

# **DIVERSITY AND CONFLICT IN TEAMS: A FAULTLINE MODEL PERSPECTIVE**

SANDEEP GOYAL  
LIKOEBE MARUPING  
LIONEL ROBERT  
Walton College of Business  
University of Arkansas  
Fayetteville, AR 72701

## **ABSTRACT**

Although the relationship between diversity and conflict in teams has received much attention in the past two decades, prior research has yielded inconsistent results. Drawing from the conceptual work on team faultlines, we present an integrated model of the relationships between the three types of diversity: separation, variety, and disparity and three types of conflict: task, relationship and process.

## **INTRODUCTION**

In a diverse workplace, organizations are increasingly adopting team-based structures composed of members from different functional and educational backgrounds (van Knippenberg & Schippers, 2007). This increased prevalence of team diversity presents both opportunities and challenges (Lau & Murnighan, 2005). On one hand, diverse teams perform better because of creative thinking, integrative insights, and innovation (Elsass & Graves, 1997; Finkelstein & Hambrick, 1996; Watson, Kumar, & Michaelsen, 1993). On the other hand, diverse teams may not be able to realize their potential because of problems like increased conflict, lack of intrinsic motivation and coordination (Gladstein, 1984; Jehn, 1994). Therefore, given that diversity can be a “double-edged sword” (Horwitz & Horwitz, 2007; Webber & Donahue, 2001), it is important to examine how, when, and why team diversity might lead to effective team outcomes.

The key question addressed by the extant diversity research is how differences between team members affect team processes (e.g., team conflict) and team outcomes (e.g., team performance; van Knippenberg & Schippers, 2007). However, the cumulative findings in diversity research have been inconsistent (Horwitz & Horwitz, 2007; Webber & Donahue, 2001). Harrison and Klein (2007) recently argued that the existing conceptualizations of diversity have several limitations. Based on a review of the literature, they presented a refined conceptualization of diversity. In the present study, we use this refined conceptualization of team diversity to develop a holistic understanding of the diversity-conflict relationship by examining the impact of all three types of team diversity—diversity as separation, variety, and disparity—on all three types of conflict—task conflict, relationship conflict, and process conflict. We then draw from Lau and Murnighan’s (1998) concept of faultlines as a way to theorize about the schisms that exist in teams and how they impact team conflict.

## **THEORETICAL DEVELOPMENT**

Faultlines—hypothetical dividing lines created by differences among team members—may lead to conflict as members break into subgroups and behave in ways consistent with the in-

group/out-group (Ashforth & Mael, 1989; Hogg & Terry, 2000). In this section, we use this faultline lens to examine the relationship between different types of diversity. The proposed research model is presented in Figure 1.

-----  
Insert Figure 1 about here  
-----

## Diversity as Variety

***Diversity as variety and task conflict.*** *Diversity as variety* refers to differences in knowledge bases and perspectives that members bring to the group (Harrison & Klein, 2007). Prior research suggests that an individual's priorities, assumptions about future events, and understanding of the alternatives is influenced by their functional background, prior training, and experiences (Wiersema & Bantel, 1992). Differences in such backgrounds raise the possibility of disagreements over methods for task accomplishment. When all team members belong to the same functional background (homogenous teams), members are more likely to agree to group actions resulting in lower task conflict as team members may have same interests and mental scripts (Ancona & Caldwell, 1992). In contrast, when team members differ with respect to variety, selective perception may cause them to have different understandings of the team task, resulting in task conflict (Pelled, 1996). Drawing from Lau and Murnighan's, (1998) faultline model, we argue that moderate levels of diversity as variety should result in strong faultlines within the team because fewer functional backgrounds are represented. Team members are likely to form homogenous subgroups, resulting in strong faultlines. Task disagreements may activate these faultlines as subgroups composed of different backgrounds adhere to polarized positions about how team work should be conducted (Markus & Kitayama, 1991). Consistent with Lau and Murnighan (1998), high levels of diversity as variety should result in the formation of a large number of homogenous subgroups resulting in the formation of weak faultlines. As a result, team members in such teams are not inclined towards a particular subgroup and are more likely to understand each other's ideas and reflect on them. Members in such teams are more likely to anticipate a diverse view point and be better prepared to respond to them (Gibson & Vermeulen, 2003). Therefore, we expect that:

