

## **Bridging Faultlines in Diverse Teams**

Magazine: Summer 2007 July 01, 2007 Reading Time: 24 min  
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<http://sloanreview.mit.edu/article/bridging-faultlines-in-diverse-teams/> (Stand: 05.01.2015)

Project teams can fly or founder on the demographic attributes of team members and the fractures they can create. Here's how to recognize the potential for division, and how to respond in time when team fractures do arise.

Companies create diverse teams to take on their most complex challenges — tasks across boundaries, functions and geographies that no single department or function could accomplish. Yet guiding these diverse teams to success requires some counterintuitive management practices. In particular, team leaders should focus on tasks at the early stages, rather than on interpersonal relationships, and then switch to relationship building when the time is right.

In a recent study of teams at large companies, we found that diverse membership of teams and task forces is becoming the order of the day. Take Nokia Corp., which frequently brings together disparate talent from different departments among its businesses around the globe, while at the same time partnering with many external suppliers. Or consider the British Broadcasting Corporation, which routinely creates huge teams for events, such as the production and broadcast teams for the 2006 FIFA World Cup and the 2008 Olympic Games. These typically involve groups of more than 100 people, a high proportion of whom are not full-time employees. Team members often represent more than 15 different nationalities, with skill sets ranging from electrical work to intellectual property, from scheduling to production. The BBC's teams also face the daunting challenge of a one-shot deal for which execution has to be right the first time.

The challenges that Nokia and the BBC face are by no means unique. Between 2004 and 2006, we partnered with executives from 15 large European and American companies to study 55 of their teams. What was most striking about these teams was their sheer size and complexity. The diversity of Nokia's design team — with men and women of many nationalities and with a wide range of ages, representing multiple functions from many different businesses — was repeated in companies in many different industries from across the globe. Companies in the media industry (such as Reuters Group PLC and the BBC), in telecommunications (such as France Telecom and Canadian wireless giant Rogers Communications Inc.) and in banking (such as Royal Bank of Scotland and Lehman Brothers Inc.) all employ large and diverse teams to attack some of their most difficult problems. Many of the teams in the study numbered more than 50 people, all had more than three nationalities represented and most brought in people from several functions and businesses.

### **About the Research**

We studied 55 workgroups in 15 European and American companies (ABN AMRO, BBC, BP, Citigroup, France Telecom, Lehman Brothers, Marriott, Nokia, PricewaterhouseCoopers, Reuters, Rogers Communications, Royal Bank of Scotland, Siemens AG, Standard Chartered Bank and XL Global Services). The study was based on a quantitative survey of 1,543 members of the workgroups and their leaders. The teams ranged in size from four to 184 people, with an average team size of 43 members. Most of the teams were diverse in terms of gender (32% women), age (ranging from 4% under 25 to 15% over 46), nationality (26%

British, 23% American, 23% European, 15% Asian and 13% rest of world) and education level (7% high school diploma, 50% undergraduate degree, 37% master's degree, and 6% doctorate). We achieved a 64% response rate.

We measured demographic faultline strength along six demographic variables: gender, age, nationality, education, work function and tenure in the company. We applied a statistical procedure that produced an overall quantitative index of faultline strength by combining the effects of all individual attributes. We used multiple regression analyses to identify the faultlines and to control for the size of the group, the degree of task complexity, the geographical distance between team members and industry-level differences.

Companies form these teams precisely because they bring to bear the range of experiences and attitudes that will ensure that the final product or service will be market-sensitive and innovative — more so than an offering designed by a group of people with similar characteristics.<sup>1</sup> Paradoxically, however, the very nature of team diversity often creates challenges that reduce the team's innovative capacity and even significantly lessen its overall effectiveness. So while business heads may wish for innovation through diversity, what they sometimes achieve is reduced productivity and efficiency.<sup>2</sup>

### **How Diverse Teams Fail, and How Some Succeed**

The teams in our study failed in many different ways. Some could not deliver on time; others fell short of the hoped-for productivity; still others were unable to produce innovative results. Some teams broke up in acrimony and bad feeling; some foundered in incompetence. They were a litany of what could go wrong. Many executives had been trained to manage rather simple teams but were surprised at just how hard it is to create a high-performing team of diverse people.

Analyzing these problems uncovered two root failures. The first was a failure of collaboration, in which team members did not develop trust and goodwill among themselves.<sup>3</sup> The second was a failure of knowledge sharing, in which team members withheld their individual knowledge from other team members or from other teams.<sup>4</sup>

Why is it so fiendishly difficult to enable high-performing, diverse teams? To understand the nature of the collaborative and knowledge-sharing failures, we looked closely at the demography of the teams. Using complex statistical modeling, we created a unique demographic profile for each team that took into account team members' ages, genders, nationalities, education levels, functions and tenures within the company. The model examined the configurations as a whole and the interplay of different demographic attributes.

