

Team Diversity and Team Performance: The Role of Communication

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Laura Emma Molinari
L.Molinari@campus.lmu.de

Purpose/Motivation: Firms profit from increasing globalization by reduced labour costs and expanded market access, but also have to face the challenge of increasing functional workforce diversity (Argote et al., 2000, p. 2; Green et al., 2002, p. 1). While a lot of research has been done on the performance implications of diversity, evidence is mixed whether it is beneficial or a threat to firm performance (Harrison & Klein, 2007, p. 1200). This leads to the question whether the effect of diversity for performance is explained by mediators, in particular communication, and contingent factors such as leadership. Hence, this thesis 1) asks if team voice, a condition for good communication, mediates the link between diversity and team performance, defined as team problem-solving, and 2) examines mediators that shape the effect of diversity on communication.

Theories/Hypotheses: To benefit from diverse functional knowledge, it has to be shared among team members (Cheung et. al., 2016, p.1511; De Dreu et. al., 2011, p. 85). But due to social categorization, this process is often hindered. Team voice could be a possible solution to this problem, as it is known that voicing proper opinions, suggestions, and concerns (Priem et. al, 1995, p.702) enhances performance. Team voice is also dependant on group voice climate, that is common shared believes about speaking up and proactive behaviour (Morrison et. al., 2011, p.184) as well as leadership management. Often failure is not only caused by miscommunication but rather by leaders failing to coordinate various skills and tasks (Zaccaro & Klimonski, 2004, p. 5). Furthermore, leadership management strongly influences team voice (Ling & Kellermann, 2010, p. 326f.). Therefore, the propositions are:

- P1: The relationship between functional diversity and problem solving is unclear.
- P2: Team voice mediates the link between diversity and problem solving.
- P3: Group voice climate moderates the link between diversity and problem solving such that the link is more beneficial if group voice climate is higher.
- P4: Leadership moderates the link between diversity and problem solving such that the link is more beneficial if leadership is higher.

Research Limitations: Other possible outcomes of functional diversity, other mediators than team voice and other possible moderators of team voice were not examined, like for instance innovation as another possible outcome or firm strategy as mediator or task interdependency as moderator. My propositions need to be empirically tested. Furthermore, leadership management as a highly complex construct with many elements needs more detailed examination (e.g. transformational, transactional, laissez-faire leadership). Additionally, it is questionable whether group voice climate and leadership management are independent, as leaders implicate if voicing is permitted within the team.

Research Implications: Research indicates that team voice and its moderators positively influence the impact of functional team diversity on team performance.

Practical Implications: Firms should promote social interactions of employees. This can be done in informal manners, e.g. in business lunches or activities, to encourage professional skill exchange, but also in formal manners like short brain storming sessions on current tasks in meetings. Moreover, leaders should moderate and encourage open discussions. Break-out sessions to evolve solutions to a problem can also be managed via online tools, like a specific app connecting everybody or sending ideas to a concrete inbox. The advantage is, that employees can voice autonomously, which lowers the danger of being afraid of negative consequences. Leaders should also promote constructive feedback and create a safe voice climate for people to speak their minds.

Contribution: My Bachelor thesis gives a possible suggestion on “how and under what conditions” (Ely & Thomas, 2001, p.270) the advantages of functional diversity can be integrated and be used to increase knowledge, which then can be useful for accomplishing tasks and be beneficial to performance. Furthermore, putting functional diversity in relation to contextual factors (Alcázar et al., 2013, p. 43) widens the perceived diversity research until now.

Paper type: conceptual

Further readings:

Harrison, D. A., & Klein, K. J. (2007). What's the difference? Diversity constructs as separation, variety, or disparity in organizations. *Academy of management review*, 32(4), 1199-1228.

Morrison, E. W., Wheeler-Smith, S. L., & Kamdar, D. (2011). Speaking up in groups: A cross-level study of group voice climate and voice. *Journal of Applied Psychology, 96*(1), 183–191.

Li, C., Liang, J., & Farh, J. L. (2020). Speaking up when water is murky: An uncertainty-based model linking perceived organizational politics to employee voice. *Journal of Management, 46*(3), 443-469.