**Demographic Diversity, Processes and Outcomes at Work:**

**Developing an Integrated Multilevel Framework**

## Abstract

**Purpose** – The multifaceted nature of diversity, offering both positive and negative influences and the nesting of individuals within groups has caused inconsistent findings. The purpose of this paper is to review the literature on group objective demographic diversity and individual perceived demographic diversity to present an integrated multilevel framework for our improved understanding and to present testable propositions for advancing the field.

**Design/methodology/approach** A thorough review of 51 empirical studies of demographic diversity at group and individual levels was conducted.

**Findings** Drawing on information elaboration theory and social categorization theory, a multilevel framework is proposed at group and individual levels. The framework suggests that demographic diversity (age, gender and ethnicity) aids both positive information elaboration processes, while also causing negative social categorization processes. These processes impact individual and group outcomes. The framework also identifies moderating factors not sufficiently addressed in the demographic diversity literature. Propositions and implications for future research in the field of demographic diversity are presented.

**Originality/value** The review provides an integrated multilevel framework considering objective and perceived demographic diversity. The framework outlines both positive and negative outcomes of demographic diversity through the application of social categorization and information elaboration theories simultaneously for the first time in the demographic diversity literature.

**Keywords** Demographic diversity perceived demographic diversity, information elaboration, social categorization theory.

**Paper type** – Theoretical framework.

## Introduction

Diversity of individuals is an intricate phenomenon that is heralded as affecting workplace performance outcomes in multiple ways and at multiple levels. Its study and focus is becoming prevalent in organizational life (Van Knippenberg et al., 2004). While there are a range of different diversity areas relevant to organisational studies, demographic diversity refers to the differences among employees in terms of race, gender, ethnicity, and age (Baugh and Graen, 1997; Tsui et al., 1995). There is an increasing need to understand and provide insight for practitioners to capitalize on the potential benefits of diverse workgroups while overcoming any negative effects. This review of more than two decades of past research on demographic diversity identifies the benefits and burdens of demographic diversity and their impact on outcomes. It is believed that future development in the field of demographic diversity is dependent on analysing the concept across multiple levels in the workplace (e.g., Joshi et. al., 2011; Peccei & Voorde, 2016). Multilevel models are statistical models of variables or parameters that vary at more than one level (Bryk and Raudenbush, 2002).

This theory paper makes the following three contributions. First, a pioneering multi-level framework is proposed acknowledging that individuals are nested in groups within organisations (Peccei & Voorde, 2016) and the impact of diversity among them is multi-faceted (Tasheva & Hillman, 2018). The multifaceted nature of diversity has led to inconsistent and contradictory findings in the current literature regarding the relationship of demographic diversity to individual/group outcomes. This new framework suggests the need to investigate a combination of multilevel factors to identify and acknowledge the complex nature of demographic diversity and its interactivity at the group and individual levels. Previous research has summarized the findings of the diversity literature at either the group or individual level, ignoring any multilevel effect (see Mansoor and Ali, 2018; McKinsey and Company, 2018; Salloum et al., 2019; Smith, 2018). Guillaume et al. (2017) proposed several moderators influencing the relationship of workplace demographic diversity and performance, without identifying any underlying mediating processes. Qin et al. (2012) proposed three group level processes (social integration, cohesion and communication) and discussed their impact only on group performance. Schneid et al. (2015) offers a meta-analysis that debates the effect of one type of diversity, namely gender diversity on task performance in a cultural context, suggesting that it influences other demographic diversity factors. Vasconcelos (2015) explains the handling of demographic diversity at the organisational level only, while a comprehensive review by van Knippenberg et al. (2004) proposes the categorization elaboration model for diversity in general, without specifying any diversity type. There is currently only a handful of studies exploring demographic diversity at both group and individual levels, including Brodbeck et al. (2011), Leslie (2017), and Meyer et al. (2016). The current review consolidates this knowledge by focusing on both group and individual level processes and their impact on outcomes at both levels.

Second, the framework focuses on both objective demographic diversity and perceived demographic diversity. Traditionally research has concentrated only on objective diversity among the team members (Hentschel et. al., 2013; Shemla et. al., 2014), while no dimension of perceived diversity has received much attention (e.g., Harrison et. al., 2002; Shemla & Meyer, 2012; Zellmer-Bruhn et. al., 2008). Hentschel et. al (2013) explain that objective demographic diversity and perceived demographic diversity are two different constructs, which may not always align. Objective diversity refers to the actual differences among individuals or teams (Shemla et al., 2016; Shrivastava and Gregory, 2009), whereas, perceived diversity has been broadly defined as the extent to which members perceive themselves as being similar or different to others (Huang & Iun, 2006). Perceived diversity is also defined as the dissimilarity perception of individuals towards others on the grounds of readily detectible attributes or characteristics (Hentschel et al., 2013; Shemla et al., 2016; Shrivastava and Gregory, 2009). Objective diversity is usually measured at a group or higher level while perceived diversity relates to an individual level of diversity.