Close examination of these team demographic profiles revealed that in many cases the failures in collaboration and knowledge sharing were a direct result of *faultlines* — subgroups or coalitions that emerge naturally within teams, typically along various demographic lines. (See “An Overview of Faultline Theory,” for causes and characteristics of faultlines.) These faultlines split the teams into subgroups that were based on shared demographic characteristics. When faultlines emerge, subgroups rarely collaborate with other subgroups, instead tending to share knowledge only within their subgroup. Yet knowledge sharing across subgroups is critical for complex teams to operate effectively.<sup>5</sup>

### **An Overview of Faultline Theory**

Faultline theory explains how a combination and the configuration of the attributes of team members can influence the team's behavior and ultimately its performance. The attributes that

drive faultlines can be surface-level or deep-level. Readily detectable attributes such as gender, age, nationality and education are surface-level. Underlying, or deep-level, attributes include values, personality and knowledge.

Strong faultlines emerge in a team when there are a few fairly homogeneous subgroups that are able to identify themselves. Weak faultlines can emerge in two rather different configurations. Faultlines generally do not emerge, or do so only weakly, when all the members of the team are rather similar (for example, the same age and job function). However, at the other end of the spectrum, faultlines also are unlikely to emerge when there is heterogeneity — when the members of the team are all very different from one another (for example, different ages and working in different job functions).

Strong faultlines are particularly likely to emerge when all the demographic attributes of the members of the subgroups form distinct, nonoverlapping categories. For example, a strong faultline will emerge if all women in a team are over 50 years old and all the men are under 30. In this example, gender and age have formed a single, strong faultline.

Whether a faultline emerges depends on how apparent the attribute is to members of the team. As the team members get to know each other better and learn what is similar and what is different, the possible sources of potential faultlines increase.

Strong faultlines can create a fracture in the social fabric of the team. This fracture can become a source of tension and a barrier to the creation of trust and goodwill and to the exchange of knowledge and information. Inevitably, therefore, when strong faultlines emerge, the team's creative and innovative capacity is severely limited.

Despite the emergence of faultlines in many of the 55 teams, some teams were able to work collaboratively and share knowledge. Deeper analysis of these productive and innovative teams showed that a defining factor was the behavior of the team leader and the way in which she or he structured the leadership role. Thus, although faultlines are a common hazard, some executives are able to reduce the problems associated with diverse teams and, indeed, to enhance the benefits.

In particular, the executives' leadership style and the manner in which they prioritized actions significantly reduced the extent to which faultlines hindered collaboration and the flow of knowledge. By studying the way these executives behaved, we are able to make recommendations about leading diverse teams. However, while some of the recommendations are straightforward, others are deeply counterintuitive and defy the received wisdom about good management practice.

### **The Emergence of Faultlines**

To illustrate this seeming paradox, consider a team from a telecom company in our study. Think of the faultlines in this team as analogous to geologic fractures in the Earth's crust. Like geologic fractures, faultlines can remain dormant and invisible for some time. Geologic fractures explode as earthquakes when put under immense pressure. The same is true of team faultlines, which cross multiple layers of demography. In many cases, the tensions of the faultlines emerge under the pressure of a complex, time-dependent task.

The stated goal of the telecom team was to bring together several parts of the business to build an innovative product and service offering for one of the company's major multinational clients. Many of the client's needs were standard, but meeting their expectations would require the creation of a rather complex service and delivery process. A business unit head

was assigned leadership of the new project and given charge of a core group of 22 people. She had to bring together the remainder of the team, which was expected to total 48 people, from the four countries in which the client had significant operations (Germany, the United States, Japan and France), drawing from three functions (technology, marketing and operations). Although this may seem a rather large and diverse team, many of the teams studied were of a comparable size and complexity.

