

Teams in work environment business essay

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Introduction

As the private sector workforce in Ireland and UK becomes more and more diverse companies are in everlasting need to be able to manage and exploit diversity. Therefore, it is increasingly important to understand how diversity affects companies and its working environment, how it affects team performance and overall organizational performance. One of the factors that led scholars to increase researches on diversity was globalization.

Globalization has resulted in growing interest in international research on subject (Lattimer, 1998), however, most of the researches are still conducted on United States of America market. (Magoshi & Chang, 2009). Little to none researches have been conducted to examine the impact of diversity on performance outcomes in Irish and UK companies even though both countries are becoming more and more diversified in relation surface-level diversity and deep-level diversity. This paper seeks to fill this gap by studying the effects of the diversity of managers and overall workforce in the companies as well as examine the impacts of diversity on organizational performance in top United Kingdom and Ireland companies. Many researches and managers agree that competitive advantage can be achieved through diversified workforce. However, this connection still is by large untested. In order to examine the connection between company's financial performance and diversity in workforce many researches were conducted. Nonetheless these researches produced mixed results. Some research showed beneficial results of diversity on organizations performance (Carroll and Harrison, 1998; Ely and Thomas, 2001; Lattimer, 1998). However, other studies were not so fast to support this relationship between organizational performance and

increases diversity (Pelled et al., 1999; Townsend and Scott, 2001; Watson et al., 1998; Ying-Jung and Heuy-Wen, 2005), while few studies showed that diversity can actually have negative results on organization overall performance (Baugh and Graen, 1997; Kirkman et al., 2004; Timmerman, 2000). It has long been recognized by the cross-cultural research community that western understanding of group processes might not apply to non-western cultures (Erez and Early, 1993; Kirkman and Shapiro, 1997; Triandis, 1994), and that differences in cultural values between the USA and other countries may limit the generalizability of diversity research (Magoshi and Chang, 2009; Gelfand et al., 2006; Wiersema and Bird, 1993). However, the general research community has been slow to pursue work across different national or cultural borders. This paper investigates the role of diversified workforce and organizations financial performance. Irish and UK organisations in past decade operate in an constantly increasing diverse environment. Minorities are increasingly filling more skilled and professional positions than ever before. Today, an estimated 13 per-cent of people living in Republic of Ireland are foreigners (Census, 2011) where UK population comprises of around 15 per-cents of people born outside of the country. To be able to response to these changes many organizations are embracing notion of diversity to certain degree (Fraser-Blunt, 2003). However, the broad and largely accepted assumption that diversity brings positive results to organization performance and effects society in positive way is largely untested. In order to understand that we have to ask: does diversity effects organizations in positive or negative way? And if connection exist what is the nature of the nexus. This study will briefly outline the arguments for diversity

in organisations and tests for a relationship between diversity factors and how that influences company's financial performance.

Literature Review

Teams in work environment

In today's ever changing and competitive business environment every operating organization are always on their toes to solve multiple complex tasks. For example: ever increasing customer satisfaction, economic or political problems, how to become more efficient and effective and stay ahead of competition. Taking all these tasks and problems cannot be managed by individuals alone. Therefore many organizations today took advantage of using teams to solve these complex tasks. Teams are putted together because they have higher amount of knowledge and skill required to perform wide array of complex tasks, which would be beyond the capabilities of individual alone (Salas, Cooke & Rosen 2008). In present day many organizations learned how to use team-based structures. Hence understanding what increases team performance is more and more important. Team can be defined as a group of people with a set of complementary skills, which are required to perform a task. Individuals in the team operate with a high degree of interdependence. They share authority and responsibility for self-management and are accountable for team overall performance. When a strong sense of individual commitment to the team and work towards common goals creates synergy, a team becomes more than just a random group of people, therefore showing performance which becomes greater than each individual performance of the team members added together (Porter & Lilly, 1996). A great amount of research has

revealed important insights on team functioning over the past decades, but still much needs to be done (Mathieu, Maynard, Rapp, & Gilson, 2008). Even though we know quite a lot about individual motivation and performance, how these findings extrapolate to a team context remains largely unclear. Since every team is made up from different group of people with different backgrounds there is always a possibility that they will not be able to work together (Bushra Akbar Khan, Khadija 2011).

