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Scott Gardner: Greetings from New York City and Columbia Business School Executive Education. My name is Scott Gardner, and I'm very happy to be here today with Professor Katherine Phillips for the Why Diverse Teams Are Smarter webinar.

Before we begin, if you look at your screens right now, a recording will be made available of the webinar. If you'd like to tweet about the webinar, please do so at #CBSExecEd. And as always, if you have any questions, please upload those to the Q&A box and we'll get to as many of those as possible in the last ten minutes and during The Conversation Continues.

It's my pleasure to introduce Professor Katherine Phillips. She is the Reuben Mark Professor of Organizational Character and the director of the Sanford C. Bernstein & Co. Center for Leadership and Ethics at Columbia Business School. She's also served as our senior vice dean from 2014 to 2017. She received her Ph.D. in organizational behavior from Stanford and her bachelor's in psychology from the University of Illinois.

She is the recipient of numerous professional awards from the International Association of Conflict Management, and the Gender, Diversity, and Organizations Division of the Academy of Management. Poets&Quants named her one of the top forty business school professors under the age of forty, and her work and insights have been featured in numerous media outlets and scholarly journals, such as The New York Times, The Washington Post, The Chicago Tribune, and Fortune. In 2018, she was included on the On the Radar 2018 List by Thinkers50 and became Academy of Management Fellow.

Katherine, it's great to be with you today.

Katherine Phillips: Thank you. Thank you guys for having me.

Scott Gardner: I know we have a lot of great material, so let's get started, shall we?

Katherine Phillips: All right, let's go.

Scott Gardner: Okay so we talk about diversity a lot these days. And again, like a lot of our topics, it can be a very diverse or broad term. So for the purposes of our webinar, what do you mean by diversity?

Katherine Phillips: So it is indeed true that diversity is a complex term and has been used by many people in different ways. The way I think about it is twofold. One is that there are some surface-level differences that we can see. Sometimes people call them social-category differences or maybe things like race and gender. On the other hand, there's also deeper level differences.

Maybe your work style, maybe your knowledge, your perspectives about the task that we're working on. And I make a big assumption. One is that if we bring a group of people together to work together in a team, we're bringing them together because we're assuming that they're bringing some unique knowledge and perspectives and ideas and ways of doing things that would be beneficial for that team.

If everybody knows the same thing, what's the point of having the team right? So I make an assumption that there's deep-level diversity there. And then the question is, what is the impact of having that surface-level or social-category difference present in that space?

Scott Gardner: Great. Okay so let's look at our first slide here.

Katherine Phillips: So when you look out there in the world, you see headlines like this one. This one here is actually from Credit Suisse: Higher Returns with Women in Decision-Making Positions, kind of arguing that research report reaffirms that, in fact, there is a linkage between gender diversity and better results. One of the things that I try to tell people all the time is to be very careful when they are looking at these things.

And there are lots of situations where these kinds of results are not quite accepted, right? So this question that oftentimes comes up is like, why doesn't all of this research that's out there that links diversity with performance, why doesn't that satisfy?

Scott Gardner: Why are people not believing this?

Katherine Phillips: Why are people not believing this research? Right. And I recognized early on in my career that I really wanted to try to understand, partially because of how I'm trained, basically, as a psychologist. I want to know if there's actually a causal relationship between diversity and outcomes. That is, if we put people together in a room and there's some surface-level characteristics that are different between them, will that actually benefit the team in some clear way in the outcomes? So I've done twenty plus years of research that tries to answer this causal question.

Scott Gardner: Great. Well, let's ask this then. The name of the webinar: how does it make us smarter to have diversity?

Katherine Phillips: Yeah. So this is actually a piece that I published in 2014, and then it was republished again in 2017 by Scientific American, where I tried to summarize the broad literature out there, recognizing first that diversity can be difficult; it can be very hard, and there could be some negative effects that come from putting people together who are dislike one another.

But if you have the right circumstances, the conclusion is that being around people who are different from you makes us more creative, more diligent, and hard working. And so let me tell

you a little bit about how I come to that conclusion. I do research that brings people together to solve problems together as a team.