Third, the framework utilizes two different theoretical lenses to explore the positive and negative aspects of demographic diversity; information elaboration theory and social categorization theory. Information elaboration theory proposes that diversity among group members can have a positive influence on the group through the enhanced abilities, skills, information and knowledge of a diversified workforce (Mannix and Neale, 2005; Schneid et al., 2016; Williams and O’Reilly, 1998). On the other hand, social categorization theory has a strong focus on intragroup processes (Turner et al., 1987). This theory assists with characterizing identity at three levels of inclusiveness (human, social and personal) (Hornsey, 2008), with ‘functional antagonism’ in self-definition, making one level more salient than others. Several positive and negative processes of demographic diversity are identified in the proposed framework, based on these two theories. Previously, demographic diversity literature has generally followed the social categorization paradigm (e.g., Harrison & Klein, 2007). However, this paper proposes that demographic characteristics of individuals may equally influence information elaboration (positive aspects) among group members. Finally, the proposed framework helps to move the field forward to identify any missing links that may help to explain inconsistent findings. The detailed integration of the literature at group and individual levels helps to identify trends and directions and identify future needs for researchers and practitioners.

## Methodology

The review process followed the guidelines provided by Tranfield et al. (200.The EBSCOhost, ProQuest, and Scopus databases were searched for literature published in the English language since 1995, using a broad conceptualization of demographic diversity, .and all possible terms such as objective demographic diversity; perceived demographic diversity; demographic diversity; gender diversity; workplace discrimination; age diversity; ethnic diversity; diversity climate; climate for diversity; and stereotyping and so on,. and their synonyms. The search results were organised into three categories: individual level studies, group level studies and multilevel studies.

The list of studies was refined by selecting only studies at group and individual level. Studies at board level and organisational levels were eliminated from the list. Only studies considering age, gender and ethnic diversity were included; papers on all other types of diversity (socioeconomic, etc) were excluded from the review process. Scimago journal ranking was also used to check the ranking of journals. (Yuen, 2018). This exclusion process results in 51 studies. A table listing the 51 studies and their theories and propositions is included in the appendix.

## Theoretical Lenses

## Social Categorization Theory

Demographic diversity refer to the differences among employees in terms of race, gender, ethnicity, and age (Baugh & Graen, 1997; Lawrence, 1997; Tsui et. al., 1992; Tsui et. al., 1995). Demographic diversity effects have been primarily explained through social categorization, social identity and similarity attraction theories. Social categorization theory has a strong focus on intragroup processes (Turner et al., 1987), and encompasses the distinguishing identity of an individual at human, social and personal levels (Hornsey, 2008). Individuals tend to make one level more salient than the others and try to distinguish themselves from others. Demographic diversity literature has generally followed social categorization theory (e.g., Harrison & Klein, 2007) and has been principally linked to negative outcomes (Kirkman et al. 2004; Timmerman 2000). For example, racial diversity in teams is found to be negatively associated with team empowerment and team effectiveness (Kirkman et al. 2004). Similarly, Timerman (2000) reports a negative association between age/racial diversity and team performance. A lack of cohesion and increased conflict have been repeatedly studied as processes negatively influencing the outcomes of diverse groups (Mannix and Neale 2005; Van Knippenberg et al. 2004; van Knippenberg and Schippers 2007). Overall, research suggests that heterogeneous groups experience more conflicts which potentially lead to negative group outcomes (Jehn et al. 1999; Thatcher et al. 1998).

## Information Elaboration Theory

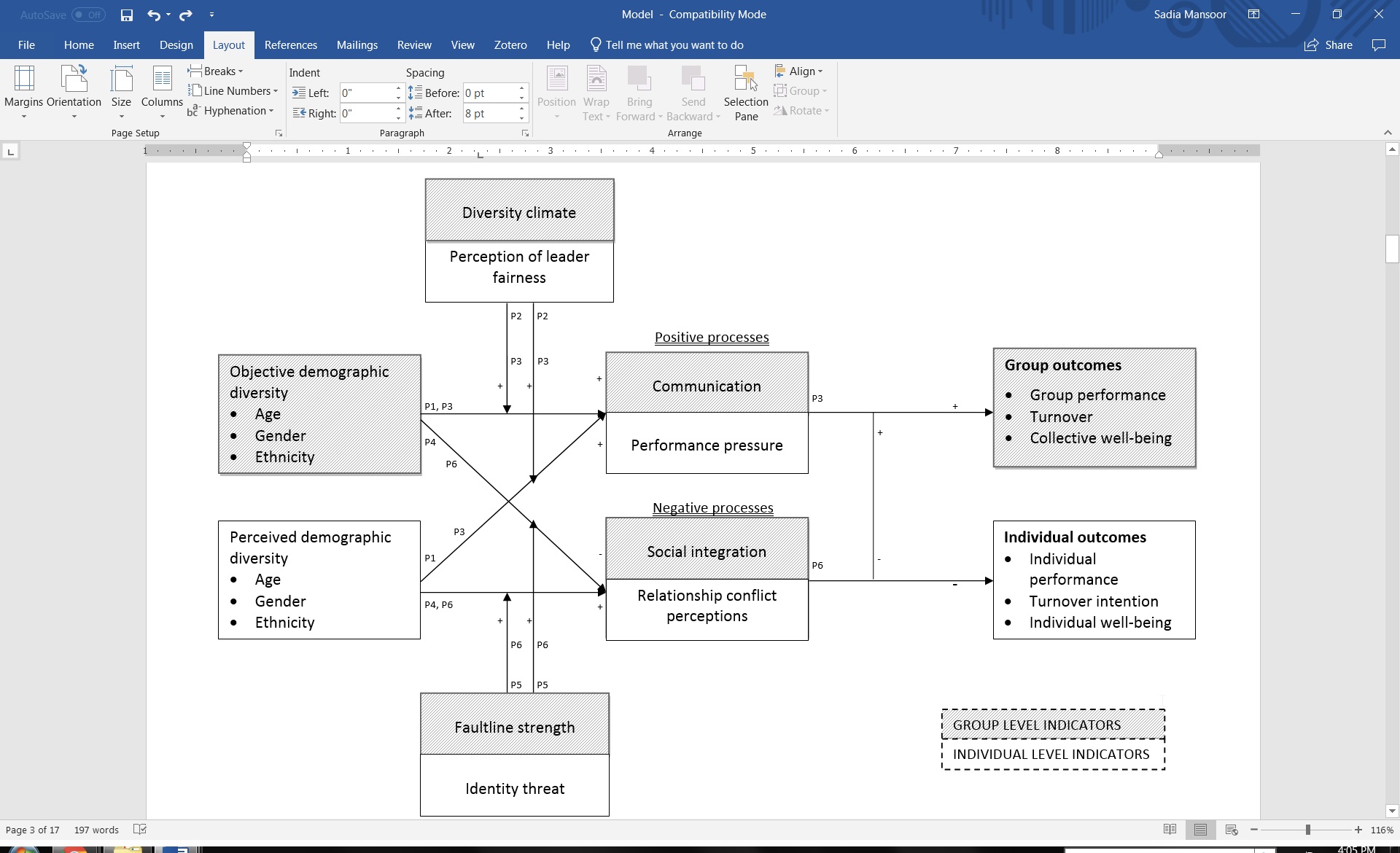
In contrast, to Social Categorization theory Information Elaboration Theory proposes that diversity among group members can have a positive influence on the group through the recognition of enhanced abilities, skills, information and knowledge of a diversified workforce (Mannix and Neale, 2005; Schneid et al., 2016; Williams and O’Reilly, 1998). Our proposed framework suggests that demographic diversity may also elicit positive information elaboration processes along with any potentially negative social categorization processes. Attributes of demographic diversity are rarely reported as producing positive outcomes in specific situations, for example, when teams are involved in some creative or complex tasks. Yet, the research is starting to show that this is the case. Diaz-Garcia et al (2013) found a positive influence of gender diversity on radical innovation rather than incremental innovation while Kearney et al. (2009) reported a positive relationship between age diversity and team performance if the team’s need for cognition was high. Thus, demographic diversity can elicit positive outcomes for workgroups and individuals.