Diversity Definition

Although most of the studies suggested a short definition of diversity, not all suggested a clear distinction between the functional and social diversity. Gonzales and Denis (2009) found diversity, just as differences between individuals of any personal characteristics that determine how people perceive one another "(p. 22). They did not distinguish between social and functional diversity, but rather they were grouping all variety of features into one vague category. One of the most limited definitions was proposed by Richards and Kirby (1999), which is determined only limited demographic characteristics (including age, race, ethnicity, and gender) differences in diversity. It has been suggested more broad definition and Bezrukova Jehn (2004), which, starting Gonzalez and Denis (2009), one of the suggested further refined this definition by using a set of guidelines, similar to the common definition of diversity. In particular, the authors interpreted the question of visibility of diversity that has not been adequately addressed through the majority of the studies (Jehn and Bezrukova, 2004). This definition has been one of the most comprehensive definitions that during the investigation. However, the most comprehensive definition of the

diversity of information diversity, social diversity, and appreciation of diversity as separate constructs and the different factors in each of these constructs (Jehn, Northcraft and Neale, 1999). This definition is the clearest and most useful study, unfortunately, it was not repeated. Zanoni and Janssens (2004) offers a definition of diversity has been one of the most useful, because it is actually used in the organizations they studied set definition. This definition also includes power and its relation to the idea of diversity, a factor that is noticeably lacking formal academic definitions. Given the relative importance of the public conflict between social identities, it seems clear that this will be an important factor in effective diversity management practices in the organization. Thus, the lack of formal definitions of the scientific literature is large. Some researchers did not offer its basic constructs defined at all, or only define diagonally. In particular, Ryne and Rosen (1995) discussed the training, but does not define diversity or training in the discussion. Bunderson and Sutcliffe (2002) focused on the functional diversity, but not to determine the functional diversity as a general concept, stating, rather than the two constructs in their definition. Pitt, et al. (2010) also did not offer the basic definition of diversity, although they probably define diversity management construct well. Different types of diversity studied Ostergaard Timmermans and Kristinsson (2011) found, but do not give a clear definition (although they did discuss differences in cognitive, social diversity constructs issue).

Diversity in workplace

Diversity can be defined as differences among the team members with respect to a common attribute (Harrison & Klein, 2007). Commonly, a

distinction is made between not directly task-related differences such as gender, age, race and nationality on the one hand and on the other hand a more directly task-related differences as informational or cognitive diversity (for example, educational or functional background). It is important to keep in mind the distinction between the sources of diversity and the diversity itself. Without this distinction, stereotyping tends to occur. Essentially, stereotyping is assuming that group averages or tendencies are true for each and every member of that group. Neither great nor less task-related diversity has been continuously associated with the team's performance (Horwitz, & Horwitz, 2007, Luring & Selmer, 2013). Therefore, researchers have tried to determine the conditions under which different types of diversity brings beneficial or harmful effects on teams. Although definitions vary, diversity simply refers to human characteristics that make people different from one another. The sources of individual variation are complex, but they can generally be grouped into two categories: those over which people have little or no control and those over which they have some control. Individual characteristics over which a person has little or no control include biologically determined characteristics such as race, sex, age, and certain physical attributes, as well as the family and society into which he or she is born. These factors exert a powerful influence on individual identity and directly affect how a person relates to others. In the second category are characteristics that people can adopt, drop, or modify during their lives through conscious choice and deliberate efforts. These include work background, income, marital status, military experience, political beliefs, geographic location, and education. Many scholars agree that increasing diversity in teams' increases team performance, therefore, it will result in <https://assignbuster.com/teams-in-work-environment-business-essay/>

increase in overall organisation performance. Studies show that racial diversity relates to market share as well as stock returns (Goce et al. 2011). Other researches show positive results how increased gender diversity result in better financial performance. Domestic and global job markets strongly suggest the need for cross-cultural competence, and research evidence clearly indicates the need for organizations to develop their human capital in a globalized economy where it is vital for business success to be able to communicate effectively and efficiently across people with different cultures. Bowes (2007) reveals that globalization is impacting on the current worker generation and indicates that it has become the reason to create workplace, which really welcomes employees from various backgrounds in to the organizational settings. Diversity is then seen as a key tool to strengthen effectiveness of communication and negotiation skills and enhance intellectual human capital in the company. Comparative analyses of many researches reveal the advantages and disadvantages offered by a diverse workforce. In addition they than argue that diversity continues to attract the attention of entrepreneurs and businessmen. It is noted that diversity is one of the changing factors of how in recruitment and retention is processed, it increases productivity and brings sustainable competitive advantage to organization. Gupta (2008) agree that a diverse workforce yields unique new ideas to organization, enhances communication skills and also provides a variety of ideas that can bring a unique advantage, which than leads to better business decisions and decision-making.

