Studying Diversity and Faultline in Chinese Organizations

Part of the Symposium on *Multicultural Teams: Advancing Team Effectiveness in a Globalized World*

Dora C. Lau
Chinese University of Hong Kong
Business School / Department of Management

Michigan State University
9 – 10, October 2015
Diversity and Faultline

• Team composition drives team processes and outcomes

• Diversity = distribution of differences among team members per selected attribute
  – Surface-level: gender, race, age, tenure, ...
  – Deep-level: personality, values, ....

• Faultline = Hypothetical dividing lines that split a group into two or more subgroups based on one or more attributes

(Harrison & Klein, 2007; Lau & Murnighan, 1998; 2005)

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Male</td>
<td>Female</td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td>Engineer</td>
<td>Engineer</td>
<td>Clerk</td>
<td>Secretary</td>
</tr>
<tr>
<td></td>
<td>47</td>
<td>55</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Caucasian</td>
<td>Caucasian</td>
<td>Asian</td>
<td>Hispanic</td>
</tr>
</tbody>
</table>
What we know by now

Team process and states

• Conflict
• Trust
• Communication
• Psychological safety
• Social integration
• Subgroup cooperation
• Information elaboration

Team outcomes

• Team learning
• Team satisfaction
• Team identification
• Creativity
• Information sharing
• Decision making accuracy & quality (groups, TMT)
• Performance (individual, team, & firm)
• Member loyalty
• Alliance dissolution

Diversity & Faultline Research Summary

• Affect group processes and outcomes
• Influence multiple levels
  – members
  – experimental groups
  – Fortune 500 / workplace groups
  – top management teams / boards
  – Firms
  – Alliances
• Consistent results suggest universality.
Where is Diversity & Faultline Research in China?

<table>
<thead>
<tr>
<th>2012-2015</th>
<th>Diversity</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-tiered Journals</td>
<td>2</td>
<td>52</td>
</tr>
<tr>
<td>Regional Journals</td>
<td>4</td>
<td>23</td>
</tr>
</tbody>
</table>

Possible answers:
- China is not diverse
- Diversity is not important / desirable in China
- Chinese do not want to mention/study/understand diversity

Top-tiered journals include ASQ, AMJ, JAP, OS, JOB, JOM, OBHDP, LQ

Regional journals include MOR, APJM, Asian Journal of Social Psychology
Study of Diversity & Faultline in China

• Research Questions:
  – What are the relevant personal attributes?
  – Are there faultlines in China?
  – Why is there a lack of interest in understanding diversity and faultline effects in China?

Interviews:
92 employees in 38 teams in 9 companies in Beijing and Shanghai (61 recordings)

Interviewing team:
Lynn Shore, Grace Q. Su, Sophia H. Li, & me

(Supported by Research Grant Council of Hong Kong)
## Sample Information

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Business</th>
<th>Employees</th>
<th>Location</th>
<th>Interviewees</th>
<th>Teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>CN</td>
<td>Mining</td>
<td>Mining</td>
<td>20,000</td>
<td>Beijing</td>
<td>17</td>
<td>5</td>
</tr>
<tr>
<td>BankA</td>
<td>Bank</td>
<td>Bank &amp; Insurance</td>
<td>25,110</td>
<td>Beijing</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>YJ</td>
<td>Finance</td>
<td>Finance &amp; Investment</td>
<td>30</td>
<td>Beijing</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>LIFE</td>
<td>Insurance</td>
<td>Insurance</td>
<td>100,310</td>
<td>Beijing</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>ITA</td>
<td>IT</td>
<td>Software</td>
<td>23,410</td>
<td>Beijing</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>CHC</td>
<td>Finance</td>
<td>Financial investment</td>
<td>60</td>
<td>Shanghai</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>AV</td>
<td>IT/Advertisement</td>
<td>Multi-media advertisements</td>
<td>30</td>
<td>Shanghai</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>TM</td>
<td>IT</td>
<td>Software</td>
<td>40</td>
<td>Shanghai</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>QC</td>
<td>Finance</td>
<td>Internet-based micro loans</td>
<td>80</td>
<td>Shanghai</td>
<td>10</td>
<td>3</td>
</tr>
</tbody>
</table>
Sample Interview Questions

• Does your team have subgroups? If yes, what are the bases?
• Describe the types of diversity that you have in your team.
• Where is your native city, town, or village? Are there team members from other areas/locations? Do regions affect how easily team members work together?
Questions

• Are there diversity in China?

• Is diversity important or desirable?

Findings

• 78% reported diversity in their organizations

• 67% evaluated the desirability of diversity

• 70% (of 67%) reported that diversity is good and 41% wanted more

Diversity exists in China and employees want more in general
## Findings on Diversity Attributes

<table>
<thead>
<tr>
<th>Attribute</th>
<th>%</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>60%</td>
<td>40%</td>
<td>18%</td>
</tr>
<tr>
<td>Age</td>
<td>50%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Edu</td>
<td>60%</td>
<td>43%</td>
<td>18%</td>
</tr>
<tr>
<td>Province</td>
<td>40%</td>
<td>35%</td>
<td>5%</td>
</tr>
<tr>
<td>Work Tenure</td>
<td>38%</td>
<td>38%</td>
<td>0%</td>
</tr>
<tr>
<td>Personality</td>
<td>33%</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>Working Experience</td>
<td>30%</td>
<td>25%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Observations on Diversity Findings