### **Initial Faultline Formation Is Based On Surface-Level Attributes**

The telecom team members began to get to know one another through face-to-face encounters and e-mails. Within a short time, however, the initial faultlines began to emerge. These faultlines were drawn around readily detectable demographic attributes — for example, the team members' age, gender and functional background. Team members typically use obvious characteristics to assign themselves and others to subgroups. In this team, an early faultline emerged between a subgroup of male technical engineers and a subgroup of female marketing specialists. Other subgroups rapidly emerged: for example, between people of French nationality (many of whom had been in the company for years and were typically in their 40s and 50s) and Americans (many of whom had joined the company recently and were in their 20s and 30s). Note that none of these subgroups was based on a unitary dimension but rather on the combination of multiple dimensions (gender and function in the first case; nationality, age and job tenure in the second). A strong faultline emerged because the team members fell into distinct, nonoverlapping subgroups based on demographic attributes. (See “The Emergence of Faultlines in a Telecom Team”)

As a rule, when subgroups emerge within complex teams, each tends to see itself as an “in-group” — people like us, who we like because we have something in common — and those across the boundary of the faultline as an “out-group” — people not like us, whose interests we may find puzzling. Each subgroup within the telecom team collaborated closely among its members, who all got to know, like and trust one another. In a sense, what each subgroup was doing was learning more about what its members already knew. This deepening of knowledge can be crucial as a team builds professional insight and muscle. However, for a team to become truly innovative, the combination of knowledge *across* subgroups is essential.<sup>6</sup>

### **THE EMERGENCE OF FAULTLINES IN A TELECOM TEAM**

As members of the telecom team's subgroups began to identify more strongly with one another, the team leader came to understand that the emerging faultlines had negative consequences. The dealings across the subgroups became a source of tension and conflict, particularly under the pressure of task deadlines. For example, the predominately male engineers at one stage refused to allow the predominately female marketing group access to some of their product findings. The story was that this information was too technically sophisticated for the marketing function; the reality was that the engineering subgroup did not want to let go of their valuable knowledge. The subgroups just didn't seem to understand one another — they did not know the other's interior language, and they did not understand the other's key concepts and models.

### **Deep-Level Attributes Come Into Play At Later Stages of Team Development**

As complex teams develop and group members get to know more about one another, a deeper layer of faultlines becomes visible — this time based not on surface-level attributes but rather on subtler, deep-level attributes such as personal values, dispositions and attitudes. At the time of a team's formation, these deeper-level attributes are not visible. They emerge as team

members interact with one another and reveal themselves through their actions, words and what they choose to disclose about their personal lives.<sup>7</sup>

In the telecom company team, a later set of subgroups also formed around values, disposition and attributes. A faultline surfaced between those members with cooperative values and a subgroup of people with more competitive values.

### **The Leader's Role in Faultlines**

In the geological analogy to faultlines, various external factors (such as pressure) have an impact on how a fault actually fractures. Similarly, many aspects of a team's context can affect the extent to which faultlines impact the team's performance. Two examples are the extent of the cooperative culture in which the team operates and the degree to which team members believe senior executives work across boundaries. The most important factor in determining whether destructive faultlines emerged was the style of leader, and in particular the extent to which the group's leader was task-oriented or relationship-oriented.<sup>8</sup> Some leaders in the study were able to adjust their leadership styles as the project progressed, beginning with a task orientation and then switching to a relationship orientation, or beginning with a relationship orientation and switching to a task orientation. (See "The Four Paths of Leadership Style.")

#### **Path 1: Task Orientation**

In this pathway, the team leader uses a strong and consistent task-oriented leadership style, as perceived by team members, during the entire life of the team or project. The leader can do this by creating a detailed project plan, building tight schedules for the work and emphasizing performance goals that are high but realistic. This type of leader places great emphasis on the task at hand, so he or she strives to remain accessible at all times and provide information that team members need to carry out their day-to-day work. Leaders who follow this pathway are often technically proficient — and they see their role as providing the team with the technical and specialist assistance critical to the task.

## **THE FOUR PATHS OF LEADERSHIP STYLE**

#### **Path 2: Relationship Orientation**

This type of leader places particular emphasis on the culture of the team and on the extent and depth of relationships among team members. They do this by treating team members with kindness and respect, encouraging a climate of trust and cooperation and providing recognition and appreciation for individual and group accomplishments. These leaders are often skilled communicators and listeners.

#### **Path 3: Task Orientation, Switching to Relationship Orientation**

In this pathway, the leader begins with a strong task-oriented style by setting targets and scheduling work. As the project progresses, these leaders encourage team members to collaborate with one another and work to increase the general trust and goodwill within the team.

#### **Path 4: Relationship Orientation, Switching to Task Orientation**

This type of leader begins by creating a feeling of trust within the team, putting an emphasis on socialization and meetings. As the project progresses, these leaders move to a more task-oriented approach by setting clear goals and standards and carefully monitoring the group's progress.

Which, if any, of these leadership paths is most appropriate when there are strong faultlines in a team? Where it is likely strong faultlines will emerge, the natural tendency of many leaders is to encourage team members to come together through meetings and socializing. In effect, these leaders take Path 2. However, this leadership action actually increases the likelihood that faultlines will strengthen: when team members simply socialize, their differences become more apparent, and the fractures in the team can solidify.

