

**Effect of Workplace Friendship and Employee Demographics on
Team Effectiveness in a Family Business**

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Abstract

The main subject of this study was to look into the relationship between workplace friendship and employee demographics on team effectiveness in the case of a Filipino family business. The study particularly aimed to determine if an inverted-U relationship exists between workplace friendship and team effectiveness and determine if demographics such as age, gender, educational level, and tenure moderated the relationship between workplace friendship and team effectiveness. Online questionnaires were distributed to employees of a local family business. The questionnaire included twenty-five 5-point Likert scale questions to collect data on workplace friendship and team effectiveness. Quadratic regression was done to detect the inverted-U relationship, and a moderated regression analysis was carried out to see if demographics moderated the relationship. The study found that an inverted-U relationship exists between workplace friendship and team effectiveness. This finding suggests that team effectiveness increases as workplace friendship increases. Then the relationship reaches a maximum point after which team effectiveness decreases at an increasing rate. This study also found that demographics do not significantly affect the relationship between workplace friendship and team effectiveness. Due to quarantine restrictions in Metro Manila, the sample size used for analysis was low. Therefore, it is recommended that a similar exercise be conducted on a bigger scale and involve several local companies to validate the above findings further.

Keywords: *Workplace friendship, team effectiveness, employee demographics, family business, inverted-U relationship*

Introduction

We must have experienced and developed a friendship with our managers, colleagues, and even our direct reports in many years of our working lives. It must be refreshing, and in some cases, that friendship may have helped us carry out our tasks and subsequently helped our work teams to accomplish their goals effectively.

This phenomenon is supported by various studies, which found that: working with friends can result in higher group performance (Chung, 2015), friendship has a significant positive effect on group task performance (Chung, Lount, Park, & Park, 2018), friendship groups perform better than acquaintance groups, and increased internal friendship enhances performance (Kylandri, Blanas, Tanev, & Henriksen, 2013). Similarly, other studies explained that friendship networks

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are one of the only ways employees find information, solve complex problems, and learn how to do their work (Lee, Yang, Wan, & Chen, 2010). Encouraging friendship in the team members will develop better leader-member-exchange (LMX), team-member-exchange (TMX), and team learning and performance (Singh, 2018). Friendly climate, together with innovation climate and fair climate, have a significant positive correlation, significantly affecting team performance (Gan & Chen, 2015).

However, we must admit that when conflict arises with friends, who are both working on the same task as teammates, that task becomes more challenging to accomplish. On the other hand, we should also recognize that there are effective teams although its members are not friends. A very recent study put it this way: Workplace friendships are undoubtedly a prevalent and vital phenomenon that impacts all members of an organization in some way or another. Those who are a part of a friendship enjoy some significant benefits and, at the same time, face some potential difficulties associated with maintaining that friendship (Zarankin & Kunkel, 2019).

While many studies look into the effect of workplace friendship on team effectiveness or team performance, there is a dearth of studies that looked into the inverted-U relationship between these two constructs. An inverted-U-shaped relationship exists if Y first increases with X at a decreasing rate to reach a maximum, after which Y decreases at an increasing rate (Haans, Pieters, & He, 2016). Hence, it suggests that team effectiveness increases as workplace friendship increases, then the relationship reaches a maximum point after which team effectiveness decreases at an increasing rate. A related recent study by Kutlubay and Uslay (2019) suggested that there is an inverted-U relationship between an average number of friends in a team and team performance and that this relationship is negatively moderated by this relationship level of conflict. Anchoring on this study, we will look into the inverted-U relationship between workplace friendship and team effectiveness. This area is significant because of the common notion that workplace friendship is generally good for team effectiveness, which appears to be supported by various studies. Hence, if we find that an inverted-U relationship exists between them, then it will bring awareness for managers to manage workplace friendship to an optimum level to be able to achieve the maximum level of team effectiveness. Moreover, this study will look into the moderating effects of demographic variables (i.e., age, gender, educational level, tenure), which is an aspect that is less explored, especially in the local setting.

