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CRACKING BUT NOT BREAKING: JOINT EFFECTS OF FAULTLINE STRENGTH AND DIVERSITY CLIMATE ON LOYAL BEHAVIOR

Yunhyung Chung
University of Idaho
Department of Business
College of Business and Economics
875 Perimeter Drive MS 3161
Moscow, ID 83844-3161
Email: yunchung@uidaho.edu

Hui Liao
University of Maryland
Department of Management and Organization
Robert H. Smith School of Business
4506 Van Munching Hall
College Park, MD 20742-1815
Email: hliao@rhsmith.umd.edu

Susan E. Jackson
Rutgers University
School of Management & Labor Relations
94 Rockafeller Road
Piscataway, NJ 08854-8054
Email: sjackson@smlr.rutgers.edu

Mahesh Subramony
Northern Illinois University
Department of Management
College of Business
BH 245F, DeKalb, IL 60115-2897
Email: msubramony@niu.edu

Saba Colakoglu
Berry College
Campbell School of Business
2277 Martha Berry Hwy
Mount Berry, GA 30149
Email: scolakoglu@berry.edu

Yuan Jiang
Shanghai Jiao Tong University
Antai College of Economics and Management
535 Fahua Zhen Road
Shanghai, China 200052
Email: yuanjiang8@gmail.com

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ABSTRACT

This study examines the joint effects of diversity composition (as manifested in faultline strength) and diversity management (as manifested in diversity climate) on loyal behavior. Using data gathered from a sample of 1,652 managerial employees in 76 work units, we assessed the cross-level effects of unit-level relationship- and task-related faultline strength and diversity climate on individual-level loyal behavior of managerial employees. We found a negative relationship between gender faultline strength and loyal behavior, and a positive relationship between diversity climate and loyal behavior. In addition, we found that work unit diversity climate moderated the relationships between the strength of gender and function faultlines and loyal behavior; specifically, a supportive diversity climate reduced the negative consequences associated with relationship-related faultlines and increased the positive consequences associated with task-related faultlines. The results highlight the value of simultaneously considering faultlines and diversity climate in understanding and managing workforce diversity.

While demographic diversity has been widely recognized as having important consequences for individuals and work units, the effective management of diversity remains an elusive goal (Bell, Villado, Lukasik, Belau, & Briggs, 2011; Horwitz & Horwitz, 2007). In an effort to shed new light on diversity dynamics at work, Lau and Murnighan (1998) introduced the concept of group faultlines to describe the configuration of team members' demographic attributes. In contrast to earlier studies of diversity that examined one attribute at a time (e.g., sex or race or age), Lau and Murnighan emphasized the importance of taking multiple attributes into account when studying diversity dynamics, suggesting that the potential negative consequences of diversity will be heightened when the alignment of multiple demographic attributes (i.e., strong faultlines) results in salient (relatively homogeneous) subgroups. Subsequent empirical work has shown that groups with stronger faultlines are more likely to experience a variety of negative consequences, including greater conflict and decreased performance (Thatcher & Patel, 2011; 2012 for reviews).

So far, one basic tenet of the faultline perspective is well-established: it seems clear that stronger faultlines are more consequential than weaker faultlines. Generally, stronger faultlines have been shown to be associated with increased conflict between subgroups (e.g., Li & Hambrick, 2005; Polzer, Crisp, Jarvenpaa, & Kim, 2006). Although the importance of demographic faultlines for individuals and teams is now clear, critical questions remain unanswered, including: *Are all faultlines created equal, or do different types of faultlines have different effects on work outcomes? Do faultlines always activate the formation of subgroups, and if not, what are the contextual conditions that constrain or enhance the effects of faultlines?* This study addresses both of these questions.

In their seminal study on faultline theory, Lau and Murnighan (1998) argued that one or

more dormant faultlines can be present in a work unit. Subsequent theorizing suggests that the consequences of such faultlines may depend on the particular attributes involved: Faultlines due to the alignment of attributes associated with social identities are likely to elicit social categorization and its consequences, while faultlines due to the alignment of attributes associated with knowledge, information, and tasks, are likely to promote information processing (Bezrukova, Jehn, Zaqnutto, & Thatcher, 2009; Carton & Cummings, 2012; Homan, Van Knippenberg, Van Kleef, & De Dreu, 2007). The proposed differential effects of particular types of faultlines are consistent with research and theory about the differential effects of different types of work unit diversity in general (e.g., see Jackson & Joshi, 2011). Despite nuanced theorizing about the likely consequences of different types of faultlines, however, most empirical research has focused on the consequences of strength of faultlines in general, asserting that faultlines typically increase conflict between subgroups (e.g., Lau & Murnighan, 2005; Rico, Sánchez-Manzanares, Antino, & Lau, 2012; Sawyer, Houlette, & Yeagley, 2006). Therefore, in order to further advance our understanding of workplace faultlines, we examine whether different types of faultlines elicit different types of reactions from unit members while taking into account the possibility that multiple faultlines may be present within any given work unit.

Another aspect of faultlines theory that has yet to be empirically investigated is the role of organizational context. Lau and Murnighan (1998) argued that the strong alignment of demographic attributes (i.e., strong faultlines) does not guarantee the formation of subgroups, suggesting that work contexts are likely to influence whether dormant faultlines activate the formation of real subgroups (see also Carton & Cummings, 2012). To date, some limited evidence indicates that work context can influence faultline activation (e.g., Jehn & Bezrukova, 2010; Pearsall, Ellis, & Evans, 2008). In this study, we extend this line of investigation to

examine diversity climate as a contextual condition that may increase or reduce the likelihood of dormant faultlines being activated and thereby breaking a work unit into identifiable subgroups.

Diversity climate, defined as shared perceptions among employees in a unit that people are treated fairly and are integrated into work environment regardless of background (Mor Barak, Cherin, & Berkman, 1998; Mckay, Avery, Tonidandel, Morris, Hernandez, & Hebl, 2007), is a contextual variable that influences the salience of social identities related to faultlines. Numerous studies have suggested that diversity climate affects social comparisons and the salience of intergroup differences (Chrobot-Mason, Ruderman, Weber & Ernst, 2009; Ely & Thomas, 2001). Less supportive diversity climates intensify (McKay & Avery, 2005) while more supportive diversity climates inhibit (Gonzalez & Denisi, 2009; McKay & Avery, 2005) social categorization. Surprisingly, relatively little is known about the role diversity climate plays in amplifying or suppressing the effects of different types of faultlines. In this study, we investigate diversity climate as a contextual condition that may influence the extent to which dormant faultlines have observable consequences in work settings.

To advance our understanding of how faultlines affect work outcomes, we propose and test a model that includes different types of faultlines, diversity climate, and their interactional effects as joint predictors of managerial employees' loyal behavior. *Loyal behavior* is a discretionary, task-related form of organizational citizenship behavior that involves performing tasks beyond the call of duty, devoting extra time to performing tasks, and voluntarily engaging in projects in order to help the organization (Van der Vegt, Van de Vliert, & Oosterhof, 2003).[1] Loyal behavior is one aspect of organization-focused citizenship behavior (commonly

[1] Our conceptualization and measure of loyal behavior are most consistent with those of Van der Vegt et al.'s (2003) loyal behavior. This construct is different from the construct of organizational loyalty, which involves behaviors such as promoting the organization to and defending it from outsiders (e.g., Graham, 1991; Moorman & Blakely, 1995; Van Dyne, Graham, & Dienesch, 1994).

abbreviated as OCBO) — that is, citizenship behavior that is intended to benefit the organization (LePine, Erez, & Johnson, 2002; Podsakoff, Whitting, Podsakoff, & Blume, 2009; Williams & Anderson, 1991). Because loyal citizens extend their personal interests to include the best interests of the organization when performing their jobs (Van Scotter & Motowidlo, 1996; Van Scotter, Motowidlo, & Cross, 2000), these behaviors are especially important for contemporary organizations where members in work units are not closely monitored or controlled by supervisors (George & Jones, 1997; LePine, Hanson, Borman, & Motowidlo, 2000). In addition, loyal behavior is a key OCB dimension that improves job performance. Previous meta-analytic reviews have found that line employees' OCBO (including loyal behavior) and line manager's loyal behavior contribute to job performance (Conway, 1999; Podsakoff et al., 2009). Moreover, OCBO and loyal behavior appear to be more relevant to job performance than OCBI, which is citizenship behavior that benefits coworkers (e.g., helping behavior) (Conway, 1999; Podsakoff et al., 2009 for a meta-analytic review). Managers' loyal behavior also influences the organizational citizenship behavior exhibited by their subordinates (Yaffe & Kark, 2012).

