2. Literature review on multinational teams

The extant literature on MNTs suffers from a notable and major limitation. Most researchers have tended to focus almost exclusively on the internal dynamics of MNTs. They have overlooked the team embeddedness within a particular country, industry context and organizational culture.

Very little information has been provided about the context in which a study has been conducted. Lack of information about the context in which research has been conducted impedes our ability to understand the reasons for conflicting results found across studies (Jackson et al., 2003). Basic team information that should be relayed in order to understand the study results includes the type of company, team structure and composition, type of tasks performed, and the technology and equipment used. These details, which are essential for the development of an understanding of the team literature by providing a context for the study's results, are very often missing.

Many researchers moved into the field in order to administer questionnaires to anonymous respondents. Such research often entails sending packets of questionnaires to company representatives for distribution to respondents, who return them by mail. Consequently, MNTs were often studied without going near the organization and without talking to any of its members. Yet removing researchers from the context has costs in terms of the depth of understanding researchers can achieve.

MNT members are subject to numerous exogenous forces that profoundly affect how these teams’ members relate, how they communicate, what their strengths and weaknesses are, and how they interact with other team members, tasks, and the larger organizations around them. Past research has usually tried to measure the impact of single independent variables on MNT performance. In his study, Thomas (1999), e.g., used collectivism as a single cultural dimension in order to determine group effectiveness. Yet MNTs are composed of individuals and the specific cultures represented in work groups influence group processes and outcomes. His findings show that individual’s degree of collectivism and his or her relative difference from other group members has an effect on the functioning of work groups. But how can we measure the relative difference of one team member from the others? What if the preference for dependency and hierarchy of one individual from a high power distance and collectivist society limits his ability to complement group or participation-based decision making?
Can power distance mediate the effect of group collectivism and negatively impact team functioning? These questions remain unanswered.

We can gain a deeper understanding of the factors that influence MNT members to perform effectively only if we keep in mind that organization members do not think, feel, or behave in isolation (Pfeffer, 1991). A person's location in the social context influences his/her contacts and experiences within the organization. We agree with Cappelli and Sherer (1991:97) who claim that "What is unique about behavior in organizations is presumably that being in the organization – the context of the organization – somehow shapes behavior, and it is impossible to explore that uniqueness without an explicit consideration of the context."

By participating in the organizations under study and interacting with employees, researchers may achieve a deeper understanding and explore new areas of inquiry. Consequently, progress in MNT research is unlikely if research is conducted in laboratory settings or through short visits to companies during which questionnaires are distributed to convenience samples. Instead, Adler and Boyacigiller (1991) advocate more qualitative and idiographic research that can only be accomplished when scholars invest considerable time within the cultural, organizational and societal context they wish to understand. We agree with Jelinek and Wilson (2005:210) who argue that MNT researchers "cannot afford to continue to ignore factors beyond the organizational level of analysis such as the effects of political or economic events or strategic conditions that are local, national, or international in scope, if they want to explain and predict the behavior of multicultural teams and their members”.

Research on MNTs captures complex interactions of individuals from different cultures and it is a very formidable undertaking because variables of interest must often be monitored over lengthy periods. Longitudinal investigations are honored in theory, yet they are less often pursued in practice. In future, more longitudinal studies need to be done. They are difficult to do and time-consuming, but often the best way to assess causality. For example, a study conducted by Early and Mosakowski (2000) shows that time may change the effects of international diversity on MNTs. According to the results obtained, heterogeneity has a detrimental impact on team functioning at the beginning. This disadvantage is not a monotonically decreasing function; rather, the impact is consistent, with both split and heterogeneous teams inferior to a homogeneous team. Over time, how-
ever, the impact of heterogeneity on team performance and other team outcome variables becomes curvilinear. After forming ways to interact and communicate, highly heterogeneous teams create a common identity. If this could be generalized, then outcome of research into MNTs would also be influenced by the time path.

In this chapter we will review the research on MNTs. The literature review starts with studies that explore the effect of societal and organizational context on MNT functioning. MNTs are the units of investigation in this study. Consequently, team task is aspect of team context. We will explain how task characteristics impact MNTs. The literature review continues with a description of the complexity inherent in MNTs. It also provides a review on the role of MNT leadership. Team norms, team size and technology may mediate MNT performance. These mediating variables and studies that incorporated them in their research design are also summarized in this chapter.