And when those people come together, they make some individual decision, they have some perspective about the problem that they're facing, or they have some unique information that I've given them. So I know that they have some unique, deep-level diversity amongst them. And then I manipulate: what's the composition of the group? Do they have surface-level differences or not?

Are they a diverse team in terms of those social categories or a homogeneous one? And I've done this now, you know, I've published twenty plus papers. I've done it with a thousand plus people where I've put people into these small groups, three to six people in the group. And I find results that look like this over and over again.

Now, first of all, I find that diverse groups tend to outperform homogeneous groups. That is, they're better able to get to the right answer. They're more likely to have the diverse, unique knowledge, perspectives, and things that they have deeper in them come out to the surface to be utilized effectively for the team's performance.

But when you ask people after they've done this interaction, how effective was the group? Did things go well? How confident are you that you have the right answer? You see this opposite effect that is shown here on the graph, where you see teams actually feel like they were more effective when they were homogeneous, when the surface-level characteristics were the same, in comparison to when they were diverse. And they're more confident.

If you think about it, it makes a lot of sense if what's going on is when people get into the group and they see, oh, we're all the same, and they have an interaction that's kind of free of conflict. We're on the same page very quickly. We think we did great. We're really confident that we got the right answer.

And diverse groups that are going through, they have disagreements about the perspectives. They're bringing in unique knowledge that otherwise wouldn't be brought up. And they kind of say, well, you know, it was a little bit harder for us to come to a conclusion.

Scott Gardner: So the process is the problem, right? And it's not the result. The result may have been better with the more diverse team, but they're saying, well, the process was difficult so it couldn't have been a good-

Katherine Phillips: Exactly. That's exactly right. It's a bias. Right? It's a bias.

Scott Gardner: This I really love. Now, you and I have known each other for a few years, and I've heard you say before, and this really altered my thinking on diversity. So let me just read this. "Value is not simply because the people who are different are bringing different information," which is what we all mostly think as we go into diversification.

But, "Everyone changes their behavior when in the presence of diversity." That's interesting.

Katherine Phillips: Yeah so this actually, this conclusion is a really important one because the reality is that my research has shown that it's even if a person who looks different isn't bringing some unique information with them, maybe the information is actually already represented amongst the majority of the group that's there. The presence of that surface-level difference triggers a different type of behavior.

You actually now are looking for unique information. You're more open to hearing those different perspectives. You assume that because we look different, we may think different. And so you yourself start to change your behavior. So let me tell you a little bit about this one study that's actually not my own. It was done by Sam Sommers.

And it's a jury decision-making study where he manipulated very clearly if the composition of the jury was all white or if there were some whites and some blacks. So he had either six whites or four whites and two blacks. And the results of the research suggested that actually the whites change their behavior in the presence of the diversity, in the presence of the African American jury members, such that they actually are more diligent.

They actually recognize when there's missing data. They bring up less inaccuracies. They actually recall the data more effectively. And so they actually are working harder. That's why I say they work harder when they're in that diverse context. And Sam Sommers argued that part of the reason could be in that particular context where race is an issue that, well, you know, I want to be really clear that I'm not a racist. And I want to work hard to show you that I'm really thinking deeply about this information.

My own research actually-

Scott Gardner: It fires different synapses.

Katherine Phillips: It fires different synapses. My own research actually uses all kinds of different categories. I've looked at, you know, just minimal group differences about the political affiliation, etc. And you see the similar kinds of effects that happen. So it's not just a "I don't want to appear racist"; it's that this person is different from me and I need to think deeper about the problem.

And you see that in other research. So this first bullet here talks about research that is with race. And the second one actually talks about research that we did with political affiliation that actually shows that even before you go into your communication, into the interaction-

Scott Gardner: More than just the group interaction, right.

Katherine Phillips: More than just the group interaction. That in fact, you are thinking more deeply and more critically about the different perspectives that could be relevant for the problem that you're facing. So in these studies we ask people- we want you to interact with this other person who has a different perspective than your own. But before you actually talk to them, we want you to just write a statement in preparation for the interaction that you're going to have with this person.