In sum, our study aims to improve understanding of both workplace diversity and organizational citizenship behavior—specifically, loyal behavior—by (a) examining the effects of different types of faultlines on loyal behavior, and (b) assessing whether these effects are mitigated or reinforced by work unit diversity climate.

THEORETICAL BACKGROUND AND HYPOTHESES

Faultline Theory and Research Background

With its theoretical underpinnings in social identity theory (Ashforth & Mael, 1989; Tajfel & Turner, 1986) and social-categorization theory (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987), faultline theory suggests that social categorizations often reflect the alignment

of multiple demographic attributes in groups (Lau & Murnighan, 1998). Social categorization gives rise to interpersonal dynamics characterized by in-group favoritism toward people in the same social identity group and out-group discrimination against people in a different social identity group. Following this line of reasoning, some scholars have argued that faultlines (especially when they are formed based on relationship-related attributes such as age and gender) create and reinforce identity-based subgroups and invoke conflict between them (Carton & Cummings, 2012; Lau & Murnighan, 2005; Thatcher & Patel, 2011).

While previous research has focused mostly on the negative consequences of faultlines (e.g., Bezrukova et al., 2012; Homan, Greer, Jehn, & Koning 2010; Rico et al., 2012; Sawyer et al., 2006), some types of faultlines might be beneficial. For example, reviews of findings from studies investigating functional or occupational diversity teams have concluded that such diversity often contributes to improved work team performance (Jackson, Joshi & Erhardt, 2003; Joshi & Roh, 2009). Consistent with such findings, some faultline scholars have embraced the information processing perspective to suggests that faultlines grounded in task-related attributes associated with relevant knowledge and perspectives (e.g., function and tenure) might promote learning and improve performance (Gibson & Vermeulen, 2003; Homan et al., 2007).

The opposing theoretical arguments concerning social categorization and information processing are widely acknowledged in the literature, yet few faultline studies incorporate both perspectives. One exception is Bezrukova, Jehn, and Thatcher (2009), who examined the opposing influences of relationship- and task-related faultlines. Our study integrates prior diversity research and extends Bezrukova et al.'s (2009) study of faultlines by examining the influence of faultline strength for each of four specific attributes: gender, age, function, and tenure. More specifically, we investigate consequences associated with each of these types of

faultlines and also evaluate the differential effects of multiple faultlines within work units.

Following the distinction between relationship- and task-related attributes established in the diversity literature (e.g., see Jackson, May & Whitney, 1995; Joshi & Roh, 2009), we treat gender and age as relationship-related attributes likely to be associated with distinct socio-cultural values and perspectives; we treat tenure and function as task-related attributes associated with distinct of experiences and knowledge structures (Bezrukova et al., 2009; Carton & Cummings, 2012). Applying this terminology to faultlines, we refer to faultlines defined by gender or age as relationship-related faultlines and those defined by tenure or function as task-related faultlines. Thus, the *strength of relationship-related faultlines* is the extent to which potential subgroups are formed based on a relationship-related attribute (e.g. gender), whereas the *strength of task-related faultlines* is the extent to which potential subgroups are formed based on a task-related attribute (e.g. function). For example, *function faultline strength* refers to the degree of which employees from different functions are also similar on the attributes of gender, age, and tenure, such that *function* serves as the focal divide. That is, function faultline strength assesses the extent to which work unit members from different functional areas share other attributes. Accordingly, faultline strength for an attribute represents the potential for a work unit to crack into relatively homogenous subgroups based on that focal attribute.

Relationship-related Faultline Strength and Loyal Behavior

Relationship-related faultlines are likely to stimulate social categorization and create identity-based subgroups (Carton & Cummings, 2012). Individuals in a subgroup of a unit with strong relationship-related faultlines will develop subgroup identities when they are dissimilar to those in other subgroups (e.g., a subgroup of older women versus one of younger men). Attributes are shared among the members of identity-based subgroups can become more clearly

visible and salient (Jiang, Jackson, Shaw & Chung, 2012). Shared social identities among ingroup members may contribute to ingroup bias and intergroup inequality, for subgroup members often regard their ingroup as superior to outgroups and favor them over outgroup members. Such ingroup favoritism may lead individuals in each identity-based subgroup to feel they are unfairly treated or discriminated against by other identity-based subgroups (Ashforth & Mael 1989; Brown, 2000). As a result, individuals in work units with strong relationship-related faultlines may experience more conflict and hostility (Bezrukova et al., 2009). On the contrary, when characteristics in subgroups are not aligned (e.g., a female subgroup with mixed age versus a male subgroup with mixed age), individuals' perceived inclusion in, or dependence on, particular social subgroups will be weaker as subgroup identities are submerged (Crisp & Hewstone, 2007; Turner, Oakes, Haslam, & McGarty, 1994). Hence, conflict between subgroups may be greater when multiple characteristics are aligned (i.e., higher faultline strength) than when there are cross-cutting category dimensions (i.e., lower faultline strength) because the latter may reduce identity salience (Crisp & Hewstone, 2007; Polzer et al., 2006).

Conflict caused by strong relationship-related faultlines may lead the work unit to be less cohesive (Molleman, 2005), i.e., if work unit members feel weak attachment and identify less with the unit, they may feel less motivated to invest extra effort for the sake of their work unit (Chattopadhyay, 1999; Lavelle, Brockner, Konovsky, Price, Henley, Taneja, & Vinekar, 2009; Van der Vegt et al., 2003). On the contrary, members of work units with weak relationship-related faultlines are less likely to form identity-based subgroups, and thus experience less conflict and are more likely to perceive their work units as collective entities (Van der Vegt et al., 2003), which encourages them to engage in loyal behavior. Extending this logic, we propose:

Hypothesis 1. Relationship-related faultline strength (i.e. gender and age faultline

strength) in work units is negatively related to managerial employees' loyal behavior.

Task-related Faultline Strength and Loyal behavior

Task-related faultlines are likely to trigger the formation of knowledge-based subgroups whose members hold differing shared cognitive schemas (Carton & Cummings, 2012). The information processing perspective (Tushman, 1977) suggests that individuals in work units with strong task-related faultlines may be exposed to various cognitive resources and information (Harrison & Klein, 2007). Even if members in a particular knowledge-based subgroup feel different from members in other knowledge-based subgroups, their differences are less likely to stimulate social categorization (Carton & Cummings, 2012; Van Knippenberg, De Deru & Homan, 2004). Instead, task-related faultlines may make problem-solving easier and improve the group's task performance for several reasons. First, knowledge-based subgroups may function as cohesive cohorts of individuals whose shared expertise means they anticipate receiving support from each other (Gibson & Vermeulen, 2003). Second, due to such anticipated support, subgroup members in work units with strong task-related faultlines may more readily express opinions and share knowledge with members in other subgroups (Nemeth & Goncalo, 2005); such exchanges encourage creativity and healthy debate (Bezrukova et al., 2009; Carton & Cummings, 2012; Gibson & Vermeulen, 2003), promoting team learning and performance (Gibson & Vermeulen, 2003; Jiang et al., 2012; Van Knippenberg et al., 2004). Third, work unit members are likely to value members of knowledge-based subgroups who have access to unique resources outside the work unit (Chung & Jackson, 2013), rather than viewing them as socially detached identity groups. Rather than feeling resistance toward different knowledge-based subgroups, all members should value the distinct knowledge, perspectives and resources they can contribute.

When employees believe their work unit has diverse knowledge and information

available, confidence in their ability to perform effectively is also likely to be enhanced. And believing that they can do well, they are likely to exert extra effort to perform their tasks (Organ, Podsakoff, & MacKenzie, 2006). Since individuals who perceive themselves as capable of performing difficult tasks expect success from their own actions, they are likely to volunteer for tasks beyond their job duties and increase effort and persistence to pursue tasks (Beauregard, 2012; Morrison & Phelps, 1999; Speier & Frese, 1997). In addition, because a work unit with strong task-related faultlines is likely to provide a learning-oriented social context for work unit members, they are more likely to recognize the opportunities available for them for growing their talents by, for example, engaging in loyal behaviors like performing tasks beyond their job duties and volunteering for projects that may benefit the organization. Thus, we propose:

Hypothesis 2. Task-related faultline strength (function and tenure faultline strength) in work units is positively related to managerial employees' loyal behavior.