In the Philippines setting, workplace friendship is prevalent, but there is a lack of studies that specifically looked into this construct, in relation to team effectiveness, in the Philippines context. Hence, this study will look into the case of MEI, a family-owned Filipino corporation engaged in the importation, distribution, and marketing of hospital equipment in the whole of the Philippines. It was established in 2005 and had more than sixty (60) employees. In the last ten years, the company has been increasing its revenues to about 10% every year until its 11th year, when it experienced a plateau of sales. The owners are deeply concerned about its performance. For MEI, the primary consideration of the organization's team effectiveness, particularly in the sales function, is the consistent increase in revenues. One of the probable reasons the sales team's effectiveness is low, as manifested by flat revenue generation, is that many experienced employees have become too close. Friends, particularly with the company executives, often appear to be too close, resulting from being complacent in their deliverables. They are probably too comfortable

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with their current positions; thus, there seemed to be no further motivation to achieve more than expected.

In sum, this study wants to look at the effect of workplace friendship and employee demographics on team effectiveness in the case of MEI, a Filipino family business. In doing so, the study aims to (a) determine the level of workplace friendship and team effectiveness in the various departments of the company, (b) see if an inverted-U relationship exists between workplace friendship and team effectiveness, and examine if demographics such as age, gender, educational level, and tenure moderate such relationship.

Workplace Friendship

While scholars have provided various definitions for workplace friendship, most agree that it is an informal and voluntary relationship between two or more individuals in a workplace, who are interested in one another as whole individuals, not just as colleagues (Zarankin & Kunkel, 2019). This definition, as expected, has put forward that notion of relationship but did not define its boundaries, which is essential. In this respect, the scope of workplace friendship has to be determined. This situation is where McBain and Parkinson (2017) suggested that workplace friendship goes beyond mere acquaintanceship. Still, it excludes romance, involving more than acting in friendly ways to include non-exclusive workplace relations that involve mutual trust, commitment, common liking, and shared interests or values. Zarankin and Kunkel (2019) added that workplace friendship is a significant phenomenon in organizations. For the most part, individuals still have psychological needs to have friends and enjoy the comfort, joy, and instrumental benefits such relationships can offer. However, we also see that friendships also have some significant downsides, which stem from the contrast between friendships' voluntary and informal nature and the professional setting in some organizations. A similar finding was arrived at by Pillemer and Rothbard (2018), which concluded that friendships at work provide undeniable benefits but also can bring troublesome downsides. As organizations become more social and connected, employees and leaders must effectively manage the tensions and challenges arising from friendships within organizations to leverage the well-established benefits of these personal bonds fully.

And as earlier noted, there will always be sides in workplace friendship. It either enhances our work or not, which is also what this study wants to find out. It is, however, worthy of observing that "the vast majority of research in the area of workplace relationships has focused on negative relationships and their predictors and outcomes" (Reich & Hershcovis, 2011).

Team Effectiveness

We adopt Gorman et al.'s (2018) definition of team effectiveness as the real-time altering of behavior and interactions to meet the changing demands of a dynamic environment to accomplish the shared team goal. Interestingly, one study explored how teams make sense of their effectiveness over time by telling their team story. Two types of stories were identified, which include (a) developing effectiveness stories, in which teams go through a transition from ineffective to effective, and (b) continuous improvement stories, in which teams have relatively consistent high performances. While the first type included a transition of the team from a before

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(not effective) and after (effective) situation, the second type showed a personal development story of how a team member came to identify with the team (Lohuis et al., 2016). Finally, we lay out the seven drivers that consistently make a difference in creating team effectiveness, including capability, cooperation, coordination, communication, cognition, coaching, and conditions. At times, one may be more important than another, but all play a role in the success of almost any team (Tannenbaum & Salas, 2021).

