

Racial Diversity and Team Performance: Evidence from the American Offshore Whaling Industry

Abstract

We use data from the natural experiment of the American offshore whaling industry to examine the causal effect of racial diversity on team performance. Teams consist of the crew operating onboard whaling vessels, and performance is measured by the value of the output captured during the voyage. Our identification strategy rests on the special characteristics of whaling voyages and exploits the richness of the data by including several fixed effects that address omitted factors. The results show that racial diversity's effect on performance is U-shaped. The nonlinear effect was transmitted negatively by conflicts and positively by creativity among the whalers. Crews adapted to diversity over time, as the effect shifted from being strongly negative in short-term voyages to negligible in the medium-term and then to positive in long term voyages.

This paper is joint work with Metin M. Coşgel

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