Diversity Climate and Loyal behavior

Organizational climate, which refers to members' shared perceptions and cognitive evaluations of formal and informal organizational policies, practices, and procedures and the kinds of behaviors that are rewarded, supported and expected in a work setting (Reichers & Schneider, 1990; Schneider, 1990), is a multi-dimensional construct with different foci or targets (e.g., climate for safety, climate for ethics) (James, Choi, Ko, McNeil, Minton, Write, & Kim, 2008). Our focus in this study is an organization's diversity climate.

Employees' collective perceptions of diversity climate can influence their affective and behavioral outcomes (Cox, 1994). The degree to which an organization fairly treats and includes employees from all social groups is a major concern among employees (Herdman & McMillan-Capehart, 2010).Employees who perceive an organization as having a more supportive diversity

climate are more likely to be emotionally attached to the organization (Gonzalez & Denisi, 2009; McKay et al., 2007). Such emotional attachment is likely to be accompanied by greater devotion to their jobs. In addition, a supportive diversity climate signals that all employees have equal opportunities to succeed, thereby alleviating tensions among employees from diverse social groups (McKay, Avery, & Morris, 2009), enhancing morale (Podsakoff, MacKenzie, Paine, & Bachrach, 2000) and promoting work motivation (Hicks-Clarke & Iles, 2000), all of which increase employees' willingness to voluntarily engage in tasks beyond stated job requirements. Employees who feel valued and included regardless of their demographic attributes identify more strongly with their organizations and are more satisfied with their jobs (Cox, 1994), which increases their willingness to contribute beyond the call of duty (Podsakoff et al., 2000).

Although prior research provides ample theoretical rationale to support the relationship between diversity climate and loyal behavior, we found only indirect empirical evidence of such a relationship: Gonzalez and DeNisi (2009) found that perceived organizational effort to support diversity was associated with procedural justice perceptions and citizenship behaviors. Such evidence suggests that employees working in organizational units with more supportive diversity climates may be inclined to exert more loyal behavior for the benefit of the organization compared to employees in units with less supportive diversity climates. Therefore, we propose:

Hypothesis 3. Diversity climate in a work unit is positively related to managerial employees' loyal behavior.

Interaction between Relationship-related Faultline Strength and Diversity Climate

The presence of relationship-related faultlines may not always elicit intergroup bias to the same extent: some contexts may reduce the salience of social identities and help alleviate the problems associated with faultlines (Jehn & Bezrukova, 2010). If dormant faultlines are relevant

to the group context, individuals are more likely to activate dormant faultlines by recognizing both the similarity of those within their subgroup and the dissimilarity that exists between subgroups (Lau & Murnighan, 1998). On the contrary, if demographic attributes are not relevant to the context, faultlines may hibernate and have no observable consequences for the work unit (cf., Pearsall et al., 2008). Thus, when activated by context, faultlines may have either positive or negative consequences; and alternatively, contextual conditions may suppress the activation and resulting consequences of dormant faultlines (Lau & Murnighan, 1998).

We argue that the diversity climate of a work unit is a contextual condition that can promote or inhibit the salience of social identities thereby activating or suppressing relationship-related faultlines. Intergroup biases are more likely to influence job behaviors in work contexts that draw attention to group memberships, elicit social comparisons and heighten the salience of intergroup differences (Chrobot-Mason et al., 2009; Ely & Thomas, 2001; Turner et al., 1994). Social identity salience is stronger when diversity climates are not equally supportive to all employees. For example, based on their interviews with employees in multiple countries, Chrobot-Mason et al. (2009) identified differential treatment of different social groups (e.g., providing unequal opportunity) as the most significant trigger of group polarization and social identity conflicts. In work units with less supportive diversity climates, intergroup comparisons on demographic attributes may be more likely (Gonzalez & DeNisi, 2009), exacerbating faultline dynamics, reinforcing within-subgroup favoritism and between-subgroup conflict (Choi & Sy, 2010), and discouraging people from voluntarily engaging in activities that are not prescribed job duties. Conversely, if the work unit climate is supportive to all social groups, activation of relationship-related faultlines is less likely. When employees believe that their organization values differing viewpoints, backgrounds, and insights, the workplace context favors social

integration and is less conducive to social categorization, in-group bias, and intergroup conflict (Gonzalez & Denisi, 2009). If employees have felt discriminated against in the past perceive their organization is making efforts to support diversity, perceptions of neutrality can be restored (Triana & Garcia, 2009). Consistent with this line of reasoning, we propose:

> *Hypothesis 4. Work unit diversity climate will moderate the relationship between work unit relationship-related faultline strength and managerial employees' loyal behavior. Specifically, the negative relationship between relationship-related faultline strength and managerial employees' loyal behavior will be weaker in work units with more supportive (as compared to less supportive) diversity climates.*

Interaction between Task-related Faultline Strength and Diversity Climate

In work units with stronger task-related faultlines (reflecting differences in tenure and functional areas), greater information processing may occur in conjunction with social categorization. Task-related attributes correspond to knowledge and experience as well as being the basis for social identities (Van Knippenberg et al., 2004). For example, members in a work unit who have long organizational tenure may share work experiences and memories and are likely to interact with each other more often than with relatively new members because their similarities create feelings of greater mutual attraction (Byrne, 1971). Attribute similarity within subgroups is the defining feature of homophilious networks and accounts for the ease of communication, greater degree of trust, and predictability of behaviors and attitudes that characterize such networks (Chung & Jackson, 2013; Ibarra, 1992; McPherson, Smith-Lovin, & Cook, 2001). Thus, in a work unit with strong task-related faultlines, greater attribute similarity within subgroups may strengthen task-related social identities and generate intergroup bias. At the same time, strong task-based faultlines may facilitate information processing because diverse

knowledge and experience are available in the work unit. In such work units, the influence of task-related faultlines on work outcomes may depend on the extent to which a work context stimulates social categorization or information processing. For example, if an organization requires a work unit to engage in creative idea generation and problem solving and to produce high quality decision making, information-processing is more likely to occur than social categorization (Van Knippenberg et al., 2004). However, if a work context benefits some task-based subgroups (e.g., people who have longer tenure) more than the other subgroups (e.g., people who have shorter tenure), social categorization is more likely to be stimulated.

Following this logic, we argue that task-related social identities are more salient when employees feel that people from different backgrounds are not treated equally. The likely consequences of heightened identity salience include greater intergroup conflict, less information elaboration (i.e., exchange) and diminished resource exchange. When the diversity climate is less supportive, the disruptive effects of social categorization processes are more likely and the potential positive benefits of task-related faultlines are less likely to be realized (Van Knippenberg et al., 2004). Conversely, supportive diversity climates suppress social categorization processes and muffle intergroup bias, which enables the elaboration of information and resource sharing and improves the ability of employees to perform their required duties. Less time is needed to resolve conflicts and more time and energy enable employees to go beyond what is required. Such conditions are likely to instill more positive feelings about the work units and encourage employees to engage in behaviors that benefit the organization.

We found no prior investigations of the moderating role of diversity climate on the relationship between task-related faultlines and loyal behavior, but findings of one study (Homan et al., 2007) indirectly corroborate our argument. Using an experimental design in a laboratory

setting, Homan et al. found that teams with heterogeneous information performed better than teams with homogeneous information when they had pro-diversity beliefs. Therefore, building upon and extending prior research, we propose that:

Hypothesis 5. Work unit diversity climate moderates the relationship between work unit task-related faultline strength and managerial employees' loyal behavior. Specifically, the positive relationship between task-related faultline strength and managerial employees' loyal behavior will be stronger in work units with more supportive (as compared to less supportive) diversity climates.

METHOD

Sample and Data Collection[2]

To test our hypotheses, we collected data from managerial employees working in a *Fortune* 500 global manufacturer of consumer durable goods who completed an anonymous online survey as part of the company's annual method for assessing employee attitudes. The survey was administered to employees working in 130 work units distributed in 22 countries by an external vendor hired by the company. A professional translation service company translated the original English-language survey into local languages, except where English was used as the official business language. To ensure translation accuracy, survey items were reviewed by local managers with 3 or more years of experience in the company who were fluent in both English and the local language.

