)	Gender differences	Team performance and decision masking	N= economics undergraduate and MBA student. The results showed that the teams formed by three women are significantly outperformed by all gender combinations.
8. Schilpzand (2010)	Cognitive style diversity	Group performance	N= 280 undergraduate students. Results indicated a small positive effect between cognitive style diversity and team performance, but it was not statistically significant. This relationship is also presented when looking at the diversity on verbal and object cognitive styles. Regression identifies a negative effect of spatial

			cognitive style diversity on team performance.
9. Aggarwal & Wooley (2010)	Cognitive styles diversity	Team performance	N= 64 groups of two to five participants. Results found that as diversity in cognitive style increased, strategic consensus decreased, which in turn increased the numbers of errors teams made thereby hunting performance.
10. Jehn, Northcraft & 11. Neale (1999)	Social category diversity Value diversity Informational diversity	Group performance	N = 545 employees. Informational diversity positively influenced group performance, mediated by task conflict.
12. Watson, Kumar & Michaelsen (1993)	Cultural diversity	Group performance	The study was run for 17 weeks and involved culturally homogenous and culturally diverse groups. Initially homogenous groups scored higher on performance effectiveness. By week 17 there were no differences in overall performance, but the heterogeneous groups scored higher on two task measures.
13. Ely (2004)	Tenure, age, sex, race diversity	Group performance	N= employees from 486 retail bank branches. Race and sex diversity were unrelated to performance. The direct effects of tenure and age diversity were largely negative, but were moderated by quality of team processes, suggesting that cooperation and teamwork may suppress the direct negative effect.

Table 1. Results of empirical studies

Implication for practice

The review of team literature suggests that diversity in teams can provide teams and organizations with competitive advantages if managers combine the right compositional attributes for the right task when creating the teams. On the other hand, if managers or HR practitioners create teams without regarding to compositional factors, the type of task the team has to complete and the group dynamics, diversity can become a potential source of disadvantage. HR practitioners and managers should understand these differential effects of team diversity on performance and integrate varying attributes and contexts to maximize team performance. For instance, if a task is complex and requires considerable resources to be

accomplished, managers will create a high performing team if the team is heterogeneous but less heterogeneous regarding demographic attributes. In order to maximize the efficacy of teamwork HR practitioners can maximize diversity by providing diversity training. This specific training can help individual members to recognize their similarities and value their differences. Furthermore, diversity training has become an important tool and administrative function in companies seeking to respond to change. These training programs can vary in many ways, but all diversity training programs are preparing organizations and employees for increasing racial, ethnic, and cultural and gender diversity.

In conclusion, we argue that incorporating diversity in groups and organizations involves an acceptance of diverse resources and therefore workplace diversity should lead to greater productivity.

Implication for future research

As diversity can bring both advantages and disadvantages, it is often described by many researchers as a double-edged sword (Milliken & Martins, 1996, p.403). Furthermore, diversity is a complex and dynamic phenomenon and managing diversity starts to be of crucial importance. The studies we have analyzed present rather the beneficial effects of group diversity on group performance. An important aspect we strike to mention is the fact that there are many factors that influence group diversity – group performance relationship. Such factors refer to group quality of group process, time spent within the group and task and relationship conflict. Further research should study closer the dynamics of team process, the relationship among diverse members throughout time and the changing nature of interactions.

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