And when we look at that preparation, it's better. They actually consider, oh, well, I have this perspective. This person has another perspective. Let me dig deeper into this situation and into this information to see, well, why do I think the way I do, and why might you think the way you do? And so then once they do that, they go in, they talk, they have better performance. It completely makes you prepared better. You actually thought through the problem more deeply.

Scott Gardner: Exactly. And just make sure I'm getting this correctly. Also, if you're in a homogeneous group, would there be the tendency of members of that group to sort of hide behind, not taking responsibility because they're like, well, it's a homogeneous group. I'll let one person be a representative of the thought. And so you're opening up the idea like, we all have different perspectives.

It's very, you know, obvious maybe if it's just surface level. So I can't hide behind the fact that I'm just sitting back and letting what I think is going to be just a group thought. So it's going to fire those synapses again.

Katherine Phillips: It's really interesting that sometimes people pick up pretty quickly when I talk about my research on the idea of groupthink, because this research is very related to the idea of groupthink, that when you are in an environment where everyone is the same, you're less likely to question those different perspectives.

And when I've done this work, what I've seen is the person in that homogeneous environment who has that unique information - you know, the one I know they have unique information - they're less likely to bring it up confidently. And when they do bring it up, their peers say, what are you talking about? We didn't have that. That must not be that important. Because we're all the same, we should all have the same perspective, right? So, like, what are you talking about?

And they're actually- it's funny that they say that the environment feels more hostile towards them than a diverse environment. And so one of the things that I've concluded is here on the slide, that diversity kind of jolts us into cognitive action in ways that homogeneity just does not. And the benefits that we get from actually being in that diverse environment become pretty clear.

So I'm going to summarize what I've said with this slide here, where when we think about surface-level social category diversity, right, things like race and gender, but they may be other things in your organization. It could even be functional differences, you know, the marketing

people versus the finance people. It could be, you know, did you come in with the current CEO or the previous CEO?

We see that a lot in organizations. And depending on the context you're in, it could be, you know, are you single, are you married? There are things that become salient in particular contexts that might drive these kinds of effects.

Okay, so this social category diversity, it actually triggers us. It legitimates the presence of different perspectives. We expect there to be some different perspectives there. It enhances things like pre-meeting preparation that we just talked about, information sharing, something we call integrative complexity, which is just how complex is the problem? Do you see that there's multiple sides to this issue? We take other people's perspective. We're more creative, and we actually put forth more effort. We work harder. So people work harder.

But if you look at this altogether, you recognize people do work harder, but people, we're cognitive misers. That is, we don't really want to work so hard. And that's why you see that result, "It wasn't that effective."

Scott Gardner: Exactly, that goes back to that original slide.

Katherine Phillips: That goes back to the original slide, right. And they may not value the process and feel good about the process of getting to that outcome. I'll tell you about one other study that's not on the slide. And that is, we gave people a transcript of a group conversation, or we had them watch a little video of a group interaction, and we just simply changed the composition of who was in the group so that the group was either homogeneous on the surface or different.

And there was a little conflict in the interaction. Right? And then we asked people, how much conflict is there? And do you want to invest in this team so that it can continue to do its work? And what people said was, even though the transcript was exactly the same, they said there was more conflict if the group was diverse than if it was homogeneous.

We have this bias. We see this interaction happening where people who look different from each other are conflicting with one another. We think, Oh my God, this is horrible, right? This is not good. I don't want to see this. Right. And no, I don't want to invest in this team any further.

Scott Gardner: Right.

Katherine Phillips: Okay, so we end up getting in our own way and stop ourselves from being able to actually benefit from the diversity that we have.

Scott Gardner: Right, and the assumptions that people are making going into a diverse team are so opposite of the assumptions going into a homogeneous team. Maybe the assumption is

this is going to be easy, but that's not necessarily true. You're just maybe not being as effective because you're looking at surface homogeneous- you know what I mean?

Katherine Phillips: Yeah, that's exactly right. You're just not working as hard, and you walk out.