For managerial employees, the response rate was 90% (N = 2,878). Of these, we

[2] The data for the current paper came from a large dataset (N = 12,604 observations from 130 facilities of a multinational company). Another study, by Liao and Subramony (2008), used part of this large data set, and its final sample included 4,299 employees and 403 senior-level leaders from 42 facilities. The current study only targeted managerial employees and the final sample contained 1,652 line managers from 76 work units. Only five control variables (i.e., the number of employees in the facility and Hofstede's four country culture dimensions) have been used in both Liao & Subramony (2008) and the current paper; and there is no other overlap between these two studies in terms of theory, hypotheses, or studied variables.

excluded managers with no supervisory duties and the senior managers who led work units in order to minimize variance due to differences in job responsibilities. We also excluded work units with fewer than three respondents in order to increase the reliability of our unit-level measures and we removed two influential outliers of work units based on the Cook's distance results. Deleting respondents for these reasons and due to incomplete data yielded a final sample of 1,652 managerial employees in 76 work units distributed across 22 countries, as follows (values in parentheses indicate number of work units): Australia (1), Belgium (1), Brazil (4), Canada (1), China (4), Finland (1), France (2), Germany (4), India (14), Ireland (1), Italy (6), Mexico (5), Morocco (1), Norway (1), Poland (2), Slovakia (1), South Africa (1), Spain (1), Sweden (3), Switzerland (1), United Kingdom (1), and United States (20). The number of managerial employees per work unit ranged from 3 to 108 (M = 22.59), averaging 33% of a units' total employees. The average number of employees supervised by a manager is 3.06 (SD = 3.28).

In addition, we collected supplemental data from 257 working adults in order to assess the validity of our loyal behavior and diversity climate measures. For the validation study, undergraduate and graduate students in four business classes in 3 universities in the US were asked to complete a survey (only if they are currently working) and/or forward an invitation email to their employed friends or coworkers (response rate: approximately 55%). The validation survey included the items used by our sample company to measure loyal behavior and diversity climate as well as items from other existing measures of loyal behavior and diversity climate.

Measures

Loyal behavior. Respondents in our primary sample rated their loyal behavior on a 5-point scale (1 = strongly disagree, 5 = strongly agree) for three items developed by the company's survey vendor that cover the theoretical domain of loyal behavior as defined by Van

der Vegt et al. (2003): (1) "I always do more than what is expected by my supervisor in my job", (2) "In my extra time, I often work on things that can help this organization", and (3) "I always volunteer for projects that are likely to help this organization" (Cronbach's alpha = .71).

Data obtained from our supplemental sample provided evidence of convergent validity: the correlation between our measure and an alternative measure of loyal behavior used by Van der Vegt et al. (2003) was substantial and significant ($r = .63$, $p < .001$). To establish discriminant validity, we examined the correlation between scores for our loyal behavior measure and the helping behavior measure by Van der Vegt et al. (2003). As expected, the correlation between these two theoretically related yet distinct constructs was positive and significant ($r = .43$, $p < .01$) and also significantly lower than the correlation between the two alternative measures of loyal behavior ($z = 3.17$, $p < .01$). Further, consistent with the guidelines offered by Anderson and Gerbing (1988), we determined that the 95% confidence interval for the correlation between loyal behavior and helping behavior did not contain the value of 1, providing additional evidence of discriminant validity for our measure of loyal behavior.

To further establish measurement validity, we conducted a confirmatory factor analysis (CFA) using LISREL 8.8. Included in this analysis were measures of loyal behavior developed for this study and helping behavior (Van der Vegt et al., 2003). Following Anderson and Gerbing's (1988) recommendation, we specified a two-factor measurement model (loyal behavior and helping) with a covariance matrix. To evaluate overall model fit, we considered the comparative fit index (CFI) and the standardized root mean squared residual (SRMR) together as recommended by Hu and Bentler (1999) and the incremental fit index (IFI) recommended by Gerbing and Anderson (1993). The CFA results provided clear evidence of convergent validity; all factor loadings were significant ($p < .001$) and corresponded to the appropriate underlying

constructs. Factor loading values ranged from .69 to .84 for loyal behavior and from .72 to .84 for helping behavior. The CFA results also provided clear evidence of discriminant validity: Fit statistics for the one-factor model indicated a poor fit ($x^2_{[df=14]}$ = 286.70; CFI = .79; IFI = .79; SRMR = .14) while those for the two-factor model indicated fairly good fit ($x^2_{[df=13]}$ = 74.13; CFI = .95; IFI = .95; SRMR = .05); the two-factor model fit the data significantly better than the one-factor model ($\Delta x^2_{[df=1]}$ = 212.10, $p < .001$).

Faultline strength. For each work unit, we calculated four faultline strength indices following the procedure described by Shaw (2004) and using the SAS program developed by Chung, Shaw, and Jackson (2006). Consistent with previous work (Bezrukova et al., 2009; Carton & Cummings, 2012), gender faultline strength and age faultline strength were used as measures of relationship-related faultlines, and tenure faultline strength and function faultline strength were used as measures of task-related faultline strength.

Consistent with faultline theory and Shaw's (2004) recommended procedure, we used categorical indicators of demographic attributes when calculating faultline strength. We used the company-determined categories of gender, age and tenure as they appeared in the survey: gender (male and female), age (less than 30 years old, 30 to 44 years old, and 45 or older), and tenure (less than 2 years, 2 to 5 years, 5 to 10 years, 10 to 20 years, and 20 or more years). For function, we relied on expert judgments made by two industrial-organizational psychologists and one strategic management scholar, who assigned specific jobs to three categories: service roles (sales, marketing, and customer service jobs), production roles (manufacturing, supply chain, and production jobs), and support roles (human resources, finance, and law).

A faultline strength score indicates the degree to which members in the work unit can be arranged into potential subgroups based on the target attribute (e.g., gender). The score reflects

both the degree of *similarity* on members' other attributes (e.g., age, tenure, and function) within each subgroup based on the target attribute and the degree of *dissimilarity* between members of different subgroups on other attributes. Thus, for example, a high score on gender faultline strength indicates that subgroups comprised of men and women are evident in the work unit because (a) the members of each gender tend to be similar in age, tenure and function so there is a high degree of internal alignment within subgroups, and (b) men and women within the work unit tend to be dissimilar in age, tenure and function so there is a high degree of subgroup differentiation. By comparison, a low score on gender faultline strength indicates that gender is not aligned with the other attributes of age, tenure and function; instead, among the men and also among the women there is a mix of ages, tenures, and function such that gender cannot serve as a salient dividing faultline (for more details, see Jiang et al., 2012; Shaw, 2004).

Consistent with faultline theory's assertion that subgroup formation is more likely when there is alignment of members' multiple demographic attributes, we included *all* demographic attributes when computing the faultline strength for an attribute. Employees' perceptions of others in the work unit are composed of both relationship- and task-related attributes. Therefore, when studying faultlines in work groups (versus laboratory settings where group composition can be manipulated), it is appropriate to use a measure of faultline strength that uses information about multiple attributes if possible, which Shaw's (2004) approach does; the resulting faultline strength score for each focal attribute indicates the likelihood of potential subgroups forming based on differences on that particular attribute (e.g., gender). By including all faultline strength variables together in an analysis, we simultaneously examine the strength of multiple faultlines, compare their respective effects, and determine which attributes contribute to subgroup formations. Doing so, we can examine the relationship between faultline strength for each

attribute and loyal behavior having controlled the effects of other faultline strength variables.

Diversity climate. Respondents in our primary sample used a five-point Likert scale (1 = strongly disagree, 5 = strongly agree) to rate diversity climate, with higher values indicating more supportive diversity climates. The 8 items, which were developed by the company's survey vendor, were: "My coworkers help me feel like an important part of the team," " My coworkers appreciate my background and perspective," "My manager always treats me like a valued member of my team," "My manager ensures that I always feel included at work," "I receive many opportunities to work with diverse and multicultural teams," "I have the same opportunities for career growth as my coworkers," "This organization's actions demonstrate complete commitment to diversity with inclusion," and "Capable people succeed at all levels in this organization, regardless of the group that they belong to (gender, nationality, race, disability)" (Cronbach's alpha = .82). The diversity climate items reflect the notion that diversity climate is not restricted to treating people fairly based only on particular attributes (e.g., gender, ethnicity) that are historically prominent (Nishii, 2013). Rather, improving belongingness and inclusion toward all members in a work unit is critical for creating a favorable diversity climate (Mor Barak et al., 1998; Shore, Randel, Chung, Dean, Ehrhart, & Singh, 2011).