## A Multilevel Theoretical Framework

Individuals within an organization are often nested in workgroups, which are in turn nested within the organization (Peccei and Voorde 2016). The proposed demographic diversity framework integrates information elaboration theory and social categorization theory to identify the potentially positive and negative processes of demographic diversity. Building on information/decision making theory, it is proposed that the objective (actual differences among people) and perceived (perceptions of similarities and differences among people) demographic diversity within a group are likely to increase communication and also performance pressure, at the group and individual level, which in turn may enhance group and individual outcomes. This is particularly the case where the group has an inclusive and supportive diversity climate, and positive perceptions of leader fairness. Communication involves a range of activities such as simple chatting, to discussions for devising policies and practices among a group of three or more people (Fielding, 2006). Performance Pressure is the need for employees to perform better. As the need increases the performance pressure increases and vice versa (Brown, 2017). Diversity climate has been defined as employees’ shared perceptions of the organizations’ diversity related policies, procedures and practices (Mor Barak et al., 1998) or “aggregate member perceptions about the organization's diversity-related formal structure characteristics and informal value” (Gonzalez and DeNisi, 2009, p. 24). Perception of leader fairness can be defined as the employees’ perception about fair or just treatment from the supervisor (van Knippenberg et. al., 2007). In justice terms leader fairness can be identified as distributive, procedural and interactional. Distributive fairness is explained as the fairness of outcomes achieved, in terms of equity between group members (Folger, 1987). Procedural fairness is the fairness of procedures used to achieve above mentioned outcomes, for example, having a voice in the decision-making process, accuracy, consistency and unbiased decision-making procedures (Thibaut and Walker, 1975). Finally, interactional fairness is defined as the respect and dignity with which employees are treated, along with honest, accurate, timely and relevant information (van Knippenberg et al., 2007).

According to social categorization theory objective and perceived demographic diversity within a group are likely to heighten relationship conflict and a lack of social integration, which may affect group and individual outcomes. Jehn (1994, 1995) defined relationship conflict as the perception of interpersonal incompatibility and includes tension, irritation, and hostility among group members. On the other hand, social integration is a multifaceted phenomenon that explains the degree to which individuals within the group are attracted towards the group, feel satisfied with each other, socially interact, and are psychologically linked (Katz & Kahn, 1978; Polzer et. al., 2002). The relationship of objective and perceived demographic diversity with relationship conflict and lack of social integration strengthens in the presence of identity threats and faultline strength. Identity threat represents situations in which employees feel that their social identity is negatively evaluated (Tajfel & Turner, 1986) or challenged, prompting negative emotions and behaviours (Walton & Cohen, 2007). On the other hand, faultlines are the hypothetical dividing lines between subgroups depending on one or more attribute similarity (Bezrukova et. al., 2009; Lau & Murnighan, 1998; Thatcher & Patel, 2011). Faultlines incorporate multiple attributes of several team members simultaneously and clearly reflect the intensity of diversity within a team (Molleman, 2005).