Diversity and Performance

In recent years with growing globalisation workforce in companies is becoming more and more diverse, making it relevant to companies to understand how differences between team members relate to team performance. Indeed, team diversity is one of the main areas in team performance research at present day. Nonetheless the theme is very important and popular research has not produced valuable conclusions (van Knippenberg & Schippers, 2008). Many researches produce different results: some found positive effects of diversity on teams whereas other found negative results. Studies were conducted on demographic diversity as well as for diversity in individual differences variables. Many managers and scholars agree that increasing diversity in the workplace brings positive influence on team and company's performance and leads to competitive advantage. However this link between diversity as performance enhancer is largely untested. With increasing globalization most large organization have embraced diversity to a certain degree. Although there is broadly assumed that diversity has positive effects it is largely untested. In other words does increased workforce diversity brings positive, negative or no effect at all. Therefore there is more and more research done in this field in recent years. Some scholars claim that even though diversity has effect on team performance it has far greater effect in certain context (Bushra Akbar Khan 2011). He also states that relation oriented diversity in short term teams has influenced performance positively where as long term team showed negative influence and became more debilitating on team performance. However study, conducted by Susan Mohammed and Sucheta Nadkarni (2011), shows that one of the main factors of temporal or short term teams influencing

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team performance were leaders emerging in those teams rather than diversified team on its own. Leadership is very important for the teams, but having a leader in the team is not enough. Leaders have to be able to reduce the problems of individual differences and exploit the possible benefits of team diversity. Many researches show that leadership is very important in bringing people from various backgrounds together and maximizing benefits of diversity in the team, therefore improving team performance (Kearney & Gebert, 2009; Stewart & Johnson, 2009). However, researches showed that leaders, who exhibit high levels of visionary behaviour and tend to categorize team members, negatively effects team communication and therefore team performance overall (Lindred L. Greer, Astrid C. Homan, Annebel H. B. De Hoogh and Deanne N. Den Hartog 2011). In academic world there are two different approaches concerning team diversity: relation-oriented diversity (age, gender, race etc.) also known as surface-level diversity and task-oriented diversity (function, education, tenure etc.) also known as deep-level diversity. Recent studies show that age diversity sometimes become reason for conflicts in negatively effects team performance. Atreyi Kankanhalli, Bernard C. Y. Tan and Kwok-Kee Wei (2007) claim that because of different perception of time and deadlines between younger and older generation resulted in scheduling conflict within the group, therefore the team performance suffered as a result. In addition other research conducted by Aparna Joshi and Hyuntak Roh (2009) show that relation-oriented diversity has weak, but significant negative effect on team performance with age diversity being biggest influencer, whereas task-oriented diversity has weak, but significant positive effect with functional background diversity showing highest relation to team performance.

Interesting finding of this study was that of all task-oriented sub-background diversities education was the only one showing negative influence on team performance. However, Van Ginkel & van Knippenberg (2008) claim that teams with higher need for information educational diversity was more advantageous. This is supported by Eric Kearney, Diether Gebert, Sven C. Voelpel (2009) findings that performance in certain teams with high need for cognition related to both educational and age diversity positively. However same studies also showed that teams with low need for cognition had negative association with age and educational diversity. In addition Anne Nederveen Pieterse (2009) claims that teams are affected negatively by ethnic diversity than there is low learning approach and positively when teams needed to master the task. In recent years there are more and more organizations that systematically increase their gender diversity, would it be because cultural influence or in some cases legal necessity. Therefore there is on-going discussion about gender diversity in academic world about its influence on team performance. Existing research conducted by Joshi Aparna and Hyuntak Roh (2009) shows that teams with high levels of gender diversity can have positive influence on team processes, while diversity effect on performance is fairly uncertain and is greatly dependant on context. In addition Woolley Anita W., Christopher F. Chabris, Alexander Pentland, Nada Hashmi, and Thomas W. Malone (2010) suggest that the group process and group collaboration is very much improved by women presence in the team. They also indicate that the measured collective team intelligence is highly related to proportion of women in the team. In addition they show that team with higher number women members also exhibited greater levels of equality, furthermore enabling the team members to be

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more responsive to each other and to make the best use of skills, knowledge and competencies as the members of the team. These findings concerning the relation between gender diversity and group process and team dynamics are also consistent with Carli (2010) and Jose Apesteguia, Ghazala Azmat and Nagore Iriberry (2009) past works examining the relation between gender and interpersonal communication in teams and their relation on team performance. However some studies showed negative effects on financial performance and stock value of the company after women were assigned to the board (Adams and Ferreira 2009).

