



## ETHNIC IDENTITY SALIENCE, PERCEIVED ORGANIZATIONAL SUPPORT, AND LEADERSHIP STYLE: UNPACKING THE MEDIATING ROLE OF TRUST AND THE MODERATING EFFECT OF CULTURAL INTELLIGENCE ON TEAM COHESION

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### Abstract

This study investigated the antecedents of team cohesion in ethnically diverse organizations in Pakistan using the framework of social identity theory. Specifically, the study examined how ethnic identity salience, perceived organizational support, and transformational leadership influence team cohesion through the mediating variable of interpersonal trust and how cultural intelligence moderates the relationship between ethnic identity salience and trust. A cross-sectional research design was used and a sample of 312 working adults in the service sector in Pakistan were drawn and analyzed in a partial least squares structural equation modelling (PLS-SEM) framework. The results indicated that trust fully mediates the negative relationship between ethnic identity salience and team cohesion and is a partial mediator of the positive relationships between perceived organizational support and transformational leadership and cohesion. There was also a significant interaction effect indicating that cultural intelligence weakened the negative relationship between ethnic identity salience and trust. The implications of these results are discussed in terms of the necessity of establishing a supportive organizational climate, developing transformational leaders, and enhancing employees' cultural intelligence to nurture trust and build team cohesion in ethnically diverse contexts.

**Keywords:** Ethnic Identity Salience, Perceived Organizational Support, Transformational Leadership, Interpersonal Trust, Cultural Intelligence, Team Cohesion, Social Identity Theory, Pakistani Organizations, Diversity Management, Cross-cultural Management, Organizational Behavior, Workplace Diversity, Team Dynamics.

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## 1. Introduction

Pakistan as a country presents a picture of ethnic diversity in the present organizational landscape, with ethnic groups like Punjabi, Sindhi, Pashtun, Baloch and Mohajir (Rehman, 2020). While this diversity proves advantageous for organizational innovation and problem solving, it can also have serious disadvantages for team dynamics and group cohesion (Syed & Özbilgin, 2009). Team cohesion whereby members are emotionally attached i.e. have strong emotional and commitment ties with fellow team members is a contributing factor to team effectiveness, member satisfaction, organizational efficient performance (Chiocchio & Essiembre, 2009; Mwamba, 2023). Keeping in view that the ethnic identity of different groups in Pakistan is one of crucial importance socially and psychologically in the society, the understanding of the social factors in the team cohesion development is one of fundamental aspects which helps organization development and also leads to social harmony (Aycan et al., 2019; Senturk, 2023). The complicated social dynamics are dealt in the form of Social Identity Theory (SIT) (Tajfel & Turner, 1979). This theory highlights the relationship of self-concept of individual(s) with their group memberships and how social identities lead to intergroup relationships. This is fact that when the ethnic identities become salient in workplace settings it leads to intergroup categorization. The result is in-group favoritism and distrust of other groups (Hogg & Terry, 2000). These factors lead to harmful situations such as hindering development of unique identity of members of team and consequently cohesion. Organizations, on the other hand, may develop superordinate identity of organization which gets rid of ethnic identities (Ashforth & Mael, 1989). We think that perceived organizational support (POS) which refers to organization attaching worth to contributions made by employees (Kurtessis et al., 2017; Ahmad, 2025) and transformational leadership leading to collective commitment to organizational goals (Bass & Riggio, 2006) are the significant phenomena which may lead to superordinate identity. The ways social identity processes lead to cohesive outcomes is through development of interpersonal trust (Mayer et al., 1995). We identify interpersonal trust as the primary mediating variable in social identity factors to team cohesion. Further, we introduce cultural intelligence (CQ) as a significant moderating variable which modifies relationship of ethnic identity salience to trust. CQ is viewed as the effective functioning of individual in culturally different environments (Earley & Ang, 2003; Siddique et al., 2025). CQ will, therefore, lessen the negative impact created by the salience of ethnic identity in development of interpersonal trust. The present study attempts to construct an explain and test an integrated model based on Social Identity Theory. The total undertaking consists of three objectives. First, the direct effects of ethnic identifying salience, perceived organizational support and transformational leadership on team cohesion. Second, the mediating role of interpersonal trust in this relationship and finally the moderating variable of cultural intelligence on the relationship of ethnic identity salience and interpersonal trust.