The *.* Multilevel Framework on Demographic Diversity (MFDD) presented in Figure 1 below, proposes that information elaboration and social categorization processes interact to influence outcomes at multiple levels within organizations. Previously demographic diversity has been alleged as the token of social categorization and only among group members. However, the MFDD proposes that demographic diversity also elicits information elaboration processes along with social categorization processes. The framework also integrates both group and individual levels of predictors, processes and outcomes. The following propositions provide the lenses to explore relationships between the two theories at the individual and group level to identify a future research agenda.

***Figure 1. Multilevel Framework on Demographic Diversity (MFDD)*

### *Processes underlying the positive effects of Demographic Diversity*

Information elaboration theory proposes that diversity among group members can have a positive influence on groups through enhanced abilities, skills, information and knowledge of the diversified workforce (Schneid et al., 2016; Williams and O’Reilly, 1998). Demographically heterogeneous groups are expected to encompass a diverse range of knowledge and experiences compared to homogeneous groups (Williams and O’Reilly, 1998). Heterogeneous groups are likely to have more experiences, view-points, knowledge and abilities, which offer a larger pool of resources to the group along with increased abilities for better decision making (van Knippenberg et al., 2004). People who enter a group or organization at different points in times (particularly those of different ages) will belong to a different social group within the population with different technical skills and perspectives (Ancona and Caldwell, 1992). Yet, research on the attributes of demographic diversity using the information elaboration theory is scarce. A few studies report that gender and ethnic diversity can have a positive influence on group processes (e.g. Kent and McGrath, 1969; Kirchmeyer and Cohen, 1992).

Different individuals can offer unique approaches, creativity and new ideas (Williams and O’Reilly, 1998) as they represent their specific broader group within the society or organization. Demographically diverse individuals representing a different gender, age and/or ethnic status may offer a larger pool of information. Where everybody in the group is different they potentially offer unique viewpoints (Gibson and Vermeulen, 2003), and this may help the group to develop better communication in being open and receptive to others’ viewpoints (Harrison and Klein, 2007). Group members from various age brackets and different ethnicities can expand the amount of experiences and information on hand. Similarly, the presence of both genders can help promote the perspectives of each gender group. Van Knippenberg et al., (2004) report a core of positive effects of diversity accentuated by information elaboration, primarily through enhanced communication among group members.

Diversity among individuals within workgroups may also help to achieve a better way of performing tasks (Williams and O’Reilly, 1998), which can help individuals to reduce performance lags by using their distinctive abilities (Eisenberger and Aselage, 2009) and enhance positive performance pressure across all group members. They do this by expending maximum energy and efforts, increasing the performance of both individuals and group. The more demographically diverse the group (either objective or perceived) the more pressure there will be on minority members to perform better. A review by Riordan (2000) is the only one to report the presence of performance pressure due to demographic diversity among the group members. Considering the perspective of information elaboration theory and the typology of Harrison and Klein (2007), groups with increased demographic diversity may feel more performance pressure as individuals try to put maximum effort to gain a stronger position within the group and to build a stronger rapport within the larger social group. This increased performance pressure can positively influence both the group and individual outcomes. It is proposed:

*Proposition 1: Objective demographic diversity and perceived demographic diversity are likely to enhance communication and performance pressure.*

### *Moderators of the Relationship between Demographic Diversity and Positive Processes*

A focus on the positive processes of information elaboration points to several moderating variables that may strengthen or weaken a relationship. Identifying moderators is important in explaining the conditions in which diversity influences outcomes and also to illuminate the processes underlying the relationship (Nishii and Mayer, 2009). The diversity climate within a workgroup plays an important role in shaping employee behaviour. The perceptions about diversity climate evolve as employees fetch and interpret information from their working environment (Schneider, 1975). If group members sufficiently retrieve and share positive information about diversity, an inclusive diversity climate can emerge (Boehm et al., 2014), leading to enhanced communication levels and positive performance pressure among employees.

Diversity climate has been primarily studied as an organization level variable, but here it is incorporated as a group level variable. This is because shared and inclusive environments are usually developed where employees have an opportunity to interact and work on common goals i.e., in their immediate work groups. Therefore, it is reasonable to search for inclusive diversity climates within identifiable groups with frequent interactions at work and common attainable goals (Anderson and West, 1998). Individuals within a workgroup share their patterns of understanding and identify themselves within that workgroup (Campion et al., 1993) allowing themselves to develop perceptions of a diversity climate.

A further important contextual variable influencing the information elaboration process among group members is leader fairness. Leader fairness has an important influence on employees’ attitudes and behaviours (Thibaut and Walker, 1975). The fairness treatment and outcomes delivered by the leaders are of primary concern to followers (De Cremer and van Knippenberg, 2003), as the fairer the leadership, in terms of procedures, outcomes and interpersonal treatment, the more easily it can engender favourable behaviours from employees (van Knippenberg et al., 2007). These favourable behaviours include enhanced cooperation, responsibility to undertake positive performance pressure and increased sharing of knowledge and skills to get the best possible outcomes (van Knippenberg et al., 2007). Few studies have considered the influence of demographic similarity or dissimilarity of the leader on negative performance feedbacks (e.g., Konrad et al., 2010). This framework supports the notion of a favourable diversity climate and positive perceptions of leader fairness as the means of strengthening the relationship between demographic diversity and information elaboration processes. Employees with strong positive leader fairness perceptions within a supportive climate will expend their maximum efforts for achieving the best possible outcomes. It is proposed:

*Proposition 2: Objective demographic diversity and perceived demographic diversity are likely to engender stronger positive processes if groups have a supportive/inclusive diversity climate and positive perceptions of leader fairness.*