Scott Gardner: So it looks like, oh, that was an easy process, but it was just because you wanted to come to consensus, because the assumption is, of course we're all going to feel the same.

Katherine Phillips: That's right. That's exactly right.

Scott Gardner: And that's not true.

Katherine Phillips: That's not true. It's not true. It's like that we should be expecting difference all the time, right? If we changed our mindset to a mindset of difference is normal, and that in fact, there's no two individuals that are exactly the same, that we should have some differences amongst us. Can we find it? Can we get it out to the table? Can we benefit from that? From those differences of perspective.

Scott Gardner: And what is the, you know, I mentioned this another- what's the North Star? Where are we going? This is the process but, you know, we always keep that in mind.

Katherine Phillips: Yeah, it's that working hard. And one of the things that comes through in the data is if you look at homogeneous teams versus the diverse teams, the diverse teams take longer to solve the problem. Okay. Now, when I've talked to people about this, they say that's exactly right. Diverse teams are so inefficient. They're problematic because they take too long, and you have to go hemming and hawing about, is it this or is it that?

And the reality is, in the studies that I've done, I give people a time frame to try to solve the problem. Say I give them twenty-five minutes. And they can finish as early as they want, as late as they want.

They still get paid the same amount of money. They still get paid the same. When the diverse teams take the twenty-five minutes, they take, you know, twenty minutes of the twenty-five. The homogeneous groups take fourteen. And they're like, we're done. We figured it out, and we're confident we got it right. And the reality is you paid them for doing fourteen minutes of work when you really wanted them to do twenty-five minutes of work.

Scott Gardner: And the net result might not have been as robust.

Katherine Phillips: And the net result- exactly. And the net result may not have been what you wanted it to be. So this is an analogy that I use to help people think about what am I talking about when I say hard work? Some of us go to the gym. Do you go to the gym?

Scott Gardner: I do.

Katherine Phillips: Okay, I don't. Shouldn't be raising my hand. I don't as often as I should; I should go more. We all should go more. But when we go to the gym, we go with an intention. We go in with a desire to seek discomfort. Nobody wants to be sweaty. You know, the pain that we get when we're doing the reps and we say, okay, I got to do ten more so I can really get that twinge in the muscle that lets me know that muscle is working hard.

We take it as a sign of progress. We take it as a sign that we're doing something right and there will be benefit that comes from this. And that's the same way I think about diversity, that there are moments when you will be uncomfortable. There are moments when you will disagree with somebody who looks different from you, and you will think to yourself, do they disagree with me because we're different on the surface, or do they really value and respect me? Do they value and respect my perspective?

That discomfort that you're feeling is actually normal, and it's a sign that you are making progress. That's what I would like people to think about. You go to the gym, you have to be motivated to go. And we oftentimes avoid that discomfort. But the reality is we need to embrace that discomfort. And organizations and people who actually decide that they want to embrace that diversity: I guarantee you, you will get some benefits out of that.

And if you continue it and if you recognize that there are things that you need to do to make sure that the upsides outweigh the downsides... that you're not in pain when you're going through that experience, right, that you have some balance, in the same way that when you go to the gym, you have to have some balance. You can't just keep going and keep going and keep going and keep going. You need to figure out how to find the balance for yourself.

Scott Gardner: Absolutely.

Katherine Phillips: Yeah.

Scott Gardner: All right. So, such great information. Let's move on to the next one. So we received a lot of pre-webinar questions about this. And one of the big themes we saw, that the reality of even with those best intentions, even that North Star, it doesn't always happen. Right?

Katherine Phillips: That's right, it doesn't always happen. And we know... this is from some of my own research with women in STEM. We know that there are biases out there that get in the way of us actually capturing these benefits. So in the first part of my career, I think I would say I was probably one of the most optimistic diversity scientists out there.

That, you know, I was really looking for, where could the benefit come from? What is the potential? And so I've been very, I think, become well known for articulating the potential. And many people have used my research to kind of support the business case, along with some of that early work that I showed you from places like McKinsey, et cetera.

And so, yes, there is a business case for diversity. Yes, you can get benefits from it. But we know that there are these kinds of biases that are out there, that get in the way of actually benefiting from these things.