Workplace Friendship and Team Effectiveness

In the last decade, many studies have looked into the relationship between workplace friendship and team effectiveness in one form or another. The related studies looked into the organization's relational aspect, such as friendship ties, climate and friendly network, conflicts, and their subsequent effect on team effectiveness or performance. Incidentally, while the authors were searching for related articles, none of these studies were seen in Google Scholar that was done in the Philippine settings.

One study posited that teams formed based on relational data are more effective than teams formed by maximizing team diversity, i.e., gender and nationality (Curşeu, Kenis, Raab, & Brandes, 2010). Furthermore, according to another study, extraordinary peer exchange relationships are more likely to result in higher levels of job satisfaction, commitment, trust, job performance, and cohesiveness, all of which contribute to team effectiveness (Antar, 2012).

Working with friends can result in higher group performance than working with non-friends (Chung, 2015). This condition is further validated by another study that posited that friendship has a significant positive effect on group task performance (Chung et al., 2018). The former study was moderated by task interdependence and task focus/emphasis, i.e., maximizing versus optimizing. In contrast, group size (i.e., the positive effect of friendship on performance increased with group size) and task focus were both moderated in the latter study. In other words, friendship groups outperformed acquaintance groups on tasks requiring a large quantity of output, but there was no performance benefit on tasks requiring a single high-quality output.

Moreover, it was found that previous friendship ties in project teams deliver more effective NPD projects, which agrees with previous research findings where friendship groups perform better than acquaintance groups. Increased internal friendship increases constructive controversy that in turn enhances performance (Kylindri et al., 2013). These findings were most recently concurred by Kutlubay and Uslay (2019), whereby the results of their study indicated an inverted-U relationship between an average number of friends in a team and team performance. The level of conflict negatively moderates this relationship.

Regarding the friendship network, it was found that it is a critical measurement of employees' informal relationship with hidden power to influence others within the firm. These informal networks are the primary means employees find information, solve complex problems, and learn how to do their work (Lee et al., 2010). Somehow this finding is concurred by a similar study but in an academic setting. The paper showed how students' social networks (i.e., friendship networks, collaboration networks, help-seeking networks) could help identify improved educational methods that can be used to make learning more inclusive at both school and university

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levels. Students could achieve holistic development by expanding their social networks and controlling the spread of delinquent behaviors (Saxena, Saxena, Reddy, & Gera, 2019). In a similar context, to promote the friendship network, a recent study (Singh, 2018) proposed that the leader should decrease out-group employees, encourage and shift these members in in-group, and encourage friendship in the team members. These efforts will develop better leader-member-exchange (LMX), team-member-exchange (TMX), team learning, and performance.

Team climate is composed of friendly climate, innovation climate, and fair climate. The study concluded that team climate and team commitment have a significant positive correlation, significantly affecting team performance (Gan & Chen, 2015).

Inverted-U Relationship

Too much can be as bad as too little. Many relationships in strategic management follow an inverted U-shaped pattern, where moderate levels of a strategy lead to optimal performance (Haans et al., 2016). For example, the inverted-U relationship has been found to exist between diversification and performance (Palich, Cardinal, & Miller, 2000), whereby it saw that performance increases as firms shift from single-business strategies to related diversification. Still, performance decreases as firms change from related diversification to unrelated diversification. Similarly, an inverted-U relationship is found between product market competition and innovation (Aghion et al., 2005), whereby the study found that competition may increase the incremental profit from innovating. Still, competition may also reduce innovation incentives for laggards.

Between workplace friendship and team effectiveness, we have seen that most prior studies have dealt with the positive linear effect of friendship on team effectivity and performance. However, an inherent occurrence within the friendly team is conflict, and there is a need to observe caution when this situation arises. One study cautioned that relationship conflicts occurring among team members who are friend's hurt team performance, whereas those occurring between non-friends positively impact team performance (Hood, Cruz, & Bachrach, 2017). This result is somehow related to Kutlubay and Uslay's (2019) findings, whereby the results of their study indicated an inverted-U relationship between the average number of friends in a team and team performance. The level of conflict negatively moderates this relationship. This study implied that organizations should strive for an optimal level of prior social ties when forming teams because neither a group of strangers nor a close-knit one is ideal. Finding the optimal middle ground would be most effective, especially when the work involved high levels of conflict.