Chapter 3: Methodology

Saunders, Lewis and Thornhill (2009) argued the importance of illustrating the research approach as one of most effective strategies to be taken in order to increase the validity of research. The major part of this chapter is the presentation of the research approach chosen and giving rationale as to why certain aspects of research were adopted. The research adopted a quantitative research approach with positivism philosophy. The research design was influenced by this decision as discussed in section 3. 2. 1.

According to Robson (2002) there are five stages in deductive research (section 3. 2. 2). Brief outline of these stages were defined in this thesis proposal paper and was followed by clarifying the sampling techniques adopted in this research (section 3. 2. 3). Mono method was chosen for the research and is discussed 3. 2. 4 section. Ethics surrounding this research is very important part and is briefly outlined in section 3. 3. Finally, that will be encounter in the course of writing this dissertation were identified and briefly discussed in section 3. 4. Purpose of the research is to show how diversity

influences overall organizations performance. This chapter will describe most appropriate methods of research design, sampling, data collection and analysis that will be used. It also will describe research limitations and ethical issues surrounding the study.

3. 1 Research Question

AgeGenderRaceSurface level DiversityH1Company PerformanceTeam

PerformanceEthnicityDeep level DiversityH2FunctionTenureEducationFigure

1: Conceptual Framework of Research analysisLooking at Figure 1, the conceptual framework, research will concentrate on surface-level diversity with different variables such as: age, gender, ethnicity and race, as well as deep-level diversity with variables: education, function, tenure. In order to fully understand diversity and its implications, research will not be looking at each individual variable, but rather perceive them as part of the group. The purpose of this research is to study the relationship between diversity and organizations performance. Below are the hypotheses for research finding:

H1: High Surface Level Diversity will be positively related to firm performance

H2: High Deep Level Diversity will be positively related to firm performance

H3: High Surface Level Diversity will not be positively related to firm performance

H4: High Deep Level Diversity will not be positively related to firm performance

Regarding to the research question, survey method has been chosen and is appropriate for this study. This method will be suitable for testing, analysing and proving or disproving hypothesis outlined above.

3. 2. Proposed Methodology

One of the most difficult things about the understanding of the research project is that researchers do not agree on the name of the order and the nature of the research stages. Disagreements between Crotty (2007) and Saunders et al. (2007) were very clear. Saunders et al. (2007) classified six-stage research approach method and labeled model, which presented itself as "research onion" (Figure 2. 4). Saunders et al. (2007) divided the study include: philosophies, approaches, strategies, choices, time periods, techniques and procedures. Where, on the other hand, Crotty (2007) narrowed it to be: epistemology; theoretical perspective; methodology; methods. This research will adopt Saunders (2007) approach and will divide study in proposed stages. This research is designed to analyse the possible influences of different levels of diversity on organizational performance in Irish and UK markets. In order to achieve the result this research will adopt

positivism philosophy of research with a deductive approach. This study will be conducted using quantitative data which will be gathered using surveys. The following chapters will explain in greater detail why certain choices were made. Figure 2: Research ' Onion'. Source: Saunders, Lewis and Thornhill (2009, p. 108)

3. 2. 1 Research philosophy:

Each layer comprised in the research " onion" model is important in the process of approaching research and deciding how data will be collected. At the very beginning of this process research starts by adopting certain research philosophy. In this research conduction the philosophy adopted will be the positivism. Positivism is research philosophy and is most suitable for quantitative study, which will be performed in this study, because this philosophy is based upon values of reason and focuses primarily on facts gathered through using quantitative methods (surveys, experiments etc.) Also, positivism is most appropriate when the research is looking for causal connections between two or more types of social events. In order to generate a research strategy for data collection research is using previous theories to generate new hypothesis and test them. These hypotheses after data analysis will be examined and confirmed or refuted in a whole or in part, and will lead to improving existing theories or creating new ones, which then can be analysed and tested in future researches.

3. 2. 2. Research approach:

When conducting the research it is vital to determine a research approach which will be implemented. According to Saunders et al. (2007, p. 117), there are only two main approaches: deductive approach and inductive approach. This research will adopt deductive approach, because deductive

approach in a research primarily concentrates on developing hypothesis and then through relevant methodology will prove them right or wrong. Either, there is link between diversity and organizational performance or not.