### *Demographic Diversity, Information Elaboration and Multilevel Outcomes*

Proposition 1 and 2 address the relationship of demographic diversity through the positive processes of information elaboration and the moderation of diversity climate and perceptions of leader fairness. It is proposed that these processes together influence the outcomes at the group and individual levels. Various studies have linked demographic diversity to negative relationships affecting performances at group and individual levels (e.g., Harrison et al., 2002; Milliken and Martins, 1996). Yet, groups with supportive/inclusive diversity climate and positive perceptions of leader fairness will undergo an increase in communication levels among group members enhancing positive performance pressure. These increased communications and performance pressures potentially lead to better group and individual performances (e.g., Roberts and O’Reilly III, 1979), enhancing well-being and decreasing turnover intentions and the actual turnover rate. For example, Roberts and O’Reilly III (1979) reported that individuals with increased communication tend to perform better than those with less communication, as they have better information and guidance to perform. Investigations into the relationship of communication, information and performance suggest that the ability of employees to obtain information through communication has a direct link with individual and group performance (O'Reilly, 1977).

The influence of communication on performance has wide empirical support within the literature (e.g. Ebadi and Utterback, 1984; Harrison et al., 2002) but so far, this is not acknowledged in the diversity models. Good communication levels among group members fosters creativity and idea generation, with improved problem-solving (Ebadi and Utterback, 1984), while lack of communication decreases the exchange of ideas and questions, essential for effective teamwork (Williams and O’Reilly, 1998). Similarly, individuals experiencing high performance pressure tend to monitor their performance lags and utilize their best abilities and skills to perform better (Eisenberger and Aselage, 2009), ultimately improving individual and group outcomes. It is proposed that:

*Proposition 3: Objective demographic diversity and perceived demographic diversity are likely to engender stronger positive information-elaboration processes and positive individual and group outcomes where groups have supportive/inclusive diversity climate and positive perceptions of leader fairness.*

### *Processes underlying the negative effects of Demographic Diversity*

The relationship between demographic diversity and conflict is far from conclusive. Pelled et al. (2001) reported a positive relationship between age dissimilarity and relationship conflict. Yet, Chun and Choi (2014) propose that people with a high need for affiliation reduce relationship conflict and allow a demographically diverse group to develop enhanced performance outcomes and reduced employee turnover intentions. Self-categorisation theory (SCT) and social identity theory (SI suggest a strong focus on intragroup and intergroup relations based on social contexts (Hornsey, 2008). Individuals tend to classify themselves and others into social categories including organizational membership, age, ethnicity, and gender (Tajfel and Turner, 1986). These categories help individuals to define themselves and others in the larger social environment and compare their social status with other groups (Ashforth and Mael, 1989).

Categorisation helps individuals to predict and control their surroundings (Zimbardo and Leippe, 1991) and develop opinions about in-group and out-group members and resulting in different behaviours for distancing, stereotyping, and disparaging out-group members (Tajfel, 1982). Potential hostile interactions constitute a relationship conflict (Pelled et al., 1999). The visibility and accessibility of the attribute of diversity is the degree to which categorization takes place. The components of demographic diversity (such as age, gender and ethnicity) are the most easily identified attributes among all the diversity dimensions and often cannot be denied by individuals within a workgroup. This makes them cognitively accessible in individuals’ minds (van Knippenberg et al., 2004), increasing the potential for inter-category clashes (Pelled et al., 1999) resulting in relationship conflict among group members. Based on the assumptions of SIT and SCT it is predicted that the more demographically diverse the team; the less positive the attitude of individual team members will be towards each other, which may result in conflict and dissent among team members (Mohammed and Angell, 2004).

The attraction and satisfaction between employees, identified as social integration is important in reducing relationship conflict. Demographic diversity and the social integration relationship can be explained through social categorization theory. Individuals within homogeneous groups feel their desire for self-esteem fulfilled and perceive their in-group members as more trustworthy, honest and cooperative (Tajfel, 1982), which increases their social interaction with in-group members. Therefore, it is generally believed that homogenous groups have high levels of social interaction compared to heterogeneous groups (van Knippenberg et al., 2004). Social integration is a multifaceted phenomenon that explains the degree to which individuals within groups are attracted within the group, feel satisfied with each other, socially interact, and are psychologically linked (Polzer et al., 2002). The term ‘social integration’ has also been interchangeably used with the measure of cohesion (the extent to which group members are attracted towards one another). Shaw (1981) used the term ‘cohesiveness’ to measure the degree of attraction among group members through stated attraction, morale of group members and degree of coordinating efforts. Molleman (2005) reported that demographically diverse groups with more prominent sub-groups have reduced cohesion. Harrison et al. (2002) also identified the negative effect of perceived diversity on social integration. Social integration is also frequently reported through the lens of similarity attraction theory (Byrne 1971). This theory presumes that individuals, while interacting with others, select those similar to them (Williams and O’Reilly, 1998), to better reinforce their own values, attitudes and beliefs (Riordan, 2000). It is proposed that:

*Proposition 4: Objective demographic diversity and perceived demographic diversity are likely to enhance relationship conflict and decrease social integration.*

### *Moderators of the Relationship between Demographic Diversity and negative Processes*

Alignment of different demographic characteristics in diversified groups creates hypothetical dividing lines called ‘faultlines’ (Lau and Murnighan, 1998). These faultlines strengthen the formation of subgroups and intensify conflict among group members (Molleman, 2005). Hence, faultlines are a source of subgroup formation that emphasize differences and similarities making them more noticeable and prominent. If faultlines are strengthened it will lead to more salient categorizations. The more relevant the categorization among group members, the higher the comparative fit, making it difficult to refute differences (van Knippenberg et al., 2004). Further, diversity on specific attributes may lead to a number of alignment prospects that influence faultline strength (Shaw, 2004). These conflicts are usually based on prejudices and biases related to demographic differences and stereotypes about out-group members. Within a newly formed group, demographic faultlines are most common as a source of subgroup formation, as the demographics of an individual are easily noticeable and actively lead to subgroup formation (Lau and Murnighan, 1998). The physical characteristics of an individual play an important role in building initial impressions over other group members (Fiske and Neuberg, 1990).