2.1 Contextual aspects: society as a set of contextual aspects

Context is where teams, departments and organizations live (Hackman, 1999) and it is inescapable – regardless of whether or not researchers pay attention to it (Jackson et al., 2003). Consequently, it is important to know the contextual factors when conducting research in field settings. Examples of societal factors include labour laws and a country’s education system (Friel, 2005; Jackson et al., 2003).

Labour laws that engender the retention of employees and facilitate their integration into the decision-making process contribute to employment security and commitment of workers to a company. They also provide the best environment for the successful implementation of cross-functional work teams (Friel, 2005). In his study, Friel (2005) has found an explanation for the failure to implement cross-functional work teams in the American facility of a German multinational. In Germany labour laws provide employment security and improve the commitment of workers. Consequently, fewer managers are required and the organisational structure is characterised by flat hierarchies. Power can be transferred to relatively autonomous teams of workers. This facilitates the successful implementation of cross-functional teams. The American facility has relied on temporary workers with low levels of skills. The county’s labour laws do not engender the retention of employees. In addition, the fact that employers have to pay 50% of any unemployment compensation for all workers creates an incentive for the company to
dismiss those employees with the highest level of skills. The introduction of cross-functional teams has failed.

In accordance with this, Adler (1986) claims that American employment practices are short-term. Managers who do not perform well during their first year are fired or, at best, not promoted. Companies do not give them ten years to demonstrate their worth, nor do new employees, especially new MBAs, give the organization a decade to recognize their contribution. By contrast, major Japanese companies use a more long-term, future-oriented time horizon. This creates trust and commitment of workers to a company and facilitates the implementation of autonomous teams that do their best for the success of the company.

The nature of the country’s education system plays an important role as well. For a self-managed team to be successful it is important to have members who possess broad-based skills in order to perform a variety of managerial tasks. The impact of teams may be enormous. In a study conducted by Francesco and Gold (1998) self-managed teams have raised productivity by 30% and have substantially raised quality in organizations. In addition, their introduction changes how work is organized and eliminates managerial levels, thereby creating a flatter organization (Francesco and Gold, 1998). According to the results obtained from a study conducted by Kirkman and Shapiro (2001), the highest employee resistance to self-managed work teams has been observed in the USA, where many work team implementation initiatives end in failure. One reason may be the lack of relevant skills of team members. A survey by the National Association of Manufacturers (1998) indicates that manufacturers view the lack of skills among job applicants as one of the largest problems facing U.S. manufacturers today. The same phenomenon has been observed by Friel (2005) who describes the failure of the German multinational to implement a lean production program in its U.S. facility. Many workers have lacked the necessary skills to efficiently meet the requirements of the job. Consequently, levels of management could not be eliminated nor could such workers be empowered, since they don’t possess basic literacy skills. The implementation initiatives of cross-functional teams in the American facility of the German multinational have not been successful.

### 2.2 Contextual aspects: global industry context and its impact on teams

Firms react to industry context in order to shape their strategies. Those strategies in turn clearly affect MNTs. The pressures of employer demands, resource scarcity and the levels of uncertainty and stress will differ in various industries.
Strategy will necessarily respond and this will impact MNTs (Jelinek and Wilson, 2005).

In their theoretical work Jelinek and Wilson (2005) describe the impact of automotive and airlines industry on organisations and teams. According to them beyond the auto-motive industry, global economics create many opportunities and demands for alliances, which often translate into strategies that entail MNTs. In the airline industry, these strategies include operating alliances. The Star Alliance was the first global airline alliance. Such alliances can be limited to sharing codes and coordinating flight timings and there may be little interaction. Or, they can extend to something much closer to a joint venture with joint product development and even sharing of aircrafts and crews in a single operating company. The closer the bonds between the organisations are the more extensive is the use of MNTs. These examples show how the stress of competitive pressures in the automotive and airlines industry forces companies to shape their strategies and consequently increase the use of MNTs. The more extensive is the multicultural teaming, thus more evident is the heterogeneity in cultural norms and expectations. Yet, if the stress of competitive pressures looms large it may exacerbate cognitive differences. It will have an impact on MNT members and their performance (Jelinek and Wilson, 2005). None of the studies reviewed has managed to empirically assess the impact of industry turbulence on MNTs.