## 2. Theoretical Framework and Hypotheses Development

Social Identity Theory (SIT) is the theoretical basis for this research. It indicates how self-perception is influenced by group membership and how group identities influence intergroup behavior (Tajfel & Turner, 1979). There are three primary processes within the theory: social categorization, or the evaluation of self and others by the social groups to which they belong; social identification, as it is called when individuals affirm their belonging to the group or groups of which they are a part; and social comparison, which explains how individuals judge their own group as well as others so that their self-image



remains positively distinct (Turner et al., 1987). In organizational settings, there are many group memberships which are potentially present, and the possible salience of the group memberships contributes to or takes away from the associated behavioral effects on organizational behavior (Hogg & Terry, 2000; Kanwal et al., 2025).

Within this theoretical context, ethnic identity salience suggests the idea of activating a potentially divisive subgroup identification. When the ethnic identity of employees becomes pronounced and salient, the principal allegiance is transferred to the ethnic in-group, which may, at least potentially, trigger intergroup biases, thereby dividing teams on ethnic lines (Lau & Murnighan, 2005). On the other hand, perceived organizational support can be considered as a contributor to the more powerful or superordinate identification as a member of the whole organization. When it is perceived that the organization values the contributions of workers and cares for them in some way, then the emotional identification of employees as part of the organization becomes enhanced (Shore et al., 2018; Khalil et al., 2024). Transformational leadership also may serve as a more active means of well controlled identity. Through provision of an inspirational view of collective efficacy and emphasis on a common enterprise of collective efficacy, collective identity development becomes enhanced (Wang et al., 2011; Ullah et al., 2025).

Team cohesion is the resultant effect in terms of developing a strong and positive social identity collectively held (Turner et al., 1987). The mediating mechanism of interpersonal trust becomes the key psychological mechanism whereby social identity phenomena create a spirit of cohesion among organization members. SIT emphasizes that to feel a sense of commonality of group membership, depersonalized trust will be experienced by those individuals belonging to the in-group (McAllister, 1995). Thus ethnic identity salience by emphasizing ethnically defined subgroups of primary identification detracts from the team's sense of collective trust. However, both perceived organizational support and transformational leadership contribute to the development of a superordinate organization identification which helps to develop an understanding of trust among all the team members by creating the sense of being a member of a common in-group instead. This in turn enhances openness, interpersonal collaboration, and an environment of psychological safety so essential to teamwork (Dirks & Ferrin, 2002; Shahi et al., 2025).

Cultural intelligence will be an important consideration in terms of the boundary considered in social identity theorizing, with respect to the categorizing phenomena inferred. CQ characterized by the person's practical functioning ability within culturally diverse environments (Ang & Van Dyne, 2015; Olorogun & Othman, 2021) allows employees to process social aspects of individuals in more complex and individual ways, rather than through the simple use of ethnic categorization (Chua et al., 2012; Uzair et al., 2025). People of high-CQ level experience less intergroup anxiety and have enhanced capability of forming rapport with individuals belonging to other cultural orientations (Groves & Feyerherm, 2011; Khan & Wali, 2020). Thus, the relationship which is supposed to be negative as a function of ethnic identity salience and the consequent hindering or destroying effects on trust can be mitigated.