The stronger the faultline, the greater is its impact on group members’ relationships. Individuals who form part of a subgroup often cannot voice opinions without group approval (Crott and Werner, 1994). This allows the larger subgroup to voice over minority subgroups and enact their desires. Voice suppression ultimately influences the ability of members to interact with each other and socialize. Overall, the members of minority subgroups may start using covert tactics to weaken larger groups to gain benefits. This behaviour increases conflict among group members and aids lack of social integration. Strength of faultlines thus invigorates negative processes of demographic diversity.

People fulfil their need for self-enhancement and self-esteem by maintaining and achieving positive and supportive social identity. Social identities of individuals are “relational and comparative” (Tajfel and Turner, 1986) and allow individuals to compare themselves with others and feel comfortable with those who have more similarities encouraging continuity of identity (Steele, 1988). Individuals join groups with members who have similar identities and feel positive about them, at the same time disregarding those who are different. This ‘identity threat**’** in a heterogeneous group, where individuals perceive out-group members as less trustworthy, cooperative or honest, can decrease cohesion (social integration) and self-esteem among group members (Taylor and Brown, 1988). Questioning individuals’ sense of self arouses feelings of an ‘identity threat’. If individuals are treated differently on a demographic basis they may resist the situation (Branscombe et al., 1999) by decreasing their interaction with such group members. The literature lacks a focus on the influence of an ‘identity threat’ on demographic diversity and relationship conflict/social integration. One study discussing antisocial behaviour and identity threat explains that individuals striving to maintain their social identity can engage in antisocial behaviours (Aquino and Douglas, 2003), such that ethnic minorities in a group may receive harsh criticism (Bies, 2001). Perceived divisions of group members as in-group and out-group membership can give rise to stereotyping (Williams and O’Reilly, 1998), strengthening identity threats, and making categorization more prominent. It is proposed that:

*Proposition 5: Objective demographic diversity and perceived demographic diversity are likely to engender stronger negative processes if groups have strengthened faultlines and identity threat.*

### *Demographic Diversity, Social Categorization and Multilevel Outcomes*

Similarities and differences between co-workers are used as a basis for categorization among group members to differentiate them as ‘us’ vs. ‘them’ (van Knippenberg et al., 2004), inclining individuals towards in-group members and distancing them from out-group members (Williams and O’ Reilly, 1998). Higher differences among group members will decrease overall group and individual performance (e.g. Jehn, 1994; Jehn et al., 1999; van Knippenberg et al., 2004) and increased intention to quit (Wagner et al., 1984). Continuing propositions 4 and 5, it is proposed that the processes of social categorization will negatively influence individual and group performance. Numerous studies have reported conflict and social integration as mediators in the diversity and performance relationship (e.g. Jehn et al., 1999; Pelled et al., 1999). Demographic diversity is suggested as increasing relationship conflict (Jehn et al., 1999; van Knippenberg et al., 2004) and decreasing social integration within subgroups (van Knippenberg et al., 2004; Riordan, 2000) increasing the desire to leave the group, and decreasing performance and well-being, both individually and collectively at the group level. Pelled et al. (1999) reported that groups with increased relationship conflicts tend to spend most of their time defending against personal attacks and clashes (Jehn, 1994), decreasing individual and group wellbeing and performance, along with their intention to stay. The strength of faultlines and ‘identity threat’ tends to strengthen this relationship, by increasing conflict and decreasing integration, influencing group and individual outcomes (e.g. Lau and Murnighan, 1998). Sheridan (1985) argued that a critical factor influencing turnover or turnover intention is the attraction among group members or social integration. Similarly, cohesion is frequently reported to be associated with employees’ intention to stay or leave (e.g. Krackhardt and Porter, 1986). Perceived divisions of group members in the form of in-group and out-group members can also give way to stereotypes (Williams and O’Reilly, 1998), strengthening identity threats, influencing the relationship of diversity and performance. It is proposed that:

*Proposition 6: Objective demographic diversity and perceived demographic diversity are likely to engender stronger negative processes and therefore individual and group outcomes if groups have strengthened faultlines and identity threat.*