*H1a: Diversity as variety will have an inverted U-shaped curvilinear relationship with task conflict.*

***Diversity as variety and process conflict.*** In functionally homogenous teams, team members are likely to have the same priorities and assumptions about future events (Wiersema & Bantel, 1992) and are more likely to agree on the allocation of resources and prioritizing the activities required to accomplish the task at hand. As the degree of diversity as variety increases to moderate levels, every subgroup is likely to see issues and opportunities associated with the task from their own vantage point (Eisenhardt et al., 1997) and these vantage points differ based on their functional backgrounds and their training. Because of these differences, it is likely that subgroups would disagree with each other on resource allocation within the team, and place their own subgoals over those of the larger team (Polzer et al., 2002), resulting in process conflict (Beersma et al., 2003). As diversity as variety increases to high levels, because of weak faultlines, teams lack clearly defined subgroups and little or no within team competition for resource allocation. Team members in such teams are less likely to disagree among themselves

on the allocation of resources and are likely to work with each other for the benefit of the team as a whole (Beersma et al., 2003)—decreasing process conflict within the team. Therefore,  
*H1b: Diversity as variety will have an inverted U-shaped curvilinear relationship with process conflict.*

***Diversity as variety and relationship conflict.*** In homogenous teams, members with same backgrounds and same degree of experience are expected to have a stronger inter-personal relationship as such members are known to share a common cognitive map and a consistent dominant logic (Bettis & Prahalad, 1995; Duhaime & Schwenk, 1985; Prahalad & Bettis, 1986). In contrast, when the diversity as variety is at moderate levels, members of one subgroup may develop negative stereotypes towards members of another subgroup to support their own subgroup (Prentice & Miller, 2002). This “us versus them” mentality of subgroups may incite antagonism from members of one subgroup toward members of another subgroup (Labianca, Brass, & Gray, 1998). As a result, members of such groups will perceive that the overall workgroup is filled with tension and anger, resulting in high levels of intragroup relationship conflict. High heterogeneity within a team tends to preclude any in-group/out-group categorization among team members (Ashforth & Mael, 1989). As a result, despite considerable individual differences, team members are likely to identify with the team as a whole (Hogg & Terry, 2000) rather than subgroups. The lack of sub-groups, enables team members to respect each other and feel that they are working towards a cooperative, rather than a competitive, goal (Amason & Sapienza, 1997). Therefore, we hypothesize that:

*H1c: Diversity as variety will have an inverted U-shaped curvilinear relationship with relationship conflict.*

## **Diversity as Disparity**

***Diversity as disparity and task conflict.*** Harrison and Klein (2007) define *diversity as disparity* as the differences in the concentration of valued assets or resources—such as pay or status—among team members. Tournament theory (Lazear, 1989) and the theory of relative deprivation (Deutsch & Steil, 1988) suggest that differentiation in pay and status results in increased competition among team members. However, as the disparity among team members increases, task conflict is likely to increase. Thomas-Hunt, Ogden, and Neale (2003) argue that individuals with a greater density of social ties are typically viewed as more popular and have a greater ability to mobilize team resources than individuals with a less dense network (see also, Ibarra & Andrews, 1993). At moderate levels of diversity as disparity, some individuals with the ability to mobilize team resources are likely to have their own network within the team. These networks act as subgroups within the team creating strong faultlines (Lau & Murnighan, 1998). Discussion about task activities can trigger this faultline, inciting competition, differentiation, and resentful deviance among subgroups (Bloom, 1999; Bloom & Michel, 2002; Pfeffer & Langton, 1988). At high levels of diversity of disparity resources are concentrated around one person (typically a team leader). Given their considerable access to team resources (e.g., status, tenure) such individuals have the power to dictate how the task at hand should be accomplished. This ensures that all remaining members of the team adopt a “follow the leader” strategy (Earley, 1999), resulting in little or no disagreements about the task.