To create unit-level indicators of diversity climate, we aggregated the responses of managers in the same work unit. Aggregation of individual responses to form unit-level scores was supported by results of several statistical checks. Consistent with the recommendations of Bliese (2000), we found acceptable intra-class correlation values: ICC[1] = .06 and ICC[2] = .64. Following the computational procedure of James, Demaree, and Wolf (1984), we found high inter-member agreement within units (median r_{wg} =.96). And, a one-way ANOVA test indicated sufficient between-unit variance ($F = 2.23$, $p < .001$).

We used supplemental survey data (described previously) to assess construct validity for our measure of diversity climate. First, using the diversity climate items for this study, we conducted a principal components analysis with varimax rotation; it yielded a one-factor solution with high factor loadings (average loading = .74), explaining 56 percent of the variance. Second, as evidence of convergent validity, we found a significant positive correlation (r = .75, p < .01) between our diversity climate measure and an alternative measure of diversity climate (Gonzalez & Denisi, 2009; Mor Barak et al., 1998). Third, we assessed the correlation between our measure of diversity climate and Moorman's (1991) measure of procedural justice, which is a related but distinct construct. A moderate and statistically significant correlation (r = .56, p < .01) that was lower than the correlation between the two measures of diversity climate provided evidence of discriminant validity (z = 3.83, p < .01) and a 95% confidence interval for the correlation between diversity climate and procedural justice did not contain the value of 1, provided supplemental evidence of discriminant validity.

We also conducted CFA to assess convergent and discriminant validity using our diversity climate measure and Moorman's (1991) measure of procedural justice. The CFA results revealed that the factor loadings were all highly significant (p < .001) and corresponded to the appropriate underlying constructs: values of factor loadings for diversity climate ranged from .59 to .74; those for procedural justice ranged from .74 to .86, providing evidence of convergent validity. A one-factor model (diversity climate and procedural justice all together) did not fit the data well ($x^2_{[df=90]}$ = 709.3; CFI = .89; IFI = .89; SRMR = .12), while a two-factor model provided fairly good fit ($x^2_{[df=89]}$ = 391.66; CFI = .95; IFI = .95; SRMR = .07); the two-factor model fit significantly better than the one-factor model ($\Delta x^2_{[df=1]}$ = 317.64, p < .001), providing evidence of discriminant validity.

Controls. At the individual level, we controlled for gender, age, tenure and function in order to take into account any potential associations between these attributes and loyal behavior (Organ & Ryan, 1995). At the unit level, we controlled for the number of managerial employees in a unit, work-unit size (the total number of employees), and country culture. Following Liao and Subramony's (2008) approach, we assigned country culture scores to work units using the cultural dimensions of individualism, power distance, uncertainty avoidance, and masculinity identified by Hofstede (1991). Hofstede's country scores have been extensively validated and used in previous studies to predict individual-level, unit-level, and societal outcomes (e.g., Clugston, Howell, & Dorfman, 2000; Van der Vegt, Van de Vliert, & Huang, 2005) and previous research suggests that all of these cultural dimensions may be potentially associated with organizational citizenship behaviors (Paine & Organ, 2000).

Analysis

To account for the nested nature of our model and sample, we utilized two-level hierarchical linear modeling (Bryk & Raudenbush, 1992). Loyal behavior and the demographic attributes of managers were included as individual-level variables. Faultline strength, diversity climate, number of managers in a unit, unit size, and culture were included as unit-level variables. Our analysis proceeded as follows: First, we computed a random coefficient model to control for the potential influence of within-group variances of demographic attributes. Results showed that the between-group variances for individual-level demographic attributes were not significant, which means the slopes for the observed relationships did not vary across work units. Therefore, we adopted a fixed coefficient model for level-1 variables, which assumes that slopes do not vary across work units (see Hofmann, 1997) and partials out the influence of individual demographic attributes on loyal behavior across work units. Next, controlling for individual demographic

attributes and work unit characteristics, we examined the relationships between work unit relationship-related and task-related faultline strength and diversity climate and loyal behavior. Last, we examined the interactions between relationship-related and task-related faultline strength and diversity climate as predictors of loyal behavior. We grand-mean centered all continuous variables to mitigate potential problems of multicolliniarity (Aiken & West, 1991).

RESULTS

Descriptive statistics and bivariate correlations for all the variables are displayed in Table 1. Loyal behavior was unrelated to most demographic attributes. At the level of work units, the four faultline strength scores were correlated. Table 1 also reveals that function faultline strength and tenure faultline strength were negatively associated with diversity climate.

Insert Table 1 about here

Hypothesis 1 predicts relationship-related faultline strength (gender and age faultline strength) to be negatively associated with loyal behavior. Hypothesis 2 predicts task-related faultline strength (function and tenure faultline strength) to be positively associated with loyal behavior. Hypothesis 3 predicts work unit diversity climate to be positively associated with loyal behavior. For Hypotheses 1-3 to be supported, there needs to be significant variance across groups in the intercepts with loyal behavior as the dependent variable (Hofmann, 1997). As expected, Level 2 residual intercept variance (τ_{00}) was significant ($\chi^2 = 102.23$, $p < .01$).

As shown in Table 2, the results provided partial support for Hypothesis 1. As predicted, gender faultline strength was negatively associated with loyal behavior ($\gamma = -.78$, $p < .05$) but age faultline strength was not significantly associated with loyal behavior. In addition, neither indicator of task-related faultlines (tenure faultline strength and function faultline strength) was

significantly associated with loyal behavior, thus Hypothesis 2 was not supported. In support of Hypothesis 3, diversity climate was positively associated with loyal behavior ($\gamma = 0.24$, $p < .05$) after controlling for all the other variables.

Insert Table 2 about here

Hypothesis 4 predicted that diversity climate would moderate the relationship between relationship-related faultline strength and loyal behavior, such that this relationship would be weaker in work units with more supportive diversity climates and stronger in work units with less supportive diversity climates. Consistent with our predictions, we found that diversity climate significantly moderated the relationship between gender faultline strength and loyal behavior (see Figure 1; $\gamma = 2.24$, $p < .05$; effect size = .05 based on Woltman, Feldstain, MacKay, & Rocchi [2012]). To assess the magnitude and nature of the interaction effect, we performed simple slope tests (Aiken & West, 1991); the results indicated that gender faultline strength was negatively associated with loyal behavior of managerial employees when diversity climate was less supportive (i.e., one standard deviation below the mean; $\gamma = - 1.13$, $p < .01$), whereas gender faultline strength was not significantly associated with loyal behavior when diversity climate was more supportive as indicated by higher scores (i.e., one standard deviation above the mean; $\gamma = -.12$, $p > .80$). We found no significant interaction between age faultline strength and diversity climate, however. Therefore, Hypothesis 4 received partial support.

Insert Figure 1 about here

Hypothesis 5 predicted that diversity climate would moderate the relationship between task-related faultline strength and loyal behavior, such that this relationship would be stronger in

work units with more supportive diversity climates and weaker in work units with less supportive diversity climates. We found that diversity climate significantly moderated the relationship between function faultline strength and loyal behavior (see Figure 2; $\gamma = 2.70$, $p < .05$; effect size = .08 based on Woltman et al., [2012]), but did not significantly moderate the relationship between tenure faultline strength and loyal behavior. The results of simple slope tests showed the relationship between function faultlines and loyal behavior was significant when diversity climate was more supportive (i.e., one standard deviation above the mean; $\gamma = .86$, $p = .07$), and the strength of function faultlines was not significantly associated with loyal behavior when diversity climate was less supportive (i.e., one standard deviation below the mean; $\gamma = -.35$, $p > .45$). Therefore, Hypothesis 5 was partially supported.