### *Objective and Perceived Demographic Diversity*

Diversity within a workgroup refers to aspects of objective and subjective differences among group members (van Knippenberg et al., 2004). Objective diversity is defined as actual differences among individuals or teams, while perceived diversity is the members’ belief or perception about differences between each other (Hentschel et al., 2013). It is defined as dissimilarity perceptions of individuals towards others on the grounds of readily detectible attributes or characteristics (Shrivastava and Gregory, 2009) or the extent to which individuals perceive themselves as similar or different to others (Huang and Iun, 2006). Research has focused on objective diversity among workgroups with much less attention paid to perceived demographic diversity (e.g. Harrison et al., 2002; Hentschel et al., 2013; Mansoor and Ali, 2018; Salloum et al., 2019) despite the fact that individuals react on the basis of their perceptions of diversity (e.g. Hobman et al., 2003). The focus of researchers has recently shifted from objective diversity to perceived diversity and there is a growing body of research focused on perceived diversity (Shemla et al., 2016). Hentschel et al. (2013) states objective and perceived diversity are two separate constructs, that may sometimes but not always be aligned. Perceptions do matter and it is important to consider employee perceptions in addition to reality. Even though objective diversity exists within workgroups, if employees do not perceive their group to be diverse, the positive processes are more likely to prevail within workgroups. Also, the definition of diversity varies in every employee’s perception. Harrison and Klein (2007) suggest perceived diversity has more proximal descriptive power than objective diversity. It is proposed that:

*Proposition 7: Relative to objective demographic diversity, perceived demographic diversity is likely to engender stronger processes within workgroups.*

A number of problems are associated with studying objective and perceived diversity separately. Studies related to objective diversity are reported to be inconclusive and to have produced inconsistent findings (van Knippenberg and Schippers, 2007). Shemla et al. (2016) reported objective diversity studies have been unable to discern the variety of meanings that individuals attribute to contrasting arrangements. Studies have reported that objective diversity in teams usually has an indirect influence on group outcomes (e.g. Harrison et al., 2002). Riordan (2000) states the variance accounted for by objective demographic diversity in workgroups is quite small, and studies of both objective and perceived demographic diversity attributes may increase variance explained in work outcomes, such as work attitudes, and performance ratings. Therefore, it is important to collectively study objective and perceived attributes of demographic diversity.

*Proposition 8: Collectively, objective demographic diversity and perceived demographic diversity attributes can explain a large variance in group and individual outcomes.*

## Implications and Limitations

***Research Implications***

This multilevel framework proposes several possibilities for future studies. First**,** an important inquiry concerns the minimization of any negative effects of demographic diversity in workgroups. We propose that these may be minimized by fostering the processes of information elaboration among group members. This framework helps to shift the focus of demographic diversity literature from one of social categorisation to information elaboration. Second**,** the literature currently lacks multilevel studies of demographically diverse workgroups. Believing that individuals are nested in workgroups and the rigorous findings of group and individual outcomes are dependent on multilevel analysis of predictor variables, the above-mentioned propositions identify several processes to effectively analyse the multilevel impact of demographically diverse groups on both group and individual outcomes.

Third**,** demographic diversity research needs to shift its focus from an independent effect approach to an interactive effects approach (van Knippenberg et al., 2004) and so it is proposed to study the three dimensions of diversity (age, gender and ethnicity) together, along with objective and perceived variability of difference. The consideration of objective and perceived dimensions of demographic diversity will also help researchers to identify and explain any variance in the outcome variables (Riordan, 2000). Fourth, although individuals need to categorize themselves to seek optimal balances of similarity and uniqueness, the accessibility of demographic diversity may force them into subgroup formation which is against their desire (Kanter, 1977). In such situations, individuals try to separate themselves from others (van Prooijen and van Knippenberg, 2000), which influences their performance, satisfaction, and well-being within the group and increases their turnover intentions. Researchers need to identify the reasons behind such categorisations by studying different contextual variables influencing the main relationships. This will also help to resolve the inconsistent findings of literature. Finally, the consideration of other dimensions of demographic diversity along the lines of the proposed framework may help determine the effectiveness of demographic diversity in workgroups.

***Practical Implications***

Continuous increase in diversity in our society is requiring firms to increase demographic diversity in their workgroups especially in terms of age, gender and ethnicity. The proposed framework helps organizations to identify ways of attaining positive outcomes from the diversified workforce, by maximising information elaboration processes and minimising social categorisation. The framework allows group leaders and organizations to identify the factors that can lead to enhanced productivity for workgroups and maximise cognitive benefits by effectively processing information.

Previous literature shows that demographic diversity within workgroups, if not addressed, can easily lead to separation and categorisation among group members, making integration and identification difficult (e.g. Ibarra et al., 2010). The proposed framework identifies the processes and moderators that can help workgroups to minimise this categorisation and enhance positive outcomes through maximising information elaboration among group members. Heterogeneous groups, if well managed, can bring maximum benefits for organisations and can be considered as a symbol of a socially just organisation (Benschop, 1998).

Past research has repeatedly noted the negative categorisation effect of demographic diversity among group members, while the Multilevel Framework on Demographic Diversity challenges that phenomenon and proposes that demographic diversity attributes of gender, age and ethnicity can also lead to positive outcomes and enhanced information elaboration.

***Research Limitations***

The current review has several limitations. It does not incorporate other forms of demographic diversity, which is beyond the scope of present paper. Testing of the proposed framework and exploring it for other types of diversity or other performance outcomes in different settings will be important for future research. Studying the impact of demographic diversity at the organizational level along with the two proposed levels of individual and group is a further consideration to be addressed. Considering other types of diversity (e.g. cultural) may also be useful in understanding multilevel influences.