*H2a: Diversity as disparity will have an inverted U-shaped curvilinear relationship with task conflict.*

***Diversity as disparity and process conflict.*** For homogenous teams, all team members have equal access to all the socially desired resources inducing a feeling of fairness among team members and also fostering a notion of common fate and reduced interpersonal competition (Bloom, 1999; Kochan & Osterman, 1994). Further, homogeneity also creates an egalitarian environment signaling that all team members are equally important (Kochan & Osterman, 1994). Moderate levels of diversity as disparity creates divisions among team members and, consequently, leads to the formation of a strong faultline (Lau & Murnighan, 1998). Team members who do not have access to resources might feel that they are not treated fairly because they are not being compensated as much as other members. For highly heterogeneous teams, the team member controlling all the resources might introduce norms within the teams about how the tasks on hand must be accomplished and how various resources should be allocated (Earley, 1999). Because all remaining team members form a homogenous group, they do not compete amongst each other (Bloom, 1999; Bloom & Michel, 2002) but instead conform to the norms of the team (Phillips & Zuckerman, 2001), resulting in reduced process conflict. Therefore:  
*H2b: Diversity as disparity will have an inverted U-shaped curvilinear relationship with process conflict.*

***Diversity as disparity and relationship conflict.*** For homogenous teams, team members are compensated equally for their effort in accomplishing the task at hand and hold the same status within the team (Harrison & Klein, 2007). This equality instills a feeling of justice and fairness among team members and inhibits interpersonal competition (Bloom, 1999; Bloom & Michel, 2002), reducing relationship conflict. As the degree of heterogeneity within a team increases, we expect team relationship conflict to increase. Although a team member with maximum resources can bring conformity to the team, s/he may not have any influence over interpersonal relationships among team members. Instead, if the leader prefers certain team member over other team members to promote competition, it might result in increased relationship conflict because all team members now work under the notion of “winner takes-all contest” (Frank & Cook, 1996). Therefore, we hypothesize that:  
*H2c: Diversity as disparity will positively influence relationship conflict.*

## **Diversity as Separation**

Because we expect the relationship between diversity as separation and task and relationship conflict to be same as traditional views have hypothesized, we focus only on the relationship between diversity as separation and process conflict.

***Diversity as separation and process conflict.*** It is important for teams to become entrained and develop a shared temporal rhythm because it serves as a powerful coordination mechanism (Ancona & Chong, 1996). However, differences among team members make it difficult for groups to establish this shared temporal rhythm (Jehn et al., 1999) resulting in unmet expectations of team members (Hinds & Mortensen, 2005). Hence, process conflict arises with increasing confusion about who is doing what. Because shared rhythm plays such an important role in process conflict, we draw from the extant mental model research (e.g., Mohammed & Dumville, 2001; Rentsch & Klimoski, 2001). Homogeneous teams have a shared vision of how their team members will function and are able to formulate accurate teamwork and taskwork

predictions (Mathieu et al., 2000; Mohammed & Dumville, 2001). At maximum diversity as separation—with the team divided in two polarized subgroups (Harrison & Klein, 2007)—strong faultlines develop within the team (Lau & Murnighan, 1998). Each subgroup within the team will have a common set of values and opinions resulting in common mental model but the team as a whole is likely to find it difficult to develop a shared mental model. At high levels of heterogeneity, every team member has a divergent view about how the task at hand should be accomplished. This would also result in the increase in the number of mental models within a team, further decreasing the likelihood of a shared mental model.

*H3a: Diversity as separation will positively influence task conflict.*

*H3b: Diversity as separation will positively influence process conflict.*

*H3c: Diversity as separation will positively influence relationship conflict.*

## METHOD

We tested the proposed hypotheses using multidisciplinary student teams from a business school at a major university. A total of one hundred five students from these three classes participated in the study. Our final sample consisted of twenty teams (mean = 3.9 members).

We manipulated diversity—i.e., diversity as separation, diversity as variety, diversity as disparity—by assigning participants to a team in one of the three conditions. Our overarching goal in forming the teams (rather than random assignment) was to ensure that the different types of diversity did not confound each other.

The participating teams engaged in a five-week web development project. This task was adopted from prior diversity research (e.g. Harrison et al., 2002). Participants completed surveys at two different times over the course of five weeks. In the first survey, we measured the attitudes and opinions of team members along with other demographic information such as age and gender. These attitudes and opinions were measured via task meaningfulness and outcome importance using measures adapted from prior research (Harrison et al., 2002). Task conflict was measured using a four-item scale adapted from prior research (Jehn, 1995; Jehn et al., 1999).