Demographic factors

Few studies in the last decade correlate demographic variables with workplace friendship and team effectiveness. One particular study investigated gender differences in the perceived benefits of workplace friendships and the relationship between friendship factors and organizational outcomes. Friendship occurrence and opportunities were more strongly correlated with job satisfaction for men. Women were much more likely than men to define the benefits of workplace friendship in terms of social and emotional support during stressful times. In contrast, men focused primarily on the benefits friends provided them in their careers or in practical aspects

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of 'getting the job done' (Morrison, 2009). Getting the job done is a manifestation of team effectiveness.

Another study has shown that service employees' willingness to share tacit knowledge depends upon their age, gender, the number of years they have spent in the organization, and their level of education (Balogun, 2014). Since the shift from an information-based economy to a knowledge-based economy, tacit knowledge has been highly recognized by both academics and practitioners as a critical determinant of organizational competitiveness, performance, innovative ideas, good management decision-making, and team effectiveness and performance (Grant 1997; Hansen & Haas, 2001; Okyere-Kwakye, Nor, & Ziaei, 2011; Ryan & Connor, 2013 as cited in Balogun, 2014, p.42).

While demographic attributes such as educational level, tenure, gender, and ethnicity certainly serve as status signals, they also predict mutual social affinity and deference at the dyad level of analysis. Although deference can be a product of various demographic attributes, deference due to beliefs about task contributions enhances, while deference due to social affinity detracts from team performance (Joshi & Knight, 2015).

Framework

The formation of dyadic relationships in the workplace is almost a given in any organization. The reason is that we work with each other practically every day, and thus the dyadic relationship typically blossoms. The social exchange theory applies to these instances, suggesting that parties enter into and maintain exchange relationships with others to expect that doing so will be rewarding (Blau, 1968; Gouldner, 1960; Homans, 1958, as cited in Miles, 2012, p.273). The next progression of dyads relationship is on the team level, and in these situations, the network theory applies. The basic notion of social network theory is that people tend to think and behave similarly because they are connected (Miles, 2012). By using social network theory concepts and methods, Curşeu et al., (2010) investigated the generalizability of first-impression theory predictions from dyads to the team level, which provided a first building block of micro-foundations formed on relational data that might be more effective.

More specifically, from the relationship aspect in this study, the focus is on workplace friendship and its link to team effectiveness or performance. A couple of theories that could describe this relationship are the self-expansion theory and expectancy theory.

The first overarching principle of the self-expansion theory is that people seek to expand the self because they seek to enhance their self-efficacy by increasing the resources, perspectives, and identities that facilitate achieving any goal that might arise (Aron et al., 2013). About this theory, Chung (2015) posited that people enjoy this sense of self-expansion as they expand and grow throughout their interactions with others in close relationships. In friendships, people can experience an increased emotional attachment to the relationship or group they belong with, ultimately increasing their commitment to that group. Subsequently, a study found that this increased commitment is likely to lead to increased task effort, thus resulting in better performance (Newcomb and Brady, 1982, as cited in Chung, 2015, p.9). On the other hand, Vroom's expectancy theory suggests that friends will perform better than non-friends — by setting reliable and

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achievable goals — because friends know each other's performance expectancies and effort thresholds better than non-friends. Also, when friends share ideas and collaborate, they can set reliable and achievable goals, which help to improve a person's commitment and motivation toward producing a high number of outcomes (Chung, 2015).