Insert Figure 2 about here

We also performed additional analyses using faultline strength variables based on either relationship-related attributes (i.e., gender and age) only or task-related attributes (i.e., tenure and function) only to test Hypotheses 1-5. Using these more narrowly construed faultline measures yielded results somewhat different from those using faultline strength variables that included all demographic attributes. The results indicated that none of the faultline variables was significantly associated with loyal behavior. Consistent with our main analysis results, however, diversity climate was positively associated with loyal behavior after controlling for faultline strength and the other control variables, supporting Hypothesis 3 ($\gamma = .29$, $p < .01$). In addition, we found diversity climate to significantly moderate the relationship between gender faultline strength and loyal behavior ($\gamma = 1.83$, $p < .05$) and no significant interaction between age faultline strength and diversity climate, partially supporting Hypothesis 4. We found that

diversity climate did not significantly moderate the relationships between function faultline strength and loyal behavior and between tenure faultline strength and loyal behavior. We discuss these results in the Discussion section.

DISCUSSION

A growing number of studies have demonstrated that examining the effects of different types of faultline strength can shed new light on a phenomenon that so far has focused almost exclusively on overall group faultline strength (cf., Bezrukova et al., 2009; Jiang et al., 2012). Furthermore, although research on diversity climate has emphasized the importance of diversity climate in predicting employee performance and shaping social categorization (e.g., McKay et al., 2008; McKay et al., 2009; Pugh, Dietz, Brief, & Wiley, 2008), the value of more positive diversity climates for enhanced organizational citizenship behaviors such as loyal behavior has been based largely on conceptual arguments rather than empirical evidence; nor has the interplay of diversity climate and faultline dynamics been rigorously investigated. Therefore, by revealing the differential associations of loyal behavior with relationship- *and* task-related faultline strength and also showing how these associations are shaped by diversity climate in work units, we contribute to an improved understanding of workforce diversity and also provide new insights about organizational citizenship behaviors.

In this study of the work units in a large multinational firm, managerial employees' loyal behavior was significantly and negatively associated with unit-level gender faultline strength and positively associated with diversity climate. Our results also show that diversity climate can amplify or buffer the influence of faultlines on managerial employees' loyal behavior. Specifically, the predicted negative consequences on loyal behavior of relationship-related gender faultlines were more evident in work units with less supportive diversity climates, while

the predicted positive consequences on loyal behavior of task-related function faultlines were more evident in work units with more supportive diversity climates. These findings have several theoretical and practical implications for the study of workforce demographic composition, diversity management, and employee loyal behavior, which we discuss next.

Theoretical Contributions and Implications

First, extending prior faultlines research (e.g., Bezrukova et al., 2009; Jiang et al., 2012) and consistent with a growing body of evidence from research on work team diversity (see Jackson & Joshi, 2011), this study enhances our understanding of demographic faultlines by showing the value of comparing different types of faultlines. Specifically, we found a significant negative relationship between relationship-related gender faultline strength and loyal behavior, but we found non-significant relationships between the other types of faultline strength (i.e., those based on age, tenure or function) and loyal behavior. These results shed light on the important question: *are all faultlines created equal?* The answer appears to be no.

While dormant faultlines exist in any work unit at all times, they do not always get activated to stimulate the emergence of salient subgroups that can influence employee work behaviors, such as loyal behavior. Notwithstanding substantial theoretical arguments and prior evidence about the potential consequences of faultlines, the activation of faultlines is not yet fully understood. Comparing the relationship-related attributes of gender and age for example, it is possible that gender-based faultlines are more readily activated because gender is more identifiable and more accurately perceived. In contrast to gender differences, age differences may be more strongly associated with differences in work experiences and know-how and thus would reduce the formation of identity-based subgroups (Carton & Cummings, 2012), nullifying the effects of age faultlines on employee behavior. A similar explanation may account for the

non-significant results for task-related faultlines. Task-related attributes have implications for information processing but they may also be fundamental to the social identities of (some) employees—perhaps especially higher-level employees such as the line managers we studied – thus also nullifying the effects of task-related faultlines on loyal behavior. Therefore, our results suggest that faultlines based on an easily identifiable attribute that is closely tied to a social identity may be more likely to trigger social categorization and thereby influence loyal behavior; in the case of our study, that attribute was gender. In addition to the possibly greater salience of gender-based identities, gender-based faultlines might heighten feelings of disenfranchisement among women in units where other (unmeasured) gender-based phenomena such as pay discrimination, reduced promotion opportunities and other forms of exclusion are present (e.g., see Hayes, Bartle & Major, 2002; Joshi, Liao & Jackson, 2006; Nishii, 2013).

Second, also noteworthy is our finding of a positive main effect for diversity climate on loyal behavior, which corroborates the limited yet growing evidence that organizations and employees both benefit from a supportive diversity climate. Besides loyal behavior, other studies have found that more supportive diversity climates are associated with unit-level outcomes such as sales growth (McKay et al., 2009) and customer satisfaction (McKay, Avery, Liao, & Morris, 2011). Notably, these other studies did not investigate individual-level effects. Thus, our study also extends the literature on diversity climate by examining the cross-level effects of diversity climate on individual-level loyal behavior, which may be an explanatory mediator that accounts for some effects found for higher-level units of analysis. Taken together, these findings underscore the importance of going beyond merely increasing workforce diversity to focusing on how diversity is actually managed (Kochan, Bezrukova, Ely, Jackson, Joshi, Jehn, Leonard, Levine, & Thomas, 2003). It is seldom feasible (or advisable) to compose a homogeneous

organization, but it is feasible to create a supportive and inclusive diversity climate.

Third, another major contribution of this study is our identification of diversity climate as a boundary condition for faultlines activation. The role of context is well established in the broader diversity literature (Joshi & Roh, 2009) and was noted in Lau and Murnighan's seminal theoretical article (1998), yet empirical investigation of contextual factors that trigger faultline activation is in its infancy (see Thatcher & Patel, 2012 for a review). By demonstrating that taking diversity climate into account helps improve our understanding of both sides of the so-called 'double-edged sword' of diversity, we hope to encourage additional empirical and theoretical work to advance this domain of study.

Diversity climate appears to blunt damage associated with some forms of diversity and magnify the potential rewards of other forms of diversity. Specifically, our results indicate that a supportive diversity climate acts as a situational moderator that mitigates the negative consequences of gender-based faultlines while enabling work units to reap the benefits of function-based faultlines. When employees feel that everyone in the organization is equally valued and included regardless of their demographic attributes, they may be less likely to respond negatively to the relationship-related faultlines present in many organizations (Gonzalez & DeNisi, 2009; Shore et al., 2011). Apparently, more supportive diversity climates neutralize some of the negative consequences of the unavoidable relationship-related faultlines that exist in most work places. When the climate of the work unit consistently signals the importance of treating everyone fairly and offering everyone the same opportunities regardless of demographic background, relationship-related faultlines are more likely to remain dormant. In addition, our results suggest that more supportive diversity climates illuminate the potential value to be gained by exploiting some types of differences (e.g., the alternative perspectives of managers from

different functional areas) and encourage employees to ignore differences of their task-related social identities. Thus, it appears that supportive diversity climates are instrumental for tapping into employees' distinct work-related knowledge, skills and perspectives, providing yet another reason why employers should take steps to improve diversity climates in their organizations.

Fourth, additional analyses that included faultline strength variables based on either relationship-related *or* task-related attributes yielded somewhat different results from those using faultline variables based on all attributes (see the Results section for specific results). The inconsistency is to some extent expected and can be understood from both conceptual and computational standpoints. Faultline strength indices that include only relationship-related *or* task-related attributes assume that individuals in work units form subgroups considering either relationship-related *or* task-related attributes in isolation, while our approach is consistent with the fundamental premise of the faultline approach that multiple attributes need to be considered simultaneously (Lau & Murnighan, 1998). Our study sheds new light on the varied consequences of different types of faultlines, while recognizing the complexity and multitude of social cues available to members of a group. Because we sought to investigate which faultlines were more likely to crack a work unit into subgroups given the configuration of all individual attributes, we computed faultline strength scores using information about both relationship- and task-related attributes. The differing results that we found using other analytic approaches suggests that the more comprehensive measure used in this study may be a more sensitive measure. Clearly, additional research is needed to improve our understanding of how complex arrays of attribute information present in a group influence the feelings and behaviors of group members.

Finally, this study improves our understanding of managerial employees' organizational citizenship behaviors. Employees' dedication to tasks that are not job required and willingness to

volunteer for projects that benefit the organizations are important for enhancing both job performance and long-term organizational effectiveness (for meta-analytic reviews, see Conway, 1999; Podsakoff, Whiting, Podsakoff & Blume, 2009). Understand the conditions that promote line managers' organizational citizenships is helpful because they engage in day-to-day operations through frequent interactions with employees (Yaffe & Kark, 2012). Our findings suggest that organizations may be able to motivate managerial employees to exert extra work effort and thereby elevate their long-term effectiveness by creating a favorable diversity climate. Doing so may be especially advantageous where the demographic composition of work units creates readily observable demographic subgroups.