## Conclusion

Current paper contributes to the existing knowledge and understanding of demographic diversity literature by proposing a multilevel demographic diversity framework, after a detailed literature review to address shortcomings of the existing literature. The framework proposes eight propositions based on information elaboration theory and social categorization theory, considering that objective and perceived demographic diversity attributes can both positively and negatively influence outcomes at group and individual levels simultaneously (e.g. also stated by van Knippenberg et al., 2004). The framework proposes that demographic diversity dimensions of age, gender and ethnicity aid information elaboration processes within the groups, in addition to causing social categorization among group members. Thus, it draws on Harrison and Klein’s (2007) typology of diversity as variety, and diversity as separation. Demographic diversity characteristics usually act as separation, but this paper identifies them as a cause of both separation and variety among group members. Supporting the notion that individuals are nested in groups (Peccei and Voorde, 2016) the multilevel framework identifies that a number of mediating processes and contextual variables, that may lead to multilevel (group and individual level) outcomes are not sufficiently addressed in the literature of demographic diversity.

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**Appendix**

Table 1. List of studies reviewed

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Study** | **Main Theory/Theories** | **Link to Proposition** |
| 1 | Amini et al., 2017 | - | P1-P3 |
| 37 | Avery et. al., 2013 | Other | P1-P3 |
| 28 | Avery, McKay and Wilson (2007) | SCT, SI | P1-P3, P7 |
| 29 | Bauman, Trawalter and Unzeuta, 2014 | SI | P1-P3, P7, P8 |
| 38 | Brodbeck, Guillaume and Lee (2011) | SCT, IET | P1-P3 Group, P4-P6 Individual |
| 2 | Chatman and Flynn (2001) | SCT | P4-P6 |
| 30 | Chattopadhyay (2003) | SCT, SI | P1-P3 lower dogmatism,  P4-P6 higher dogmatism, P7 |
| 3 | Chattopadhyay et al. (2008) | SI, SCT | P1-P3 sex dissimilarity with task and emotional conflict,  P4-P6 sex dissimilarity and workgroup identification |
| 40 | Choi (2007) | SI, SCT, IET | P4-P6 |
| 39 | Choi and Rainey, 2010 | SI, SCT | P4-P6 |
| 41 | Choi, 2012 | Other | P1-P3 |
| 4 | Curseu, 2013 | Other | P1-P6 |
| 5 | Diaz-Garcia, Gonzalez-Moreno and Saez-Martinez, 2013 | - | P1-P3 |
| 42 | Drach-Zahavy and Trogan (2013) | Other | P1-P3 |
| 43 | Gates and Mark, 2012 | SI | P4-P6 |
| 6 | Goldberg, Riordan and Schaffer (2010) | SI | P1-P3 |
| 7 | Goncalo et al. (2014) | Other | P1-P3 |
| 44 | Gonzalez and Denisi (2009) | SI | P4-P6 |
| 8 | Greer et. al., 2012 | SCT | P1-P6 |
| 9 | Hentschel et al., 2013 | SCT, IET | P1-P6, P7 |
| 10 | Kearney and Gebert (2009) | Other | P1-P3 |
| 11 | Kearney, Gebert and Voelpel (2009) | Other | P1-P3 |
| 12 | Kirkman, Tesluk and Rosen, 2004 | SI | P4-P6 |
| 13 | Kooij-de Bode et al. (2008) | - | P1-P3 |
| 14 | Lauring and Villeseche, 2017 | Other | P1-P3 |
| 15 | Lee and Farh (2004) | - | P1-P3 |
| 31 | Lehmann-Willenbrock, Lei and Keuffeld, 2012 | SCT, SI | P1-P3, P7 |
| 46 | Leslie (2014) | SCT, SI | P4-P6 |
| 45 | Leslie and Gelfand (2008) | - | P4-P6 |
| 47 | Liebermann et. al., 2013 | SI | P4-P6 |
| 48 | Linnehan, Chrobot-Mason and Konrad, 2006 | Other | P1-P3 |
| 16 | Martinez, Zouaghi and Marco, 2016 | Other | P1-P3 |
| 32 | McKay, Avery, and Morris, (2008) | Other | P1-P3, P7 |
| 33 | McKay, Avery, Tonidandel, Morris, Hernandez and Hebl (2007) | Other | P4-P6, P7, P8 |
| 17 | Meyer and Schermuly, 2011 | SCT, IET | P4-P6 |
| 49 | Meyer, Schermuly and Kauffeld (2015) | SCT | P1-P3 |
| 18 | Mohammed and Angell (2004) | SCT, SI | P1-P3 |
| 19 | Molleman, 2005 | SCT, SI | P1-P6 |
| 50 | Mor Barak et al. (1998) | SI, IET | P4-P6 |
| 20 | Nishii (2013) | Other | P4-P6 |
| 34 | Pelled, Xin and Weiss (2001) | SCT | P1-P6, P7 |
| 51 | Sacco and Schmitt (2005) | Other | P4-P6 |
| 21 | Schippers, Hartog, Koopman and Wienk (2003) | - | P1-P3 |
| 22 | Seong and Hong, 2013 | SCT, SI | P4-P6 |
| 35 | Singh, Winkel and Selvarajan, 2013 | Other | P1-P3, P7 |
| 23 | Stewart and Johnson (2009) | - | P1-P3 |
| 24 | Thatcher, Jehn and Zanutto, 2003 | Other | P1-P6 |
| 25 | Timmerman, 2000 | - | P1-P3 |
| 26 | Van Dick et. al., 2008 | SCT, IET | P1-P3 |
| 36 | Volpone, Avery and Mckay (2012) | Other | P1-P3, P7, P8 |
| 27 | Wegge et al. (2008) | SI, IET | P1-P3 |

SCT=Social categorization theory

SI= Social identity theory

IET= Information elaboration theory