In exploring the presumed inverted-U relationship between workplace friendship and team effectiveness, we anchored on the concept of multiplexity, which provides that there can be a co-occurrence of two or more different kinds of relations in a particular dyadic relationship. Examples of multiplex relationships include, for example, neighbors who are also co-workers or friends who are also business partners. Hobfoll's Conservation of Resources (COR) theory is used to explain the positive and negative effects of multiplexity. According to COR theory, people are motivated to invest their available resources toward the protection (when existing resources are threatened), growth (when resources are safe), and replenishment (when resources are lost) of existing resource pools. For example, Methot et al. (2015, as cited in Hood et al., 2017, p.73) reported that multiplex co-worker friendships negatively impact individual job performance via increased emotional exhaustion and relationship maintenance difficulty.

In terms of demographics and its effect on team effectiveness, this study is anchored on the status characteristics theory, which provides that status characteristics such as age, sex, and race determine the distribution of participation, influence, and prestige among members of groups (Berger, Cohen, & Zelditch, 1972). Joshi and Knight (2015) expanded these arguments by describing symmetric effects of demographics on dyadic deference grounded in the fundamentals of self-categorization theory—one of the most influential perspectives on how demographic attributes shape interpersonal relationships in teams.

In the Filipino family business setting, similar to what's seen with other studies overseas, we also assume that too much can be as bad as too little, as to how Haans et al. (2016) put it. Having said this, we predict that workplace friendship should have a certain threshold to enable a positive effect on team effectiveness, and anything in excess will be detrimental. Likewise, we predict that demographics have significant effects on team effectiveness, similar to the findings of other studies.

Operational Framework

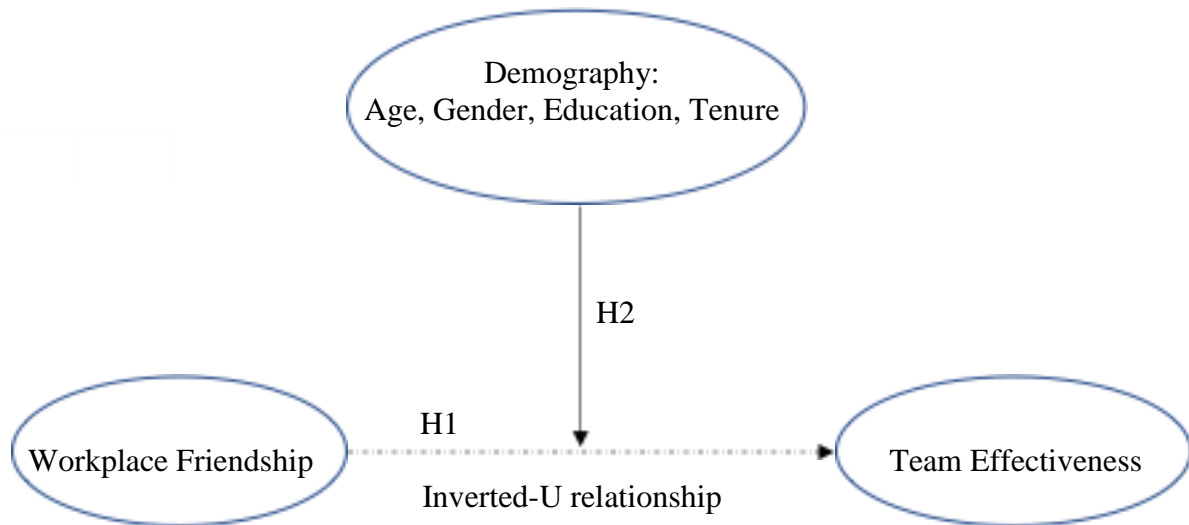
Coming from the preceding discussions, we've developed the operational framework illustrated in Figure 1. A dotted arrow representing the inverted-U relationship was adopted from a study of the inverted-U relationship between time pressure and team processes (Maruping, Venkatesh, Thatcher, & Patel, 2015). Kutlubay and Uslay (2019) have found an inverted-U relationship between the average number of friends in a team and team performance. Hence we predict the same effect of workplace friendship on team effectiveness. And since demographics influence team dynamics (Berger et al., 1972) and the relationship among its members (Joshi & Knight, 2015), it is likely to have a moderating effect on the relationship. From the operational framework, the following hypotheses were developed:

H1: Inverted-U relationship does not exist between workplace friendship and team effectiveness.