Study Limitations

Although the contributions of this study are significant, some limitations need to be acknowledged. First, the fact that we found a main effect for gender faultline strength but not for other types of faultlines may be partly attributed to the more categorical coding of employees' gender-based identities (which were self-reported as male or female in this study) compared to fuzzier categories that likely drive the perception and grouping of employees based attributes such as on age, tenure and even functional background. Additional research is needed to assess whether the distinctiveness of categories used to sort individuals might alter conclusions about the apparent dominance of gender-based faultlines.

Second, we cannot rule out the possibility that work unit tenure (i.e., time spent together as members of a work unit) might be a contextual factor that contributed to the differential relationships we observed between loyal behavior and faultlines based on surface-level (e.g., gender) versus deeper-level (e.g., tenure, age, and function) attributes. Faultlines based on the more readily observed surface-level attribute of gender may be activated earlier in the life of a

work group than faultlines based on deeper-level attributes, which become evident gradually over time (Harrison, Price & Bell, 1998). We could not incorporate work unit tenure in our model due to lack of data from the company survey, so an understanding of how faultline dynamics emerge and evolve across time requires additional research.

Third, we cannot draw conclusions about the role of many other types of faultlines that were not measured, such as those grounded in ethnicity or religion. And, while we attempted to control for cultural factors associated with the 22 countries from which our data were drawn, we recognize the four cultural dimensions identified by Hofstede and widely used and validated in prior studies do not capture the full richness of cultural diversity among nations. We encourage future research examining the joint effects of culture, other types of faultlines and diversity climate on loyal behavior and other individual and organizational outcomes. Such multilevel research could address calls for work that improve our understanding of phenomena shaped by group, organizational, and societal contexts (Hitt, Beamish, Jackson, & Mathieu, 2007).

Fourth, we used self-reports to measure loyal behavior, raising the possibility that the managers we studied might have overestimated or intentionally exaggerated their loyalty due to a social desirability bias thus causing restriction of range in our dependent variable; scholars have suggested that either peer or supervisor ratings of OCB are preferred (see Organ et al., 2006 for a detailed discussion on self-reported measures). However, it is also possible that self-reports of loyal behavior might be more appropriate because employees have better knowledge of their own discretionary behavior that fall outside the boundaries of their job duties (Allen, Barnard, Rush, & Russell, 2000). In addition, a meta-analytic review (Carpenter, Houston, & Barry, 2012) found that rating source was unrelated to reported organization-oriented citizenship behaviors (e.g., always being on time, putting in extra effort) and concluded that self-rated measures of

OCBOs may not be as problematical as some scholars fear. Furthermore, common method bias, which is typically associated with the use of a self-reported performance, is not of concern in our study because other variables in our model were assessed using different methods: we aggregated the perceptions of diversity climate to the work-unit level, and faultline strength was measured with a complex composition score that took into account several objective demographic characteristics. Together, the construct validity evidence for our measures and our research design give us confidence in the validity of our results (Conway & Lance, 2010). Nonetheless, future studies that assess loyal behavior from multiple sources including supervisors and/or peers can yield a more complete picture.

Fifth, although our findings contribute to an improved understanding of OCB research, our research focused on only one specific type of OCB (loyal behavior), which does not incorporate a broader aspect of loyal behavior [e.g., the self-development facet of job dedication identified by Van Scotter & Motowidlo (1996)]. Further, other dimensions of OCB (e.g., helping), compared to loyal behavior, might have a stronger relationship with faultlines and diversity climate. Nevertheless, our conceptual arguments also apply to other facets of OCBO and OCBI (Williams & Anderson, 1991) that we did not measure. Supporting this assertion, a meta-analytic review found that the relationships between OCBO-related behaviors and predictor variables (e.g., fairness and leader support) were not significantly different from each other (LePine, Erez, & Johnson, 2002). Likewise, OCBO-related behaviors showed a similar pattern with OCBI-related behaviors for the relationships with various individual performance and predictor variables, implying that OCBI and OCBO are highly related to each other (Iles, Nahrgang, & Morgeson, 2007; LePine et al., 2002; Podsakoff et al., 2009 for meta-analytic reviews). Therefore, our results hint at the potential new insights about employees'

organizational citizenship behaviors that might come from future investigations of diversity climate and both relationship- and task-related faultlines. Thus, we call for future research to examine how various citizenship behaviors are associated with different types of faultlines and diversity climate.

Lastly, the effect sizes for the interactions we reported may be a concern to some scholars. However, we note that these values are all higher than the median effect size of .025 for moderating effects of categorical variables in multiple regressions reported in research published in *Academy of Management Journal* (Aguinis, Beaty, Boik, & Pierce, 2005). In addition, when scholars demonstrate nonobvious relationships that are predicted by strong conceptual explanations, as we did in this study, their work can make an important contribution despite finding small effect sizes (Prentice & Miller, 1992). The findings of our study may shed light on the following critical questions on diversity research that have not been fully answered, namely: *Are all faultlines created equal, or do different types of faultlines have different effects on work outcomes? If faultlines do not always activate the formation of subgroups, what are the contextual conditions that constrain or enhance the effects of faultlines?* Thus, although the small effect sizes we observed require cautious interpretation and replication, our study sheds new light at the intersection of research aimed at understanding the dynamics of demographic faultlines, diversity climate, and organizational citizenship behavior.

Practical Implications

For organizations that wish to enhance the loyal behaviors of a diverse workforce, our results suggest that one effective approach is to create a favorable diversity climate. The negative consequences of strong relationship-related faultlines appear to be most evident when diversity climate is unfavorable. In addition, the positive consequences of strong task-related faultlines

appear to be maximized by a favorable diversity climate. Diversity initiatives that create more supportive diversity climates may allow organizations to gain and sustain a competitive advantage (Herdman & McMillan-Capehart, 2010; Ferdman & Deane, 2014). Establishing bias-free human resource management (HRM) practices for recruitment, selection, and performance appraisal can be used to creating a supportive diversity climate while also yielding to other benefits like improving workforce motivation and ability. Training and education programs that help build a positive work atmosphere for people from various backgrounds may be also useful. In addition, senior management's attention to values and beliefs regarding diversity may promote and support a positive diversity climate (Herdman & McMillan-Capehart, 2010).

Reshaping an organization's existing diversity climate may take significant time and energy if organizations need to transform their HRM systems and their members' mind-sets (Ferdman & Deane, 2014). As a short-term solution, managers may be tempted to try another approach—such as carefully observing and adjusting the demographic composition of some work units. This is a risky strategy, however, since it requires finding a compositional solution that minimizes relationship-based faultlines but does not interfere with potentially beneficial task-based faultlines. The risks of such a short-term attempt at social engineering are likely to outweigh any possible gains and are not recommended.

In conclusion, our study demonstrates the importance of understanding how the alignment of demographic attributes can create beneficial or disruptive faultlines, and the value of creating supportive diversity climates in organizations. An inclusive and fair work environment is likely to promote employee loyal behaviors, mitigate the deleterious effects of relationship-based faultlines, and enhance the positive effects of task-related faultlines.

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TABLE 1

DESCRIPTIVE STATISTICS AND CORRELATIONS AMONG STUDY VARIABLES

Individual-Level Variables

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9
Customer-contact roles	0.21	0.40									
Production roles	0.61	0.49	-0.63**								
Gender	0.21	0.41	-0.02	-0.17**							
Age dummy 1	0.10	0.30	0.15**	-0.15**	0.06*						
Age dummy 2	0.58	0.49	-0.03	-0.01	0.02	-0.39**					
Tenure dummy 1	0.12	0.32	0.12**	-0.18**	0.02	0.33**	-0.01				
Tenure dummy 2	0.15	0.36	0.10**	-0.12**	0.04	0.20**	0.08**	-0.15**			
Tenure dummy 3	0.20	0.40	0.04	-0.05*	0.02	-0.01	0.17**	-0.18**	-0.21**		
Tenure dummy 4	0.31	0.46	-0.08**	0.09**	0.01	-0.22**	0.18**	-0.24**	-0.29**	-0.34**	
Loyal behavior	3.85	0.62	0.05*	0.03	-0.03	0.01	-0.04	-0.01	-0.02	0.02	-0.05*

N=1,652. * p = .05. ** p = .01.