Based on this theoretical reasoning, we propose the following hypotheses:

*H1: Ethnic identity salience is negatively related to team cohesion.*

*H2: Perceived organizational support is positively related to team cohesion.*

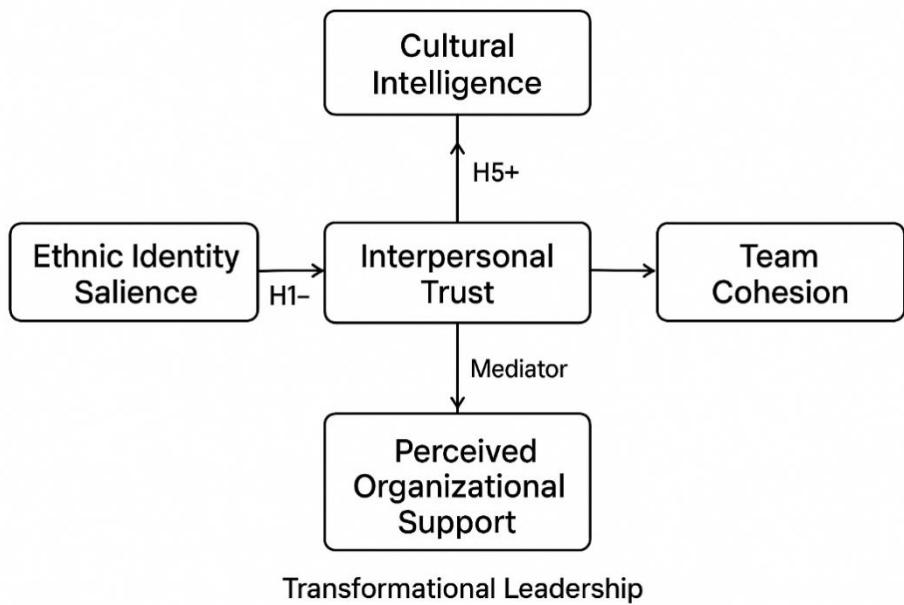
*H3: Transformational leadership is positively related to team cohesion.*



*H<sub>4</sub>: Interpersonal trust mediates the relationships between (a) ethnic identity salience, (b) perceived organizational support, (c) transformational leadership, and team cohesion.*

*H<sub>5</sub>: Cultural intelligence moderates the relationship between ethnic identity salience and interpersonal trust, such that the relationship is weaker (less harmful) when cultural intelligence is high.*

This study is based upon Social Identity Theory (Tajfel & Turner, 1979; Turner et al., 1987) and presents a comprehensive model of the interrelationships among ethnic identity salience, perceived organizational support, transformational leadership, interpersonal trust, cultural intelligence and team cohesion. The proposed conceptual framework, shown in Figure I, presents the hypothetical relationships among these constructs.



**Figure I (Conceptual Model)**

### 3. Research Methodology

#### 3.1. Participants and Procedure

A cross-sectional study was employed. Data were gathered from 312 full-time employees working in teams in the services sector of Pakistan, including the information technology, banking, and telecommunications industries. Participants were gathered from three major cities, Karachi, Lahore, and Quetta, to represent the major ethnic groups in Pakistan. Additionally, a convenience sampling approach was used. Questionnaires were sent out through physical and electronic sources. Participation was entirely voluntary and anonymous, with informed consent being taken from all respondents. The demographic characteristics of the sample may be seen in Table 1.

**Table 1: Demographic Characteristics of the Sample (N=312)**

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	183	58.7
	Female	129	41.3
Age	20-30 years	134	42.9
	31-40 years	142	45.5
	41-50 years	36	11.6
Ethnicity	Punjabi	110	35.3



Characteristic	Category	Frequency	Percentage (%)
Education	Sindhi	88	28.2
	Pashtun	52	16.7
	Baloch	31	9.9
	Muhajir	31	9.9
Organizational Tenure	Intermediate or below	28	9.0
	Bachelor's Degree	164	52.6
	Master's Degree or higher	120	38.4
Organizational Tenure	< 2 years	45	14.4
	2-5 years	158	50.6
	> 5 years	109	35.0