According to Hofstede et al. (1990) organisational cultures reflect among many variables also industry and market. They are related to organization structure and control systems and have a strong impact on the type of organisational culture. We assume that through the corporate culture industry context also impacts MNTs.

Researchers studying MNTs have ignored factors beyond the usual individual and organizational levels of analysis. Many studies do not provide any information about the type of company, the type of industry or the situation in the particular industry at the time when data was collected. This prevents us from developing a clear understanding for study results. In future, there will be more MNTs. They will either arise from multicultural workforces within the same company or country or through global economic activities, e.g. cooperative alliances between companies. They represent an interesting object for research and in future studies must not ignore the impact of a particular industry on MNT functioning.
2.3  **Contextual aspects: organisation as a set of contextual factors**

A big weakness of MNT studies is that researchers have often ignored the organisational context and its impact on team performance. According to Jackson et al. (2003), the context of an organization includes its competitive strategy, patterns of social integration (vs. segregation), organizational climate and culture, diversity history (e.g., exposure to discrimination lawsuits), and the presence of specific practices for managing diversity (e.g., affirmative action policies, diversity training programs). These factors may support MNT performance or in the worst case contradict, abandon, and undermine its functioning.

2.3.1  **Organisation as a set of contextual factors: organisational strategy**

The strategy of an organisation is one important factor. According to Richard’s findings (2000), the relationship between cultural diversity and a firm’s performance will be moderated by a business strategy. Consequently, higher cultural diversity will be positively related to firm performance when the firm pursues a growth strategy and negatively related to firm performance when the firm pursues a downsizing strategy. The results have shown that downsizing firms with high cultural diversity have the lowest productivity gains. Companies that are involved in expansion and focus more on ‘business to consumer marketing’ can benefit from market-related advantages obtained from cultural diversity. Diversity will bring cultural sensitivity that is very important if the company enters new markets and tries to reach different market segments (Cox, 1993). However, diversity can become a disturbing factor in simply structured organizations that focus on cost saving (Richard, 2000). One could assume that MNTs are more successful in companies with a growth and multidomestic strategy, while task forces are used for the solution of specific problems in firms with a downsizing and global strategy. This assumption creates an interesting and new avenue for future research. In addition, a socio-cognitive perspective suggests that team diversity will be more beneficial under conditions of greater strategic complexity, because diversity helps the team deal with the demands of greater complexity (see e.g. Jehn and Bezrukova, 2003, Richard, 2000; in Jackson et al., 2003). In contrast, the behavioural perspective suggests that team diversity will be more detrimental under conditions of greater strategic complexity, because diversity makes the necessary coordination among team members more difficult (e.g., see Carpenter, 2002; in Jackson et al., 2003).
2.3.2 Organisation as a set of contextual factors: organisational structure

The consequences of diversity will also depend on the degree of structure present in an organization (Cox and Tung, 1997). Some research even suggests that an adaptive, technologically advanced, and non-hierarchical organization is more likely to succeed with MNTs than a highly structured, control-oriented organization (Apgar, 1998).

In the USA efficient management requires a division of labour and the use of employees according to their abilities. Consequently, inequality in power and status is inevitable in U.S. organizations and this fact has been accepted by the Americans to a higher degree than by other cultures. The national culture of the USA may be characterised by individualism, independence and free will. Yet, organizations in the USA are more structured than German companies. American companies usually find it difficult to switch to new, innovative organizational structures and therefore mainly remain at more conventional Fordist arrangements (Weinstein et al., 1995; in Friel, 2005). As already mentioned, the consequences of diversity will depend on the degree of organizational structure present in the company (Cox and Tung, 1997). Consequently, it will be interesting to explore if a more structured and control-oriented company will succeed with the implementation and management of MNTs.

None of the studies reviewed has explored the impact of matrix structure on MNT effectiveness. It still remains unanswered if and how the matrix structure and the repeated withdrawal of team members impact MNT functioning.