H2: Demographic variables such as age, tenure, education, and gender have no moderating effect on the inverted-U relationship between workplace friendship and team effectiveness.

Figure 1

Operational Framework on the Effects of Workplace Friendship and Demographic Variables on Team Effectiveness.



Methodology

This study adopts a mono method quantitative research. To analyze this relationship, a case study approach will be pursued. We will look into the circumstances of MEI, a family-owned corporation engaged in the importation, distribution, and marketing of hospital equipment in the Philippines.

For this study, a census approach in data collection was initially planned, considering that MEI only has a total of about sixty (60) employees in its fold. Since one of the authors is an executive of the company, the names of employees were identified in advance and the department they belong to. The departments include the management, sales, finance, human resources, logistics, and warehouse. Employing the census approach provides a better chance to obtain the maximum number of respondents from the total employee population.

Cross-sectional data shall be collected using online questionnaires. Specifically, the level of workplace friendship shall be measured using the workplace friendship scale, particularly the Friendship Prevalence dimension, and a 6-item 5-point Likert scale from Strongly Agree to Strongly Disagree. The internal consistency reliability for scores on the final prevalence measure was .89 (Nielsen, Jex, & Adams, 2000). On the other hand, team effectiveness shall be measured using the team effectiveness scale, a 19-item 5-point Likert type scale from Strongly Agree to Strongly Disagree. The Cronbach's alpha for this scale was calculated at 0.96 (Wang & Imbrie, 2009). These scales shall form part of the online questionnaire created via Google Forms and

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distributed via email to MEI employees. The same questionnaire shall collect the employees' demographic data such as age, gender, educational level, and tenure.

Data collected from the questionnaire shall be plotted graphically to visualize the relationship between workplace friendship (X) and team effectiveness (Y). A similar approach was made by Lu, Xie, and Liu (2015) when they investigated the inverted-U relationship between frequent repetition and perceived risk. Subsequently, adopting the data analysis approach done by Maruping, Venkatesh, Thatcher, and Patel (2015), regression analysis shall be used to examine the inverted-U relationship between workplace friendship and team effectiveness. Moderated regression analysis will be used to see if demographics moderates the relationship between the two constructs. Finally, we intend to consult a professional statistician to assist us in carrying out these analyses.

Discussion of Results

The online questionnaire was distributed to all of the sixty (60) employees of MEI, but only forty (40) of them responded. Although we had hoped to get more responses, the ongoing enhanced community quarantine restrictions did not permit the other employees to respond due to no internet access at their homes. There was also no means to get the hardcopy questionnaires to be brought to their homes. Nevertheless, upon consulting with a statistician, we're able to confirm that more than thirty (30) samples should be sufficient for testing purposes. Subsequently, the Bonferroni outlier test was carried out, necessitating the removals of identified outliers leading to the final data set of thirty-four ($N=34$) respondents. The average age of respondents was 35 years old, comprised of nineteen (19) males, fourteen (14) females, and one (1) not identified. The average tenure of the respondents in the company is about 4.7 years. Only one of the respondents finished a technical course in terms of education level, and the rest were college graduates.

From the responses as seen in Table 1, the average level of workplace friendship (WF_ave) score was 2.24, which falls below the midpoint of the scale where the score of 1 represents the highest level of workplace friendship. Somehow, this score suggested a very moderate level of workplace friendship in the company. Similarly, the average level of Team Effectiveness (TE_ave) was at the score of 1.78, whereby the score of 1 represents the highest level of team effectiveness. Contrary to the owner's initial observation, the team effectiveness as measured by the scale was actually on the high side.