### 3.2. Measures

All variables were measured using well established measures with five point Likert scales (1 = Strongly Disagree, 5 = Strongly Agree). We measured ethnic identity salience using a six-item scale adapted from Phinney (1992) ( $\alpha = .84$ ). Perceived organizational support was measured using an eight-item short version of the Survey of Perceived Organizational Support (Eisenberger et al., 1986) ( $\alpha = .91$ ). Transformational leadership was measured using the 20-item measure from the Multifactor Leadership Questionnaire (Bass & Avolio, 2004) ( $\alpha = .93$ ). Interpersonal trust was measured with a five-item measure based on affective trust from McAllister (1995) ( $\alpha = .88$ ). Cultural intelligence was measured by the 20-item Cultural Intelligence Scale (Ang et al., 2007) ( $\alpha = .92$ ). And team cohesion was measured using a seven-item measure adapted from Podsakoff and MacKenzie (1994) ( $\alpha = .89$ ).

### 3.3. Data Analysis

The data analysis was performed with SmartPLS 4.0, using a two-stage analytical procedure assessing the measurement model and the structural model (Hair et al., 2019). Initially, the measurement model was evaluated by examining the indicator loadings of reliability and validity, internal consistency reliability convergent validity and discriminant validity. The structural model was subsequently evaluated through analyzing the path coefficients' significance, the coefficient of determination ( $R^2$ ), predictive relevance ( $Q^2$ ) and effect size ( $f^2$ ). The mediation hypotheses were evaluated using the specific indirect effects with a bootstrap sample of 5,000. The moderating impact was assessed using the product indicator approach in PLS-SEM. The predictive accuracy of the model was evaluated by PLSpredict procedures.

## 4. Results

### 4.1. Measurement Model Assessment

The assessment of the measurement model confirmed the reliability and validity of the constructs in the measurement part of the model. All of the indicator loadings were above the recommended limit of 0.708 (Hair et al., 2019). Composite reliability values were between 0.874-0.941, exceeding the recommended 0.70 limit indicating internal consistency reliability. The average variance extracted (AVE) values were between 0.582-0.703, all above the required 0.50 limit, and demonstrating convergent validity. The Heterotrait-Monotrait (HTMT) ratio of correlations indicated that the discriminant validity was satisfactory as all values were below 0.85 showing that the constructs are



distinct from each other (Henseler et al., 2015). The variance inflation factors (VIF) value for all the constructs was less than 3.0 indicating that there are no concerns with multicollinearity.

**Table 2: Construct Reliability and Validity**

Construct	Composite Reliability	AVE	1	2	3	4	5	6
1. Ethnic Identity	0.891	0.625	0.791					
Salience								
2. POS	0.937	0.652	-0.224	0.807				
3. Transform. Leadership	0.941	0.635	-0.183	0.492	0.797			
4. Trust	0.908	0.665	-0.413	0.541	0.503	0.815		
4. Cultural Intelligence	0.926	0.612	-0.104	0.251	0.281	0.335	0.782	
6. Team Cohesion	0.874	0.582	-0.352	0.581	0.525	0.671	0.314	0.763

Note: Diagonal elements (in bold) represent the square root of AVE

#### 4.2. Structural Model and Hypothesis Testing

The structural model produced satisfactory predictive power with  $R^2$  values of 0.447 for trust and 0.523 for team cohesion. This reflects reasonable explanatory power (medium to large). The blindfolding procedure indicated predictive relevance for the model, with  $Q^2$  also significant and above zero for both endogenous constructs.