This is particularly about women in STEM with some quotes here, you know, "If you're perfect, we might accept you. But if you're not perfect, forget about it." And, "Not a whole lot is taken on promise." Right, I have to prove myself again and again; I'm held to a different standard than my male colleagues. You know, it's hard to be in this environment where people are mistaking me for the secretary or for the administrator.

And so when we look at this research more broadly, we have to recognize that we have to do some work to mitigate these downsides, these biases.

Scott Gardner: So that's what I was going to say: what are a few strategies? And then we'll get to some questions.

Katherine Phillips: So there's no perfect answer, right? Some people have asked me what to do, what's the solution? And the reality is - I tell people this all the time - if I had the perfect answer, I probably wouldn't be here right now. I'd be on the beach enjoying my billions of dollars that I've made because I've solved one of the most difficult problems out there.

So there's lots of strategies that people throw at these problems. And what I'm just going to point out to you right here are some factors that have been identified very clearly to be important for capturing those benefits of diversity. So, first of all, you need to be open to innovation, change, and difference. You need to recognize that we're working on tasks that are complex and non-routine.

That is, you shouldn't necessarily expect benefits of diversity everywhere. The relationship between diversity and outcomes, performance is oftentimes predicated on what your strategy is, what your goals are, and what kind of task you're working on.

So non-routine, complex tasks where you need to integrate unique information and perspectives and really hear and try to get to that innovation focus is where you should expect to get some benefits from this diversity. That's where things will play out the way that I had described.

The second thing is, in all of the studies that I've done, they've been people who are working in a team with a goal to solve a problem. Not to debate their opinions, not to win, but to solve a complex problem that they otherwise wouldn't be able to solve if they didn't have one another's knowledge and perspectives.

So you need to be focused on problem solving versus debating opinions. And it's really about "we"; it's about us solving this problem together and having that kind of collectivistic perspective

as opposed to, I want to be seen as the best in this group. So you have to have some collectivism there.

And then the last one is really important, and that is, any time you introduce social category differences, you may be introducing status differences, power dynamics that have to be recognized and that have to be essentially minimized.

So when we think about characteristics like race and gender, we know that in society those are in fact associated with status differences.

And we also know that other types of characteristics can be associated with status differences as well. Like some people are seen as better than others. And so it's really important when you bring this diversity together to try to minimize those status differences.

And there's a few strategies that people have shown work. One is making sure that there's some equality of airtime. Don't let some groups dominate the discussion over others. That actually reinforces that status hierarchy and makes it difficult for people to actually capture the benefits of other people's knowledge.

Second thing is you can do things in your own team to change that dynamic, that power dynamic, things like having low-status people speak up first. If the high-status people are the ones dominating the discussion again, you may not get the benefits from that diversity. A no-interruption rule. When I'm talking, nobody else is talking so that everyone is getting their equal airtime. And then finally, there's research that shows that even the rule that you have in place for how do you make the decision can make a difference.

So remember early on I told you about Sam Sommers' jury decision-making study, where essentially in a jury it's unanimity rules. It's like everybody has to agree. And that changes the dynamics significantly. If it's a majority rule, we don't have to listen to these people. And so even thinking about, what are the norms of how we come to our final conclusion, may change the way you are able to capture the benefits of that diversity.

And so those are a few ideas. But of course, the reality is - and I try to help people to understand - the problem is not diversity itself. So people say, oh, you know, diversity, forget about it; it's hard. I don't want to deal with it. We know that diversity itself can have benefits. The question is, what are the things that are getting in the way of capturing the benefits of that diversity? And those are things like biases, discrimination, prejudice. All of the -isms that we talk about.

Scott Gardner: Complacency.

Katherine Phillips: Complacency, right. All of these things that get in the way of us actually capturing the benefits - those are the things that we need to aim our target at to try to make sure that we are mitigating those things.

And, you know, for some characteristics, they may be easier than others. Some people say, okay, Professor Phillips, that's all fine and good. Except these things are so ingrained in the structures and the cultures and the way of doing things in organizations. Who gets the cushy assignment? Who gets the next best client that comes in?