In fact, a leader can significantly mitigate faultlines — but not in the most obvious manner. To increase collaboration and knowledge sharing across teams with strong faultlines, leaders need to vary their leadership style according to how long the team has been together. There are times when a task-oriented style works very well and other times when a relationship orientation would be more appropriate.

### **Recommendations For Leading Diverse Teams**

The leaders of complex teams should take four actions:

#### **1. Diagnose the *Probability of Faultlines Emerging***

At the outset of a project, team leaders should think very carefully about the diversity in their team and strive to predict as accurately as possible the probability of faultlines emerging. (See “The Probability of Strong Faultlines Emerging in a Team,” for a short questionnaire that provides a way of gauging this likelihood.) It is important to remember that faultlines are not a natural result of diversity per se but are found in situations of moderate diversity, when a team is neither very homogeneous nor very heterogeneous in member attributes. A medium degree of diversity leads to the emergence of only a few fairly homogeneous subgroups. The divides between these subgroups create the tensions that can impede the team's functioning.

If there is a high probability of subgroups and faultlines emerging, then the leader should emphasize a task-oriented leadership style in the early stages of the project.

#### **The Probability of Strong Faultlines Emerging in a Team**

For team leaders: This short survey will show you the probability of a strong faultline emerging in your team. Rate your team members against these four elements:

1. The number of nationalities in the team
  - a. Team members are all of the same nationality.
  - b. There are two nationalities.
  - c. There are three to five nationalities.
  - d. There are six to 10 nationalities.
  - e. There are more than 11 nationalities.
2. The current age, education and gender of the team members

- a. The majority are the same gender and about the same age and have the same education level.
  - b. The majority are the same gender and have the same education level but are of different ages.
  - c. The majority are of the same age and have the same education level and are both men and women.
  - d. The majority are the same age and gender and have different education levels.
  - e. The team contains both men and women of different ages and education levels.
3. The current business location of team members
- a. They are all from the same function and the same business.
  - b. They are all from different functions in the same businesses.
  - c. They are all from different functions and different businesses within the company.
  - d. They are from different businesses and functions in the company and from longstanding partners from outside the company.
  - e. They are from different parts of the company and include longstanding partners of the company and new partners and customers of the company.
4. The values and aspirations of the team
- a. All members of the team have very similar values, dispositions and attitudes.
  - b. Many members of the team share values, dispositions and attitudes.
  - c. There is a clear divide between groups with regard to values, dispositions and attitudes.
  - d. Many people have different values, dispositions and attitudes.
  - e. There is a great deal of variety in values, dispositions and attitudes.

**Low probability of faultlines emerging:**

Scoring mostly a's and b's — The team is relatively simple and homogeneous, so it is unlikely that faultlines will emerge  
 Scoring mostly e's — The team is heterogeneous. Therefore, it is unlikely that faultlines will emerge.

**High probability of faultlines emerging:**

Scoring mostly c's and d's — This team has a high potential for faultlines to emerge because a medium degree of diversity tends to lead to the development of only a few fairly homogeneous subgroups.

**2. Focus on *Task Orientation* When a Team Is Newly Formed**

As previously mentioned, the inclination for many leaders when they saw faultlines emerging in a new team was to focus on the relationships between members of the subgroups. The leaders created opportunities for people to get to know one another better, hoping that socializing would cause the faultlines to be bridged. Yet this exacerbates the problem. Simply

put, in a team's early going, the more people interact with one another, the more likely they are to make snap judgments and to emphasize their differences.

A better strategy for leaders of teams with potential faultlines is to create energy around the task itself. This was clearly visible in teams at the Royal Bank of Scotland. In these teams — even those with strong faultlines — collaboration and knowledge sharing were strengthened through a host of task-oriented characteristics. At the beginning of team formation, leaders created very detailed descriptions of realistic performance goals. Next, the work was planned and scheduled with precision: Every project was on a 30-day, 60-day or 90-day timetable. At this early stage, much effort was focused on providing the necessary resources and coordinating team members' activities. Team members learned about one another's skills and competencies rather than about their personalities and lives. This task orientation focused the attention of team members on performance and requirements. Subgroups did emerge, but they revolved around task-oriented characteristics such as functional expertise and education, rather than personality differences. By learning who they could go to for particular types of information, the subgroups at Royal Bank of Scotland were able to move swiftly into the task itself

However, while this approach increases the early effectiveness of teams, it is not as useful for dealing with some of the tensions that later emerge, such as around deeper personality traits and differences in values. To do this, team leaders must learn how and when to switch leadership styles.