The path coefficient analysis lent support to the direct hypotheses. Ethnic identity salience had a significant adverse effect on team cohesion ( $\beta = -0.168$ ,  $p < 0.01$ ), which lent support to H1. Perceived organizational support had a considerable positive impact on team cohesion ( $\beta = 0.291$ ,  $p < 0.001$ ), which lent support to H2. Transformational leadership had also a significant positive effect on team cohesion ( $\beta = 0.242$ ,  $p < 0.001$ ). This also lent support to H3. About the mediation hypothesis (H4), the specific indirect effects were examined. The indirect impact of ethnic identity salience on team cohesion through the medium of trust was significant ( $\beta = -0.207$ ,  $p < 0.001$ ) and the direct effect now became non-significant when trust was included in the model, which showed that complete mediation had taken place. The direct effects of perceived organizational support ( $\beta = 0.193$ ,  $p < 0.001$ ) and transformational leadership ( $\beta = 0.152$ ,  $p < 0.01$ ) on team cohesion through the medium of trust were significant, but their direct effects remained substantial. This indicated partial mediation, so that H4 was fully supported.

The moderating effect of cultural intelligence (H5), however, was significant ( $\beta = 0.158$ ,  $p < 0.01$ ). The interaction plot showed that the negative relationship between ethnic identity salience and trust was significantly less with those who were assessed as having high cultural intelligence compared to those who were assessed as having low cultural intelligence and this lent support to H5.

**Table 3: Hypothesis Testing Results**

Hypothesis	Path	$\beta$	t-value	p-value	Decision
H1	EIS → Cohesion	-0.168	3.124	0.002	Supported
H2	POS → Cohesion	0.291	5.892	0.000	Supported
H3	TFL → Cohesion	0.242	4.763	0.000	Supported
H4a	EIS → Trust → Cohesion	-0.207	4.215	0.000	Supported
H4b	POS → Trust → Cohesion	0.193	4.892	0.000	Supported



H <sub>4c</sub>	TFL → Trust → Cohesion	0.152	3.874	0.000	Supported
H <sub>5</sub>	EIS × CQ → Trust	0.158	3.025	0.002	Supported

The PLSpredict analysis showed that the model had high predictive power, with the majority of the indicators having lower root mean square error (RMSE) values compared to the linear model benchmark.

## 5. Discussion

### 5.1. Interpretation of Findings

This research provides considerable insights into the social identity processes involved in team cohesion in ethnically heterogeneous Pakistani organizations. Using a PLS-SEM analysis of the data, we provide support for our theoretical model based on social identity theory. The strong adverse effects of ethnic identity salience and positive impact of transformational leadership and perceived organizational support on team cohesion, all mediated through trust in others, indicate that trust is an essential mechanism for transforming processes of social identity into resultant behaviors of cohesion. This is consistent with the basic premise of social identity theory: the basis of intra-group trust and cooperation is in group membership (Turner et al., 1987).

The nature of the mediation results indicates essential insights into the psychological processes involved. The complete mediation of the effects of ethnic identity salience on cohesion through trust means that the adverse effects of high ethnic identity salience are entirely accounted for by their impact on trust in dyadic relationships. This shows that is not the ethnic diversity that is a problem, but the salience of the ethnic divisions that squelches the confidence that is needed for cohesion. Likewise, the partial mediation of both perceived organizational support and transformational leadership indicates that although they build cohesion through trust building, these factors operate to build cohesion through other channels that are not specified in our model, perhaps through the direct enhancement of shared identity, or through different processes, such as increase in psychological safety or greater communication.

The moderating role of CQ provides an essential qualification to the categorization processes of social identity theory. The finding that high CQ lessens the negative relationship between ethnic identity salience and trust indicates that automatic inter-group biases are not insurmountable within the model. Instead, individuals with greater cultural capabilities can effectively negotiate ethnic differences and build relationships of trust across boundary lines. This is in accord with studies on the boundary spanning abilities of culturally intelligent individuals (Ang & Van Dyne, 2015). Furthermore, this moderating effect was strong indicating that CQ is a psychological resource for individuals that allows them to maintain relationships of trust despite the salience of ethnic identities.