Similar to Diversity Literature
• Sex, age, education, tenure, personality matter
• Age: generation gaps
• Personality: conscientious / responsibility

Unique Findings
• Province matters
• Province: Local vs. Non-local
• Education & Work Experience: Local vs. Overseas
Preliminary Faultline Findings

Are there faultline in China?
- 85% discussed about faultline when prompted
- >90%: they have seen or heard about faultline
- 50%: they have seen or heard about faultline in other organizations

Is having strong faultline good?
- About 50% evaluated faultline strength
- 33%: neutral
- 42%: bad (19% wanted to remove it)
- 0%: good

Faultline is prevalent in China but many respondents perceived it as detrimental
# Preliminary Findings on Faultline Attributes

<table>
<thead>
<tr>
<th></th>
<th>%</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personality</td>
<td>37.50%</td>
<td>35.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>Work Structure</td>
<td>30.00%</td>
<td>30.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Interests</td>
<td>30.00%</td>
<td>27.50%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Leader</td>
<td>30.00%</td>
<td>25.00%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

- **Personality:** e.g., introvert vs. extrovert
- **Work Structure:** Physical proximity, belong to same project teams, competition between teams, increasing group size
- **Interests:** Self-interest, between-subgroup competition
- **Leader:** Relationship with leader, leader favoritism/bias
Observations on Faultline Findings

Similar to Faultline Literature
• Faultline prevalence
• Detrimental faultline effects
• Strong faultlines as taboos

Unique Findings
• Diversity and faultline attributes are different
• Work/group structure can change faultline effects
• Leader plays an important role
  (Meyer, Shemla, Li, & Wegge, 2015, JMS)
Diversity and Faultline Attributes

<table>
<thead>
<tr>
<th>Diversity</th>
<th>Faultline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>✔</td>
</tr>
<tr>
<td>Age</td>
<td>✔</td>
</tr>
<tr>
<td>Edu</td>
<td>✔</td>
</tr>
<tr>
<td>Province</td>
<td>✔</td>
</tr>
<tr>
<td>Work Tenure</td>
<td>✔</td>
</tr>
<tr>
<td>Personality</td>
<td>✔</td>
</tr>
<tr>
<td>Work Experience</td>
<td>✔</td>
</tr>
<tr>
<td>Work Structure</td>
<td>✔</td>
</tr>
<tr>
<td>Interest</td>
<td>✔</td>
</tr>
<tr>
<td>Leader</td>
<td>✔</td>
</tr>
</tbody>
</table>

Diversity attributes are mostly surface-level and demographic while faultline attributes are leader and structure-related.

One exception is personality.
Why is there a lack of research interest in diversity and faultline?

**Propositions**
- No diversity and faultline in China
- Diversity is not desirable
- Faultline is not desirable
- Faultline is a taboo

**Supporting Evidence**
- Strong opposite evidence
- Some opposite evidence. Many respondents want more diversity
- Some supporting evidence. Faultline is associated with negative outcomes
- Some supporting evidence. Respondents reported seeing it elsewhere
Why is there a lack of research interest in diversity and faultline? (2)

Propositions
• Diversity and faultline are associated with conflict and Chinese prefer harmony

Evidence
• Some supporting evidence
  – Avoid conflict
  – Turn to leader for final decision
  – Leaders and members expect cooperation, no trouble-makers
Quote on Leadership

• Guest: No, because we have to work with the investors. If he thinks our opinions make sense, he will accept them. If we really have very different opinions, we will turn to our leader for help. The leader of the entire team.

• Reporter: I see.

• Guest: The person who makes the final decision is definitely our leader.
• Reporter Two: How to make everyone feel more intimate?

• Answer: I think it is our instinct. Who doesn’t want to work together happily, and get on well? I think this is human nature.

• Reporter Two: Many teams are not like that.

• Answer: That means some people are making trouble. My biggest role is not to make trouble. (The other teams are not like us) because, for most of the time, someone is making trouble. In fact, what is the value and meaning of making trouble? ...So surely it’s because someone is making trouble. But under normal circumstances, it's alright...everyone here is normal.
Why is there a lack of research interest in diversity and faultline? (3)

Proposition
- Specific work arrangements dilute or neutralize diversity/faultline effects

Evidence
- Some supporting evidence
  - Independent or small interdependence, little teamwork
  - Leader is the central person in the network and make final decisions
  - Leader holds more information than subordinates (high power distance) and is acceptable
Summary

• Group diversity & faultline are common in China
• Bases of diversity
  – Mostly demographic + personality
  – Ethnocentric concerns: local vs. non.locals, local vs. overseas
• Bases of faultline
  – Non-demographic
  – Interest, structure, & leader
• Diversity is universal but can be manifested in different ways. It may not be seen as important because of other substitutes
Implications for Future Research

• Empirically test the diversity and faultline bases in China
• Study the newly identified faultline bases. Can these be found elsewhere?
• Explore the relationship between work structure or group types and faultline effects. Are there faultline dormant-izers?
• Role of leadership in diversity and faultline research is needed
  – Leaders’ policies and practices in subgroup management: entrenching or bridge-building
  – Leaders’ subgroup membership and perception management
• Generalizability to other societies or cultures which also prefers harmony and avoids overt conflict
Managing Multicultural Teams

- Manage expectations on teamwork and the role of leaders
- Manage attitudes towards diversity and faultline: hiding or embracing
- Manage attitudes towards conflict
Questions and Comments are Welcome