Work Unit Level Variables

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
Diversity climate	3.71	0.23										
Gender faultline strength (GFS)	0.09	0.08	-0.17									
Age faultline strength (AFS)	0.12	0.08	-0.14	**0.53**								
Function faultline strength (FFS)	0.08	0.07	**-0.25**	**0.49**	0.37							
Tenure faultline strength (TFS)	0.15	0.08	**-0.31**	0.20	**0.43**	**0.31**						
Power distance	55.61	18.65	-0.02	-0.44	-0.17	-0.14	-0.07					
Individualism	64.25	22.60	-0.12	**0.40**	0.19	0.11	**0.24**	**-0.84**				
Masculinity	57.38	14.52	-0.11	0.19	**0.25**	0.12	0.16	0.17	0.01			
Uncertainty avoidance	55.20	19.10	**0.24**	0.04	0.13	0.12	-0.11	0.17	-0.14	0.20		
Work unit size	83.05	96.58	0.07	0.20	0.21	0.18	0.04	-0.21	**0.25**	0.20	0.16	
Number of managerial employees	22.59	22.70	-0.18	**0.32**	0.22	**0.31**	**0.33**	**-0.29**	**0.43**	**0.23**	-0.14	**0.60**

N=76. **Bold** coefficients are significant at $p < .05$

TABLE 2

HIERARCHICAL LINEAR MODELING RESULTS FOR LOYAL BEHAVIOR [A]

Variable	Null model	Model 1	Model 2	Model 3a	Model 3b	Model 3c	Model 3d
Level 1							
Intercept	3.86***	3.86***	3.87***	3.87***	3.87***	3.86***	3.85***
Customer contact roles		0.15*	0.16**	0.15**	0.16**	0.16**	0.16**
Production roles		0.07	0.07	0.08	0.07	0.08	0.07
Gender		0.01	0.02	0.02	0.03	0.02	0.03
Age dummy 1		-0.00	-0.01	-0.01	-0.01	-0.01	-0.01
Age dummy 2		-0.02	-0.02	-0.01	-0.02	-0.01	-0.01
Tenure dummy 1		-0.12	-0.12	-0.12	-0.12	-0.12	-0.12
Tenure dummy 2		-0.12*	-0.12*	-0.13*	-0.13*	-0.13*	-0.13*
Tenure dummy 3		-0.04	-0.04	-0.04	-0.03	-0.04	-0.04
Tenure dummy 4		-0.11*	-0.11*	-0.11*	-0.11*	-0.11*	-0.11*
Level 2 (Controls)							
Power distance		0.00	0.00	0.00	0.00	0.00	0.00
Individualism		-0.00	-0.00	-0.00	-0.00	-0.00	-0.00
Masculinity		0.00	0.00*	0.00*	0.00*	0.00*	0.00*
Uncertainty avoidance		0.00	0.00	0.00	0.00	0.00	0.00
Work unit size		-0.00	-0.00*	-0.00*	-0.00*	-0.00*	-0.00*
Num. of managerial employees		0.00	0.00	0.00	0.00	0.00	0.00
Level 2 (Independent Va.)							
Gender faultline strength (GFS)			-0.78*	-0.63	-0.76*	-0.82*	-0.77*
Age faultline strength (AFS)			0.14	0.18	0.19	0.13	0.11
Function faultline strength (FFS)			0.20	0.07	0.16	0.26	0.15
Tenure faultline strength (TFS)			-0.16	-0.13	-0.09	-0.13	-0.01
Diversity climate			0.24*	0.26**	0.22*	0.17	0.18
Level 2 (Interactions)							
GFS × Diversity climate				2.24*			
AFS × Diversity climate					0.76		
FFS × Diversity climate						2.70*	
TFS × Diversity climate							1.60
Variance components							
Level 1 residual variance (σ^2)	0.373	0.372	0.372	0.373	0.373	0.373	0.372
Level 2 residual intercept variance (τ_{00})	0.017	0.016	0.013	0.011	0.013	0.012	0.013
Pseudo $R_{level\ 1}^2$		0.004	0.002	0.002	0.002	0.002	0.002
Pseudo $R_{level\ 2}^2$ for intercept		0.053	0.241	0.322	0.222	0.317	0.257
Model deviance	3107.77	3196.93	3188.82	3185.70	3187.58	3185.33	3186.86

[a] *N* (Level 1) = 1,652; *N* (Level 2) = 76. Entries corresponding to the predicting variables are estimations of the fixed effects, gammas, with robust standard errors. All continuous variables were grand-mean centered. * *p* = .05. ** *p* = .01. *** *p* = .001. Two-tailed tests.

FIGURE 1

THE MODERATION OF DIVERSITY CLIMATE ON THE RELATIONSHIP BETWEEN GENDER FAULTLINE STRENGTH AND LOYAL BEHAVIOR

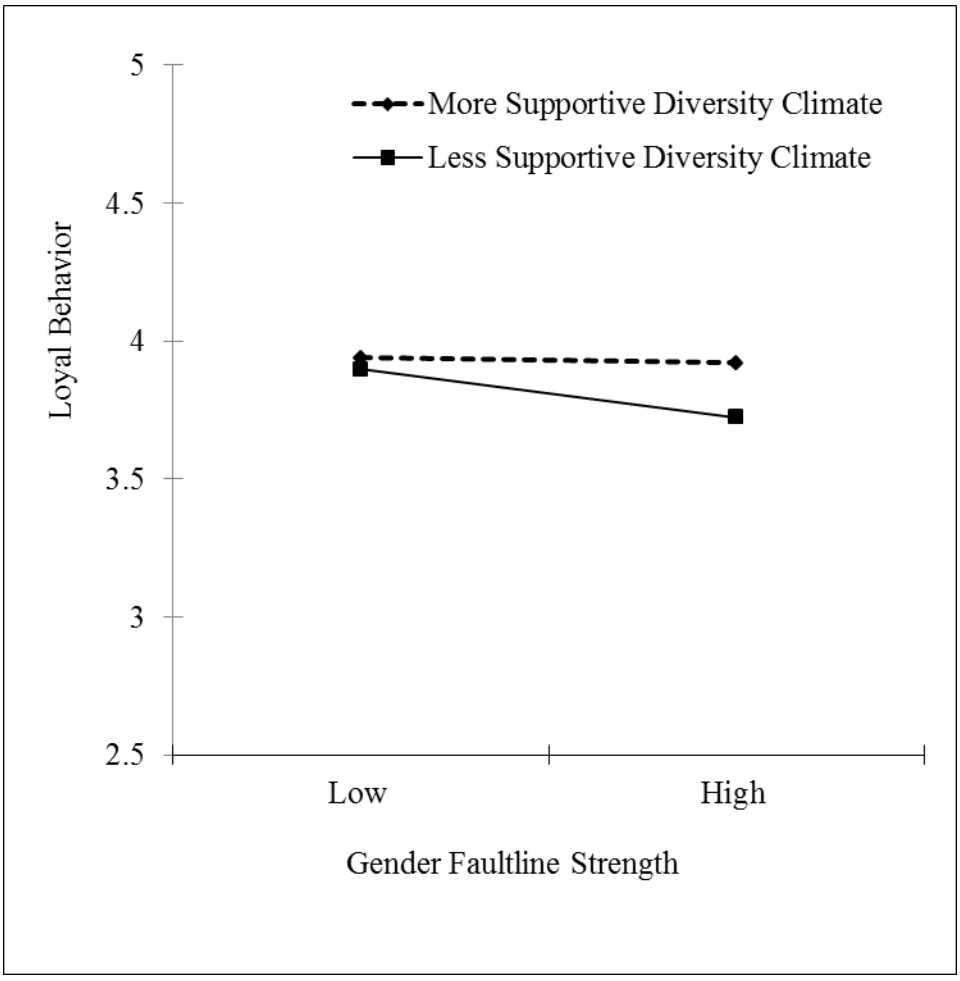

FIGURE 2

THE MODERATION OF DIVERSITY CLIMATE ON THE RELATIONSHIP BETWEEN FUNCTION FAULTLINE STRENGTH AND LOYAL BEHAVIOR