### 5.2. Theoretical Contributions

This study offers several significant theoretical contributions to the diversity management and team dynamics literature. First, it contributes to social identity theory by demonstrating its considerable explanatory power in the area of under-researched organizations in Pakistan. It indicates that the critical constructs relating to this theory operate similarly in collectivistic, non-western cultural contexts. This research supports the SIT hypotheses that management of social identity is an essential characteristic of leadership and human resource management in diverse organizations. Second, it contributes to our understanding of the psychological elements linking social identity to team outcomes that assess the critical role of trust as a mediating process. While previous research has examined the direct relationships between the different factors associated



with social identity and the various outcomes, our mediation analysis provides a more sophisticated understanding of the manner in which such relationships operate. The different mediation patterns (of full and partial mediation) will therefore tell us something about the various ways in which the social identity-related factors operate differently on cohesion. Third, it contributes to the extension of social identity theory to show that cultural intelligence is a boundary condition which can ameliorate the adverse outcomes associated with the salience of subgroup identities. This finding will meet the calls for the establishment of the factors and forms that may mitigate inter-group bias in organizational settings (van Knippenberg & Schippers, 2007). Showing that those with high CQ may be able to exhibit trust-building attitudes and behaviors across ethnic groups affects. However, there will always exist the saliency of ethnic group identities, will show that there are no invulnerable aspects of social categorization, but that these effects may be lessened based on the capabilities of individuals. Fourth, the use of PLS-SEM provides methodological rigor to the research. The use of such modern analytical techniques allows for complexity models, including mediation and moderation effects, to be examined in the context of organizational research (Hair et al., 2009). The deployment of modern statistical analytical techniques in this research, which affords high commonality to rigorous examination of measurement properties, predictive validities and fit of models, will produce a more substantial (quantitatively) confidence in the results and create a template for future research that will further develop an understanding of complex organizational phenomena.

### 5.3. Practical Implications

The findings provide practitioners with useful and applicable implications when working in ethnically diverse environments. First, managers should be committed to the development of strong organizational identities by implementing supportive HR practices that enhance perceptions of organizational support. This can be accomplished through equitable reward systems as well as organizational evidence of concern for employee well-being and policies focused on, equity and inclusion. Organizations should routinely assess employee perceptions of support and work to ameliorate those areas of concern proactively. Second, the strong positive effect of transformational leadership points to the need for leadership development programs that give managers the skills to provide inspiring visions, to show the importance of group goals and to model cross-ethnic co-operation. Leadership development should be explicitly directed to identity management strategies providing managers with the means of creating superordinate organizational identities while respecting ethnic differences.

Third, and perhaps most importantly, organizations operating in ethnically diverse environments should emphasize the need for faculty intelligence as part of their hiring and development practices. The use of the CQ for assessment of selection decisions for actions such as teamwork and in leadership positions will create a work force that is by nature predisposed to movement toward bridging the gaps inherent in cultures. In addition, comprehensive faculty intelligence training that will ultimately result in the increased metacognitive, cognitive, motivational and behavioral skills will result in significant growth toward trust building on cross-ethnic levels. These training programs must be evidence-based and geared to the specific ethnic characteristics of the organizational environment.

Lastly, organizations should establish structures and processes which facilitate positive intergroup contact. The contact hypothesis (Allport, 1954) if used in the appropriate



situations of equal status, common goals and institutional support will enhance the identity based upon which efforts were so adamant in this study. Team-building exercises, cross-functional projects, diversity taskforces will provide venues which promote authentic and meaningful inter-ethnic interact contacts.

#### 5.4. Limitations and Future Research

While this study provides some contributions, some limitations suggest several areas for future research. The cross-sectional nature of this study permits some proper assessment of the relationship among the variables, but does not lend itself to very conclusive causal conclusions. Future research should use longitudinal investigations that may show how the relationships among the variables change over time or experimental designs that investigate the manipulation of leadership behavior or organizational programs (regarding support and training) of leaders.