Robson (2002) determined deduction approach in testing theory in 5 stages:

Deducing a hypothesis from existing theories

Expressing the hypothesis operationally

Analysing and Testing the operational hypothesis

Examining data collected in relation to raised hypothesis

Modifying existing theory or determine new one

This approach clearly defines steps that deduction process has to take in order to successfully perform task of analysing new hypothesis raised of existing theory, and confirming or refuting the hypothesis will then lead to recanalization of theory in question.

3. 2. 3

Research strategy: At next stage the research strategy has to be

determined. This research will adopt survey strategy. This survey will be

carried out through emails and send to top one hundred UK and Ireland

companies, so that the appropriate sample could be generated. This will

allow covering the higher number of companies in the UK and Ireland market

and is most cost effective way. Data provided by survey will allow for

analysis of diversity within workforce and will help to prove or disprove

research questions. Other part of the research strategy will include archival

research. This part of the research will include seeking out and extracting

financial data about the companies, which will take part in the survey. This

data is necessary in order to measure Company's performance against each

other. 3. 2. 4 Research Choice: A mono-method has been selected over

multiple-method and is considered to be suitable for this research. In order

to check if hypothesis are correct or incorrect, survey will be presented to

top UK and Irish companies. In depth statistical analysis will be implemented

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and measurements provided to help determine diversity levels in the companies. Also there will be certain measures introduced to analyse company performance on one or more variables.

3. 2. 5 Time Horizon. Since there is only limited amount of time to finish this dissertation cross sectional approach will be applied to this particular research. This method is suitable and most appropriate in this case, because it forms a research method that includes observation of large number of recipients at the certain point in time.

3. 2. 6. Non-probability sample: Due to limitations related to this study it is impossible to gather information from all companies in UK and Ireland. Therefore, research requires a sample to be chosen. This sample will comprise from top UK and Irish companies that are listed in stock markets. This requirement is vital for research to take place. Therefore judgment sample method was adopted for this particular research.

3. 3 Ethics: This research is viewed as a scientific paper that is organized according to a range of protocols, methods, guidelines and legislations. Research ethics is that domain of enquiry that identifies ethical challenges with a view of developing guidelines that creates safeguards against any harm and protects rights of human and organization in the research subject.

- Privacy and Anonymity. Any individual and company taking part in the research will be guaranteed privacy and anonymity. All information provided by these participants will only be used for purpose of this dissertation. No identifying information about individual or company will be revealed in the course of this dissertation or afterwards in any form of communication. Any participants will be guaranteed anonymity and privacy.
- Confidentiality. Any individual or company that chooses to provide research with certain data will be guaranteed confidentiality, any information acquired during the course of

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this dissertation will only be used to answer research questions. Information gathered from recipients both individual and institutional will not be disclosed in any form of communication to other parties.

- Informed Consent. Individuals and companies participating in the study will be informed beforehand about the nature of the study and what information will be gathered. Therefore individuals and organizations will be provided with possibility to not take part in research. Individuals also will be ensured that they take part in this research in free will.
- Data Interpretation. Data interpretation will be processed in the manner that will minimize misinterpretations and avoids misstatements or fraudulent analysis. Any statements made during the research will be supported with data and evidence. This will ensure that research is using data fairly and less influenced by researcher.

3. 4 Limitation: Every research has its limitations and requires extra efforts from researcher. Time management is one of limitations. There is limited amount of time that is required to complete the dissertation, combined with family, full time job and personal activities time management limitations can cause a lot of trouble when it comes to research data collection and analysis. In addition, access to companies might be limited or require internal email redirecting to the right personnel. For example, human resource manager email might not be available to acquire for general population. In this instance researcher is completely relying on internal Passover of emails to the right personnel. There is also possibility that human resource department that deals with information required for this study is outsourced. In addition the research concentrates on certain companies and their performance. These companies which have been selected have to be in national stock market, because it requires certain

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financial data in order to assess company's overall performance and make it more measurable. So this requirement very much limits the possible sample. Therefore there are only limited numbers of companies that can take part in this study, because most of medium and small enterprises are not listed on stock market. Other limitations can be with information availability. Some data required to conduct and get reliable results in this study might be protected by company's policies and therefore will not be disclosed at any circumstances. Finally, the provided data by the company might be inaccurate, roughly estimated or company might not have this kind of information. Data might also be inflated in order to show higher levels of diversity than actually exists.