### **3. Learn When to Make the Switch**

Focusing on the task is crucial to the early effectiveness of a team in which strong faultlines are expected to emerge. However, if the team is to be effective in the longer term, then the leader has to switch styles from task orientation to relationship orientation. If the leader fails to make this switch, the team will slowly become less effective, as observed in one of the media teams in our study. The team leader began with a task orientation, coordinating the team's activities, creating clear schedules and providing technical support. This support from the top initially ensured that the subgroups learned more about each other and began the process of sharing knowledge. At the same time, the leader's capacity to clearly state the team's mission and create a common goal ensured that the subgroups became strongly aligned to a common purpose despite the faultlines already running through the team. The members of the team began to feel that they were united in a goal that was greater than the differences among the subgroups.

Over time, however, deep-level faultlines in this complex and diverse team began to emerge and become increasingly important. The major faultlines initially had formed around functional specialization and nationality. The media team's creative designers came mostly from the West Coast of the United States, while the production teams were located on the East Coast and in Germany. These differences were bridged by the clear sense of a shared task and goals created by the team leader. Later, though, subgroups began to form around the attributes and personalities of group members. A subgroup of high-energy, highly competitive people (known as Type A personalities) began to form. These are people who like to work under pressure and create pressure for others, who enjoy the rush of adrenaline and love competing.<sup>9</sup> Members of this subgroup were drawn from the West and East coasts of the United States and from Germany; some were men, some were women; some old, some young. Their deep-level Type A characteristic cut across the surface-level characteristics.

As the original faultlines began to be bridged through a shared task, this new personality-based, deep-level faultline became an increasing source of conflict and tension. Those outside

the Type A category created names for them (“the crazies,” “the no-lifers”), while the Type A subgroup became frustrated by what they saw as slowness and a lack of focus from the others. The task-oriented leader — who also had a Type A personality — failed at this point to switch styles, instead continuing to plan, organize, schedule and create tasks. Since the Type A subgroup was the most vocal (and the team leader was a member of the subgroup), the schedules simply became faster and faster-paced and the task demands more and more frequent. Conflicts arose often, and those outside the Type A subgroup became more isolated, demotivated and unhappy.

This discord came to a head during a performance meeting. The business unit head overseeing the project criticized the team leader for the lack of innovative ideas coming from the team. The team was fast-paced, but the results were often boring and predictable. Looking back, this outcome should have been no surprise: Some of the most creative members of the team were not among the Type A subgroup, whose members were calling all the shots. Yet those outside the dominant subgroup lacked the power to slow down the program, argue for time for reflection or get their creative ideas heard and discussed.<sup>10</sup>

The team leader had failed to read the signs that called for switching from task-oriented leadership to relationship-oriented leadership. The Type A subgroup was able to dominate by overly influencing the agenda and taking most of the resources.

#### **4. Switch to *Relationship Building* When the Time Is Right**

In the media company example, the team leader had built an effective team but not an innovative team. The leader had failed to make the switch that characterizes Path 3 of leadership.

A team leader did follow the third path in one of the finance companies studied. At one point, tensions were coming to the fore around different values and personalities among team members. The team leader — who previously had been predominately task-oriented — was able to switch to a more relationship-oriented style. Over the course of a few weeks, the leader brought the team together for several social activities, surfaced and talked openly about the tensions the members of the team felt and showed respect to the various work styles and values in the group.

#### **Developing Better Teams and Team Leaders**

So how does a team leader know when to switch from task orientation to relationship orientation? The switch will be successful only at the point at which the team has sufficient shared experience to have developed a clear protocol for communication and coordination of activities and an established operational structure.<sup>11</sup>

As a guideline, when all members of a team have developed specific expectations for the project and have negotiated a widely accepted influence structure, then the time is right to switch to a relationship-oriented leadership style. Instilling confidence in the team and creating opportunities to socialize at that point helps the development of new abilities and allows the team to grow. However, if the team is still trying to learn the specifics of the project, clarify people’s roles and negotiate members’ status and authority, then the switch would come too early and would only amplify the underlying tensions between subgroups.

This provides important guidelines for managers who head diverse teams, which are tasked with some of the most important and difficult challenges that companies face. But it also points to an important new development challenge for executives. Not only do future leaders

need to develop solid program management skills and confident interpersonal skills but they also need to learn which leadership style to emphasize, based on their team's needs and characteristics. Providing team leaders with a framework for assessing faultlines will give them the insights needed to overcome the divisions and move teams toward achieving their, and the company's, ultimate goals.

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