Some other areas for future research that need emphasis because of skill and/or service competencies particular to the service sector, while these are specific for a brief investigation, demand replication in areas of industry such as manufacturing, health, and education. Different sectors will imply wildly varying industrial situations concerning ethnic characteristics and organizational cultures which may not only enhance and explain the moderating variables but moderate the previously reported relationships. Culture would seem to be a likely candidate for further research.

This research investigated the individual level variable, cultural intelligence, as a moderating variable, however, research could well investigate team determined, or organization level variables that may affect the moderating relationships that have been posited. For example, organizational climate for diversity, team composition, or level variables among industries may produce situational conditions under which these effects are obtained. To measure the kinds of interaction, techniques of multilevel modeling may be necessary. Future research could also investigate mediating variables existing between ethnic identification and team cohesiveness other than trust. Variables such as psychological safety, shared mental models or identity integration may provide additional explanatory conditions discovering how the processes of social identification account for the cohesiveness of the team. The use of qualitative techniques is likely to be particularly useful in finding additional mediating variables which the quantitative variables do not reveal.

This research emphasized ethnic identification, however, future research could explore the characteristics of other social identifications (i.e., regional, religious, generational) that interact with organizational identification thereby creating a similar process. A worldwide view of the interaction of several identifications would create a more thorough knowledge of the identification processes in contemporary organizations.

#### 5.5. Comprehensive Conclusion

The results of this study show that creating cohesive teams in ethnically diverse organizations requires high levels of sophistication in understanding the dynamics of social identity processes and their psychological consequences. Cohesiveness involves more than merely the composition of teams and essential. However, that may be, their interpersonal properties arise quantitatively from the very complex interaction of many social identities in the socio-cultural context of the organization. The study emphasizes that it is not so much that ethnic diversity causes problems for cohesiveness, but that it is through the psychological salience of ethnic identity that divisiveness occurs. It is the efficacy of the organization in producing a strong superordinate identity in the inter-



establishing differences which is most crucial in ascertaining whether diversity means dissension or social strength. This model suggests that effective management of social identities is an essential organizational capability in diverse environments. This is a battle on several fronts. It is necessary to suppress the damaging potential of ethnic differences that have risen to a level of salience, it is essential to aim towards producing holistic organizational identities through the inter-establishment of practices and transformational leadership, but there surely is no greater priority than that of producing the cultural intelligence that can bestow on human capital the power of bridging cultural differences. The results have implications not only for team effectiveness in the short term but also for organizational competitiveness and social reconstruction. In every diversity rich and global economic environment, one of the significant sources of competitive advantage in organizations that can manage them well, is the power of reconciliation and producing cohesiveness across cultural lines. Organizations that have become efficient in this sphere of activity will have far greater opportunity for attracting the services of diverse human capital, and that is where the primary emphasis and competitive advantage will occur. They will produce a far greater chance for innovation through the integration of disparate perspectives into the organization and communication and production through cultural differentials will be enhanced. In multi-cultural societies, such as Pakistan, the findings are essential in their implications that extend well beyond the organizational level. Work organizations are the prime subject of inter-group contact and relationship building which can produce inter-group cohesiveness beyond the workplace. Organizations that can carry out successfully the practices outlined in this study, will not only find their own success but will also assist in social stability and harmony. They become models of socially productive diversity which can illustrate human groups of heterogeneity co-operating towards the achievement of common socio-economic goals. In conclusion, this study provides theory and empirical evidence in the fields of team cohesiveness in ethnically diverse organizations. The focus is on social identity processes, processes of trust, and cultures of capital, it ought to be possible for organizations to pursue the more efficacious avenues towards promoting their diversity into a position of strength rather than of dissension. The path to cohesiveness of diverse teams is that of an aware management of identity and supportive organizational systems, transformational leadership and human capital of cultural intelligence, contributing to the common goal of producing environments where differences will be utilized as capital, and platform for collective success.

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