2.3.3 Organisation as a set of contextual factors: organisational culture

Culture at the national level and culture at the organizational level or corporate culture are two very different phenomena and the use of a common term for both is confusing (Meyer and De Wit, 2004). According to Hofstede et al. (1990) national culture consists of a set of orientations that arise from basic values developed early in life while organizational culture is based more on specific work practices that are acquired within the organization. In a study conducted in twenty units from ten different organisations in Denmark and the Netherlands in 1990 Hofstede and his team could identify six different dimensions (D) that characterise different organisational cultures: process-oriented vs. results-oriented (D1), employee-oriented vs. job-oriented (D2), parochial vs. professional (D3), open-system vs. closed system (D4), loose vs. tight control (D5), normative vs. prag-
matic (D6). D1 opposes a concern with means (process-oriented) to a concern with goals (results-oriented). D2 opposes a concern for people (employee-oriented) to a concern for getting the job done (job-oriented). D3 opposes units whose employees derive their identity largely from the organisation (parochial) to units in which people identify with their type of job (professional). D4 opposes open systems to closed systems. It describes the communication climate, a focus of attention for both human resources and public relations experts. D5 refers to the amount of internal structuring in the organisation. A tight control system may be associated with strict codes in terms of dress and dignified behaviour. D6 deals with the popular notion of customer orientation. Pragmatic units are market-driven while normative units perceive their task toward the outside world as the implementation of inviolable rules. These six dimensions can be seen as a checklist for practical culture differences between organisations. There is no “one best corporate culture type”. Hofstede et al. (1990) claim that what is good or bad depends in each case on where one wants the organisation to go. None of the studies on MNTs has tried to assess the impact of these dimensions of corporate cultures on MNT performance. This could be an interesting avenue or future research.

Several authors have argued that organizational cultures shape diversity dynamics (Jackson et al., 2003). Many American companies have strong, well-developed corporate cultures. The term strong culture implies that most managers and employees share a set of values and methods of doing business (Francesco and Gold, 1998). Collins and Porras (1994) claim that strong cultures are an important characteristic of organizations with outstanding performance records since they ‘permit a standardized response that minimizes complexity, thereby holding the promise of efficient administration and common mindset’ (Bergley and Boyd, 2003; p. 357) an observation, which may be valid for U.S. firms but not necessarily for European or Asian firms. Unfortunately, none research has been done in order to explore the relationship between strength of corporate culture and its influence on MNTs.

Corporate culture has an impact on the implementation process of MNTs which sets the stage for the creation of team norms. These team norms regulate communication and decision-making procedures in a team and they have a strong influence on team performance (Fink et al., 2004). Today, many teams are almost entirely self-managing. These teams often have the authority to determine their work strategies and manage their internal processes. Given such freedom, teams have more opportunity to develop their own unique cultures, which have the potential to reinforce the overall firm culture, but also to deviate from the values and norms set by the organization, ultimately influencing the organizational culture (Mannix et al., 2001). To what extent MNTs serve as catalysts for organizational change and how far these teams can help transfer the appropriate dimensions of the home organisation’s culture between geographically dispersed busi-
ness units in multinational companies creating a strong, unified corporate culture still remains an interesting area for future research. A key research question also remains how such teams may facilitate the knowledge transfer across geographic and organisational boundaries (Gibson et al., 2003).

2.3.4 Organisation as a set of contextual factors: social integration of culturally diverse employees

The context of an organization also includes the patterns of social integration of culturally diverse employees. The consequences of diversity depend on the degree of informal integration (e.g. the inclusion of minority-culture members in activities outside normal working hours and in informal networks) (Cox and Tung, 1997) and on specific practices for managing diversity present in the organization (Jackson et al., 2003). The organizational capability for effective integration of culturally diverse employees will impact the emergence and development of shared team norms in MNTs. Many companies in the United States have found it necessary to use diversity programs in order to develop initiatives to promote mutual understanding and cooperation among employees (Francesco and Gold, 1998). However, it usually happens that instead of integrating culturally diverse people these companies try to impose their own values (Begley and Boyd, 2003). They tend to accept diversity nominally, but not organizationally. American companies do not provide much room for people unwilling or unsuited to their demanding standards. Employees have to adapt and accept a company’s values and norms (Collins and Porras, 1994). None of the studies reviewed has investigated the question if companies that tend to accept diversity nominally but not organizationally face a higher employee resistance in MNTs than companies that successfully integrate culturally diverse people. These companies may enable team members to influence and develop their own norms of communication and decision making.