As diversity in teams resulted in weak or strong faultlines among team members, faultline strength was used as a variable for measuring the impact of diversity on the three different types of conflict. We used Thatcher et al.'s (2003) index of faultline strength “fau” (see also Lau & Murnighan, 2005). In order to test our hypotheses, we regressed faultline strength “fau” for different types of diversity. We first examined the linear effect of faultline strength on team conflict. We then examined the curvilinear effect of faultline strength on team conflict as presented in Table 1. For space constraints only the final model is presented here.

-----  
Insert Table 1 about here  
-----

## DISCUSSION

The present study offers additional insight into the relationship between team diversity and team conflict (e.g., Harrison & Klein, 2007; Lau & Murnighan, 1998). This endeavor represents an initial attempt to address the ambiguous findings of the diversity research (Knippenberg & Schippers, 2007). First we used a refined conceptualization of team diversity to develop a holistic understanding of the diversity-conflict relationship by examining the impact of

team diversity on different types of conflict. Second, we used Lau and Murnighan's (1998) concept of faultlines as a way to examine the schisms that exist in teams and how they impact team conflict. The results show that diversity as separation, variety, and disparity has varying impact on task, process, and relationship conflict. Further, the results of this study show that the relationship between diversity and conflict is not always linear such that the impact of diversity on conflict is dependent upon the degree (low, moderate, or high) of the diversity in teams.

Overall, this research makes a two-fold contribution to theory. First, using refined conceptualizations of diversity, and allowing for curvilinearity in the diversity-conflict relationship, this study explained how ambiguities in prior research can be addressed. Second, this research presents a holistic understanding of three different types of diversity on three different types of conflict. The findings of this study cautions managers against focusing entirely on demographic attributes (e.g., age and gender) of the team members and focus on how these demographic attributes create differences among team members.

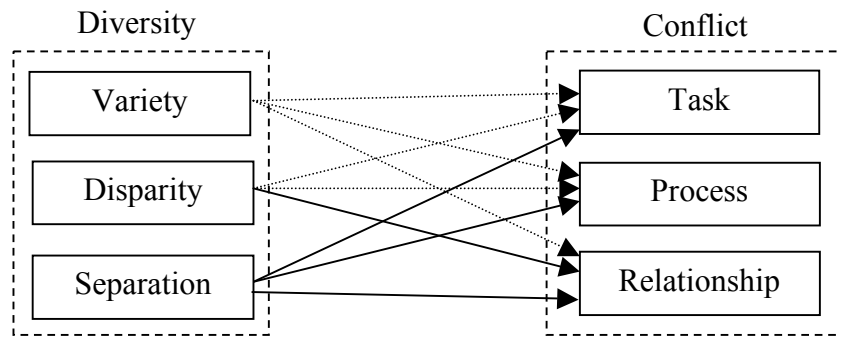
## REFERENCES AVAILABLE FROM THE AUTHORS

**TABLE 1**  
**Curvilinear Effects of Faultline Strength on Task Conflict, Relationship Conflict, and Process Conflict**

Variables	Diversity as Separation			Diversity as Variety			Diversity as Disparity		
	TC	RC	PC	TC	RC	PC	TC	RC	PC
<b>Model</b>	1	2	3	4	5	6	7	8	9
<b>Age</b>	0.7	0.65	0.24	-0.3	-0.44	-0.42	-0.84	0.37	-0.14
<b>Gender</b>	0.42	0.26	-0.04	-0.35	0.07	0.14	0.64	-0.26	0.02
<b>Fau</b>	1.14*	0.37*	-1.5*	1.2	2.03**	2.05**	1.31	1.25	1.68
<b>Fau<sup>2</sup></b>	-1.08	-0.57	0.83	1.4	-2.33**	-2.42**	-0.69	-1.5	2.07
<b>R<sup>2</sup></b>	0.53	0.48	0.54	0.43	0.66	0.56	0.32	0.49	0.55

*Notes: TC: Task conflict; RC: Relationship conflict; PC: Process conflict; Fau: Measure for strength of faultline; Fau<sup>2</sup>: Squared term for faultline strength calculated from mean centered Fau. All numbers represent standardized coefficients. Age and Gender are control variables calculated using Blau's index; \*  $p < .05$ ; \*\*  $p < .01$ ; \*\*\*  $p < .001$ .*

**FIGURE 1**  
**Proposed research model**



*Notes: —▶ shows linear relationships; .....▶ shows curvilinear relationships*