These are all decisions that are made that are subject to bias and in limiting people's opportunities. So we have to be very careful to zone in on those issues, to try to make sure that we can get over the negative side so we can get to the positive benefits that I guarantee you will be there.

Scott Gardner: And people will see that that difficulty is a good result. If there is difficulty, it's good. We have a lot of questions coming in.

Katherine Phillips: Okay, great.

Scott Gardner: We're going to get to as many- we have about four minutes left right now. But we will be taping The Conversation Continues after this. So we will take as many questions as we get to. But this is a really good one. This is from Quant.

Katherine Phillips: Okay.

Scott Gardner: "Will a diverse and heterogeneous group become homogeneous over time? If so, how do you maintain in the psychological differences among members? Group commitment seems to build groupthink." I love that question.

Katherine Phillips: Yeah, it's a fantastic question. It's one that I often get. And I would argue to you a couple of things. One is, healthy turnover is important, and that, in fact, research has shown that healthy turnover is important for groups.

And the second thing is, what do you make normative in the group? When you talk to people, for instance, you're getting to know them. You're asking them how their weekend was. Are you looking for similarity or are you looking for difference? And if you create a norm that difference is normal, that you did something different than I did this weekend, and I want to learn about it, that it kind of continues to keep that ethos present in the group.

So I encourage people, you know, don't hide the fact that you were off doing whatever you were doing this weekend, because it kind of creates the opportunity for you to highlight that there are things about who I am and what I do that I value, that are important to me, that may be different than yours. And we have to respect those differences.

Scott Gardner: And with the turnover to keep making sure your hiring practices are thinking about this too.

Katherine Phillips: That's right.

Scott Gardner: Cause it's very easy to fall into that sort of homogeneous hiring.

Katherine Phillips: That's right. Absolutely.

Scott Gardner: You know, in every sense of the word. All right... we have a couple more minutes. From Elizabeth: "How does this data change by industry, if at all?"

Katherine Phillips: Oh yeah, absolutely. We know that there are some industries that are a little behind, that are really more behind than others on the efforts around diversity. And so the reality is, if you think about a particular industry, each industry has its own culture; it has its own history; it has its own structures.

So you can imagine that an industry that has been always masculine-dominated, like tech and science, STEM areas that we know there's more difficulty with particular types of diversity. Gender and racial differences.

Or when we think about, you know, if you're thinking about a consumer products kind of company, maybe you won't have the same culture there and the same history.

And so it really does- I think the history and the culture matters.

Scott Gardner: Right. All right. Well, we have time for one more question here. This is from Luis: "Do you think that the better results of diverse teams serve for blue-collar workers also, or is it just more for educated executive groups?"

Katherine Phillips: Yeah, this is another really good question. The reality is, there is a bit of a bias in the research that's done. So if we think about where a lot of this research that you see out in the world is being done, it's being done at universities. So I'm, you know, working with educated people.

So it's a very good question. I don't know if we have really good evidence to suggest that it won't work in blue-collar situations or that it will work in blue-collar situations. But I think the dynamic that you have to be cognizant of is, what kind of work are the blue-collar workers doing? And how do we think the differences between them on the surface might be affecting that work that you're doing?

So it's a question of, what is the work that you're doing? There's a question of, what is the culture like in that blue-collar environment, and do you have stronger status hierarchies around gender and race and these kinds of things? And what are you doing to mitigate that? I think we all have probably seen the story about GM that recently came out.

So we see that the context does matter and that the hope is, my belief is that there are benefits that can be garnered in any environment if you, in fact, understand the context that's impinging on those benefits.

Scott Gardner: That's what I was thinking too. It's really related to whatever your context is; you have to apply it. Well, this has been great. Lots of great information. I'm so excited to answer more questions with you during The Conversation Continues. Katherine, thank you so much for being with us today.

Katherine Phillips: Thank you.

Scott Gardner: And thank you for being with us. Stay tuned for The Conversation Continues. We will send that along with this live webinar to you. Thank you.

Katherine Phillips: Thank you.