Given this increased need for focus on organization and cultural context, in future MNTs must not be regarded as socially isolated entities. Both internal and external processes have important implications for MNTs. Organisational strategy, culture, structure and the patterns of social integration of culturally diverse employees across geographically dispersed national facilities of the multinational company are important aspects of external team context.
2.3.5 Team task and its impact on multinational project teams

Some aspects of context describe the larger social system, e.g. the organization under investigation within which the MNT is embedded. Other aspects of context may describe the unit under investigation, e.g. the team. If teams are the unit, team task will be aspect of context. The type of task to be accomplished by a MNT does matter. It determines the type of team and different types of teams shape different strategies. These strategies influence internal team processes.

According to Turner et al. (1994), situational features have a powerful impact on the salience of interpersonal differences and on an individual team member’s behaviour. These views imply that individual team members may differ in their reactions depending on how they perceive their work context. For team members working under congruent conditions of low task and low goal interdependence, little interaction is required. They pursue their personal interests with low potential for conflict (Saavedra et al., 1993). A different picture may emerge when individual team members work under incongruent conditions of low task interdependence and high goal interdependence. Van Der Vegt et al. (2003) have conducted a study in order to examine how the educational and functional dissimilarity of multidisciplinary team members is related to team identification and how task and goal moderate these relations. Questionnaire data have been collected from 129 members of 20 multidisciplinary teams who work in a telecommunications company in the Netherlands. The results reveal that congruent task and goal interdependence create a positive climate in which dissimilar team members not only identify with their team, and behave in a loyal and cooperative way, but are also stimulated to explore and exchange their different perspectives and opinion and to manifest creativity and innovative behaviour. Task interdependence is defined as the extent to which an individual team member needs information, materials, and support from other team members to be able to carry out his or her job (Brass, 1981; Van der Vegt et al., 2001; in Van der Vegt et al., 2003). Goal interdependence is defined as the degree to which group members believe that they are assigned group goals or provided with group feedback (e.g., Saavedra et al., 1993; in Van der Vegt et al., 2003). Cohen and Bailey (1997) distinguish individual work settings from team settings by the increased interaction facilitated in interdependent conditions. Interdependence, whether based on task inputs and processes or on shared goals and rewards, establishes connections and increases the need for cooperation between team members (Saavedra et al., 1993; Thompson, 1967). Members must interact to diagnose, analyze, and complete a task. The task interdependence requires and results in more cooperative behaviour and information sharing than does individual-based work (see Campion et al., 1993; Campion et al., 1996; Janz et al., 1997). Strong ties between members
should therefore develop in interdependent work environments (Kozlowski and Klein, 2000). This cohesion may facilitate the exchange of information among team members by providing the opportunity for all members to discuss organizational policies and practices and to jointly interpret the team’s experiences (Roberson and Colquitt, 2005). The type of task will have an impact on individual team member performance as well. According to Schweiger et al. (2003), people are more motivated to work when a project offers them the opportunity to learn and develop new skills, to be associated with high priority and visible international projects, and to expand their personal networks. It appears that people are focused on developmental opportunities rather than on short term payoffs (Schweiger et al., 2003). The generally accepted assumption is that the potential benefits of diversity for performance are greater when the task requires creativity and innovation. When the task is routine, or when speed is the goal, diversity may interfere with performance (e.g., see Jackson, 1992a, 1992b; Williams and O’Reilly, 1998; Jackson et al., 2003). The importance of task characteristic as a moderator of diversity effects in MNTs still remains unexplored. More research is needed to resolve the question of whether the effects of diversity differ for different types of tasks. According to Thomas (1999), additional research on the influence of cultural diversity on intellective tasks is required.

By distinguishing among types of teams, the review clearly indicates that the variables that are studied and the findings that are captured vary for different types of teams. Consequently, task and type of team matter for the determinants of effectiveness. In the following, we will provide a short literature review on one innovative type of team, the multinational project team since its role has increasingly become an important organizational mechanism for facilitating cooperation in multinational organizations (Schweiger et al., 2003). It shows how task impacts team processes and why certain tasks can only be accomplished by multinational project teams. The functioning of this type of team has also been explored in section 4 of this dissertation.