Before testing the hypotheses, a correlation test was conducted to have a glimpse of the relationship between the two main variables, workplace friendship and team effectiveness, designated as independent and dependent variables, respectively. The Shapiro-Wilk normality test revealed that the distribution of workplace friendship responses is not normal ($W=.92$, $p=.02$). Therefore, the Spearman correlation test was done. It showed a very weak linear correlation between workplace friendship and team effectiveness, $r(34)=-.082$, and the relationship was not significant ($p=.65$). This initial finding that the relationship between the two variables is non-linear is consistent with establishing if an inverted-U relationship exists.

To test the null hypothesis H1, which predicted that inverted-U relationship does not exist between workplace friendship and team effectiveness, quadratic regression analysis was conducted

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using the application R. The results showed that the coefficient to the linear term of workplace friendship is positive and also not significant ($\beta=.88$, $p=.13$). Meanwhile, the regression results showed that the coefficient of workplace friendship squared is negative and not significant ($\beta=-.17$, $p=.17$). These results were plotted in Figure 2, which showed that the level of team effectiveness is lower at the low level of workplace friendship. As workplace friendship increases, the level of team effectiveness increases until it reaches a point whereby as the level of workplace friendship increases, the team effectiveness starts to drop and continues decreasing. Somehow, the resulting plot resembles an inverted U figure.

"For a full inverted U-shape relationship to be supported, the coefficient on the linear term should be non-significant, and the coefficient on the quadratic term should be negative and significantly different from zero" (Aiken and West, 1991, as cited in Maruping et al., 2015, p.1323). These parameters hold true in our dataset, with the coefficient of the linear term at 0.88 and the coefficient of the quadratic term at -0.17. Hence, the results of this study manifested that the inverted-U relationship exists between workplace friendship and team effectiveness. However, the p-values greater than .05, denoting non-significant results, suggested that the null hypothesis cannot be outrightly rejected, but "this does not mean that the null hypothesis is true. All that non-significant results tell us is that the effect is not significant enough for this population. With the F-statistic of 1.309, the model can still be considered good as it will explain more variance than it can't explain (Field, Miles, & Field, 2012, p.109).

Table 1

Summary of Questionnaire Responses

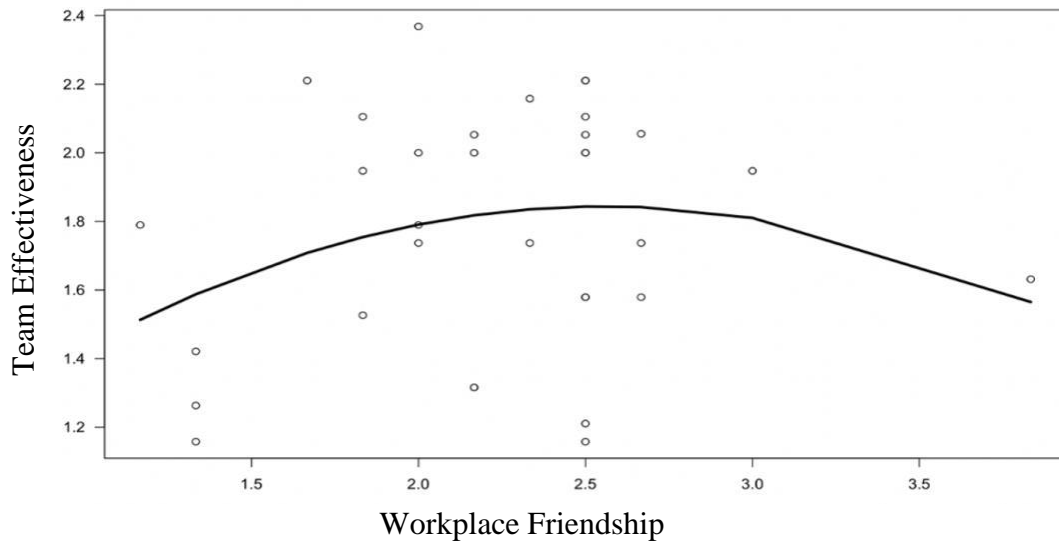
Variable	<i>M</i>	<i>SD</i>	N
Age	34.97	7.94	32
Tenure	4.68	3.70	30
WF_ave ¹	2.24	0.53	34
Per Team			
Brand Specialist	2.06	0.19	3
Finance/Accounting	1.78	0.42	3
Human Resources	2.5	NA	1
Logistics	2.67	0	2
Management	1.83	NA	1
Sales	2.36	0.56	16
Support Ops Group	1.94	0.59	3
Technical	2.50	0	4
Warehouse	1.17	NA	1
TE_ave ²	1.78	0.34	34
Per Team			
Brand Specialist	1.39	0.12	3
Finance/Accounting	1.84	0.37	3
Human Resources	2.21	NA	1
Logistics	1.90	0.23	2
Management	1.95	NA	1
Sales	1.81	0.38	16
Support Ops Group	1.77	0.44	3
Technical	1.71	0.26	4
Warehouse	1.79	NA	1
Gender			33
Male			19
Female			14
Education			34
College Graduate			33
Technical			1

