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# Demographic Diversity Can Enhance Trust Across Boundaries

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# Demographic Diversity Can Enhance Trust Across Boundaries

## **Abstract**

In interorganizational project teams, diversity among team members undermines the experience of trust within demographically similar dyads but enhances the experience of trust within demographically dissimilar dyads.

## **Keywords**

diversity, trust, organizational behavior, demographics, dyads, project management, teams

## **Comments**

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### **Source document**

“Trust Across Boundaries: Can a Team’s Demographic Heterogeneity Foster Dyadic Trust?” was presented at the 2008 meetings of the Academy of Management, Anaheim, CA.

# RESEARCH BRIEF

## *DEMOGRAPHIC DIVERSITY CAN ENHANCE TRUST ACROSS BOUNDARIES*

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**Abstract:** In interorganizational project teams, diversity among team members undermines the experience of trust within demographically similar dyads but enhances the experience of trust within demographically dissimilar dyads.

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### ***Question***

Does social context influence the trust that individuals experience in their relationships with counterparts from the 'other' organization?

### ***Conclusion***

Social context does matter. The demographic composition of a partner organization may have divergent effects on an individual's experience of trust within a dyad. For dyads, which are comprised of two individuals (in this case, a boundary spanner from one organization and a counterpart from a partner organization), diversity among team members from the partner organization undermines the experience of trust within demographically similar dyads but enhances the experience of trust within demographically dissimilar dyads.

### ***Implications for Organizations***

Workforce diversity is commonplace in modern organizations. Knowledge-intense, non-hierarchical project management teams that include individuals from an outside organization (i.e., boundary spanners) are another defining feature of the contemporary business world. In the absence of the controls and monitoring typically found *within* organizations, boundary spanners must rely on trust to elicit the cooperation they need from team members in order to complete the assigned tasks. When a boundary spanner is demographically dissimilar from a counterpart on the team, building trust may be a challenge.

Somewhat counterintuitively, managers can overcome this interpersonal hurdle and facilitate trust between two key team members by increasing the diversity of the team (i.e., placing

more individuals from the boundary spanner's demographic group on the interorganizational team). The increased interpersonal trust between these two key team members and the social capital developed during this experience can facilitate team collaboration and carry forward into future work interactions, which in turn may build stronger interpersonal ties within diverse workforces.

### ***Discussion***

Interpersonal trust is critical on projects that require cooperation from all the parties involved. Individuals who trust one another are more willing to share information and engage in helping behaviors, thereby obviating the need for hierarchical control. Theory suggests that relationships among like individuals (homogeneity) are associated with higher levels of positive emotion compared with relationships among dissimilar individuals (heterogeneity). Moreover, the positive self-esteem that accompanies perceptions of group belonging are connected with feelings of trust toward others in the same group.

This paper explores the interaction between interpersonal trust and the social context of a knowledge-intense project management team. Specifically, the research asks whether 1) demographic similarity within a dyad comprised of a boundary spanner from one organization and a counterpart from another leads the boundary spanner to feel more trusted; and 2) whether the social context of demographic diversity within a team affects the boundary spanner's experience of trust within the dyad. All things being equal, a boundary spanner in a homogeneous dyad should experience more trust than he/she would

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in a heterogeneous dyad (remember, like attracts like). But interorganizational dyads rarely exist in a vacuum; rather, they are most often embedded within a social context that can complicate the dynamic between dyad partners. In other words, a diverse social context may influence trust within a dyad, be it homogeneous or heterogeneous.

Knowledge-intensive team projects are a natural setting for testing the influence of social context on the trust experienced by an outsider (the boundary spanner). The boundary spanner must develop trusting relationships with team members at the risk of project failure. At the same time, a dyad partner (a counterpart on the project management team) must be able to rely on the boundary spanner to undertake interdependent tasks that require the cooperation of other team members. This reliance by the dyad counterpart enables the boundary spanner to feel trusted and respond to unexpected problems in ways that are jointly optimal. The cycle of reliance, trust, cooperation, and performance thus becomes self-perpetuating and self-reinforcing.

The premise here is that a project management team characterized by demographic diversity (measured as age diversity) will either hinder or foster a boundary spanner's experience of trust in his/her relationship with a counterpart on the team. Consider, first, a homogeneous dyad. Even when the partners are demographically alike and believe in each other's trustworthiness, team members who are dissimilar from the boundary spanner may be unwilling to cooperate with him/her, perhaps because of bias or prejudice. Such situations could prompt the counterpart to refrain from relying on the boundary spanner for interdependent tasks, which in turn would cause the boundary spanner to experience less trust.

On the other hand, trust could blossom in a heterogeneous dyad nested within a diverse team. Team members who are demographically similar to the boundary spanner may inherently trust, and thus willingly cooperate with, him/her. The cooperative behavior and proven abilities of team members who are demographically similar to the boundary spanner might prompt the dyad

partner to rely on him/her precisely because the boundary spanner can easily garner the support of those team members. As the dyad partner comes to increasingly depend on the boundary spanner, he/she would experience more trust even though the dyad is demographically heterogeneous.

Analysis of data derived from a survey of senior-level management consultants in a professional services firm who filled the boundary spanner role confirmed the researcher's primary hypotheses. Boundary spanners in heterogeneous dyads perceived less information was shared and less trust was forthcoming from their counterparts on the project management team compared to boundary spanners in homogeneous dyads. However, the data also indicated that social context left its mark. Boundary spanners with demographically similar dyad partners experienced less trust when the dyad was embedded in a demographically diverse project team. Of critical importance was the finding that boundary spanners in heterogeneous dyads experienced more trust from their partners when the social context of the team was also diverse.

In sum, the net effect of team diversity on the experience of trust within a diverse dyad is positive. Stated in academic terms, a boundary spanner's experience of trust is influenced by a significant interaction between team-level and dyad heterogeneity: as team diversity increases from zero, the difference between the predicted values of trust for heterogeneous and homogeneous dyad partners changes from negative to positive.

## *Methods*

Two hundred fifty senior-level consultants from a leading international management consulting firm were asked to complete a two-part survey. The first section sought details about the interpersonal environment on a project management team in which the consultant was the boundary spanner. The second section concerned the boundary spanner's perceived relationship with his/her dyad partner. The response rate was 91% for all boundary spanners. The final sample size of boundary

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spanners with more than one counterpart from the partner organization (the average was 3.7 counterparts) totaled 167.

Regression analysis was used to test five hypotheses. Two measures of perceived trust (behavioral reliance and information sharing) were the dependent variables; age diversity in the team and in the dyad were the independent variables. The control variables included the duration of the dyad relationship, frequency of

interaction between dyad partners, perceptions of the partners' emotional closeness, demographic characteristics of the partners, and characteristics of the project management team.

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