The literature review shows that despite the fact that there is growing awareness of the importance of multinational project teams, there has been little theory and research that has explicitly addressed them. Little is known about how they effectively function. Goodall and Roberts (2003) draw on two case studies of multinational project teams to analyse the use of local staff versus expatriates to help mitigate what has been called the ‘liability of foreignness’. This is a set of costs associated with unfamiliar operating environments, economic, administrative and cultural differences, and with the challenges of coordination over geographic distance. Both teams are operating in highly uncertain environments. Such contexts
are interesting since they affect MNT performance. The results show that the value of the local knowledge of local staff is not utilized due to a highly socialized network of expatriates who work together and make it difficult for locals to penetrate their network. Schweiger et al. (2003) explores the impact that context has on transnational project teams, how such teams function and the role that leadership plays in their effectiveness. According to their findings, the senior management represents a key ingredient in the effective functioning of transnational project teams by creating an instrumental environment where horizontal cooperation and teamwork are either encouraged or not. The team leader may have a significant influence on team effectiveness and it is important that he is able to secure the cooperation and resources needed to accomplish the projects. The paper presents a practical set of observations and it shows the impact of different contextual factors on transnational project teams. Mendez (2003) examines how global R&D activities are managed through the use of project teams. She identifies the factors that lead to the particular project management design and discusses important organizational contextual factors that shape the project. Lagerstroom and Andersson (2003) provide managers with information how to manage and organize multinational project teams to support creation and sharing of knowledge. In order to study how knowledge is created and shared in multinational companies through the use of multinational project teams, a case study approach is chosen, as is appropriate when explorative questions are asked and when a contemporary phenomenon is in focus (Yin, 1993). This study shows how by means of this type of teams, local knowledge of business units can be leveraged to a global level for the development of common global business solutions in the multinational corporation. Lunnan and Barth (2003) explore the dilemma between exploitation and exploration in dispersed teams, i.e., teams in a firm working closely with an external partner. They aim to exploring what type of learning is generated in these teams and to what extent this learning is captured by the team. They present four cases from two firms. They argue that teams that are located at different locations and involving many nationalities have a higher exposure to a variety of rich knowledge, but that the process of integrating this learning into the firm is more difficult.

Only recently multinational project teams have become the subject of intensive empirical study. Yet researchers have only touched on the topic of multinational project teams and there are still many questions that remain concerning context, functioning, leadership, and more importantly their effectiveness.
2.4 Multidimensional-diversity within a team

MNTs are a very complex phenomenon, since there are various effects and influences observed in them. It is very challenging to identify the various principles that drive these teams. There are many reasons and motives for why they operate as they do. They are too complex to be reduced to single explanations, as this has usually be done by many researchers in previous studies.

Factors that exist within MNTs must be attended to by managers who hope to manage effectively these teams. Individual team members act "as carriers of exogeneous factors into the team through individuals’ sense perceptions, cognitive filters, interpretations, assumptions, and beliefs; the team's shared perceptions, interpretations, interactions and, ultimately, its performance, are all affected" (Jelinek and Wilson, 2005: 211).

2.4.1 Cultural dimensions and cultural standards of MNT members

We distinguish between ‘cultural dimensions’ and ‘cultural standards’. ‘Cultural dimensions’ are the characteristics of national cultures and they measure values. That is “a conception, distinctive of an individual....of the desirable which influences the selection from available modes, means and ends of action” (Kluckhohn, 1951: 395; in Fink et al., 2006). Whereas by ‘cultural standards’ we understand “all kinds of perceiving, thinking, judging, and acting that in a given culture by the vast majority of individuals are considered for themselves and others as normal, self-evident, typical and obligatory” (Thomas, 1993: 381, translation by Fink et al., 2004: 17). Different cultural standards of individual team members will influence what patterns of behaviour and what group and individual outcomes will be desirable (Thomas, 1999). Team members from different countries act as ‘carriers’ of exogenous factors into the team (Jelinek and Wilson, 2005). They have different cultural standards. They are based on the values in their national culture and on traditional modes and rules of behaviour that comply with these values (Fink et al., 2004). The socio-cultural context influences the functioning of MNTs and the existence of this variable must be taken seriously when studying MNTs (Schoonhoven and Woolley, 2005).