¹Average of responses to Workplace Friendship scale (WF1-WF6)

²Average of responses to Team Effectiveness scale (TE11-TE196)

Figure 2

Relationship between Workplace Friendship and Team Effectiveness



To test the second null hypothesis H2, which predicts that demographic variables such as age, tenure, education, and gender have no moderating effect on the inverted-U relationship between workplace friendship and team effectiveness, moderated regression analysis was conducted. The results of the regression analysis are summarized in Table 2.

Table 2

Summary of Moderated Regression Results

Variable	Coeff	P
interaction_Age	-0.027	0.15
interaction_Age squared	0.0001	0.78
interaction_Tenure	-0.046	0.21
interaction_Tenure squared	-0.002	0.42
Interaction_Gender_code	-0.042	0.87
Interaction_Gender_code squared	-0.002	0.87

Note. The interaction variable is the product of the independent variable (WF_ave) and the respective moderating variables (i.e., Age, Tenure, Gender). Educational level cannot be tested as there is no variability in responses as all respondents (N=34) are 'Graduate Level' except one.

Notably, the interactions between workplace friendship and the moderating variables age, tenure, and gender are all not significant ($p > .05$). Similarly, interactions between workplace friendship-squared and the moderating variables age, tenure, and gender are all not significant ($p > .05$). These results suggest that there is no basis to reject the null hypothesis. Hence, the current results indicate that demographic variables concerned do not moderate the effects of workplace friendship on team effectiveness, which does not support the proposed operational framework.

Conclusions

This study primarily aimed to look into the effect of workplace friendship and employee demographics on team effectiveness in the case of a Filipino family business. Of particular importance was to see whether an inverted-U relationship exists between workplace friendship and team effectiveness, a research subject that is not explored extensively in the business field and its application in the Philippine context. The inverted-U relationship suggests that team effectiveness increases as workplace friendship increases. Then the relationship reaches a maximum point after which team effectiveness decreases at an increasing rate. This knowledge is of practical importance in the business field because we always aspire to maintain a high level of team effectiveness. It will be worth knowing if too much workplace friendship is unhealthy.

In the case of MEI, a Filipino family business, the study found that, indeed, an inverted-U relationship exists between workplace friendship and team effectiveness. The model can still be considered good, although it was not statistically significant for the population tested. Incidentally, it was found that demographics do not significantly affect the relationship between workplace friendship and team effectiveness, contrary to the initial assumption of this study.

Limitations and Recommendations for Future Research

As highlighted in the preceding section, there is a manifestation that an inverted-U relationship exists between workplace friendship and team effectiveness. However, the relationship was found not to be statistically significant, and maybe the low sample size may have something to do with this outcome. Therefore, we recommend that a similar exercise be carried out in a larger setting and possibly in several Filipino family businesses. Similarly, it will be a venue to revalidate the effects of employee demographics into the subject relationship.

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