Cross-cultural social scientists have been mapping culture for many decades. They have researched the cultural values that most influence important international practices and they have given estimates about the social distance between two cultures. The most frequently encountered study that provides this sort of information is Hofstede’s analysis of 53 nations and regions based on a survey done with IBM. The survey relies on questions about work goals and preferences...
for how work should be organized. He studied the data on four dimensions: individualism versus collectivism, power distance, uncertainty avoidance, and masculinity/femininity (Hofstede, 2001). Trompenaars and Hampden-Turner (1998) have developed a taxonomy of cultural values that has been used extensively in management consulting and training. They discuss a series of dimensions for which they found cross-country differences based on a survey distributed to 15,000 employees from a variety of industries in over fifty countries and describe five dimensions: universalism/particularism, individualism/communitarianism, achievement/ascript, neutral/emotional, and specific/diffuse. Most of these dimensions stress distinctive aspects of individualism and collectivism. The most recent cultural values project is Project GLOBE (Gupta et al., 2002). This project is based on a value survey of over sixty nations and identifies nine societal values: performance versus human orientation, group and family collectivism, institutional collectivism, power distance, gender egalitarianism, assertiveness, future orientation and uncertainty avoidance. The project also provides evidence for ten clusters of countries that are similar in their value orientation. It has the benefit of providing managers with scores on specific value dimensions for a large number of nations. These scores can be used for preliminary business planning and they can help team leaders anticipate what to expect from members from a particular country. Many studies on MNTs have assessed only one cultural dimension and have failed to capture the full spectrum of diversity found in MNTs. For example, 43% of the studies reviewed by Jackson et al. (2003) focus on one diversity attribute only. Very few studies (less than 5%) address the question of whether the effect of a particular dimension of diversity depends on the present or absence of other dimensions of diversity. MNT researchers have not yet succeeded in tackling the challenge of empirically assessing multi-dimensional diversity in teams. In the following section, we would like to give several examples of studies on MNTs that focus on few diversity attributes.

For example, Thomas (1999) studies 24 MNTs using collectivism as the only cultural dimension. His findings show that culturally homogeneous groups perform better than heterogeneous groups across all five cases and that on individual’s degree of collectivism and his or her relative difference from other group members has an effect on the functioning of work groups.

Kirkman et al. (2001) aim at giving guidance as to how to maximize the success of self-managing work teams in a variety of distinct cultures. The exploratory variables used in this study are Individualism/Collectivism, Power Distance, Doing versus Being Orientation, and Determinism versus Free Will. It is found that employee acceptance of teams and self-management is related to deeply held cultural values. Employees who are high in collectivism more readily accept the team aspect of self-management work teams (SMWTs) than do employees who are more individualistic. Employees who are low in power distance, more doing-
oriented, and less deterministic accept the self-management aspect of SMWTs more than do employees who hold opposite values. The highest employee resistance is observed in the USA where many work team implementation initiatives end in failure. The authors claim that the major limitation of this study is the fact that other variables probably influencing the implementation and effectiveness of work teams in the USA are not exploited.

The study conducted by Gomez et al. (2000), using Mexican and U.S. samples, shows that when a team member is perceived to be an in-group rather than an out-group member, collectivists evaluate that member significantly more generously than do individualists. Further, collectivists value maintenance contributions more and individualists value task contribution more than collectivists do. Again, the study focuses on one diversity attribute only. Country differences other than collectivism, such as masculinity/femininity and societal preferences for assertiveness versus nurturing, are proposed as important to research in future studies on MNTs.

The findings of a study by Earley and Mosakowski (2000) show that most effective teams are either highly heterogeneous or highly homogeneous and that performance of heterogeneous teams improves over time, but that of the homogeneous or moderately heterogeneous teams stays relatively constant. The major limitation of this study is again that the approach does not fully capture the richness of nationality and the cultural distance among the nations represented.

Gibson and Zellmer-Bruhn (2001) found that people around the globe hold different definitions of teamwork. The variance turns out to be systematic across nations and organisations. However, the research has been conducted in only four countries and a limited number of exploratory variables has been used.

The main goal of a study by Kirkman and Shapiro (2001) is to prove that cultural values create resistance to management initiatives such as self-managing work teams that, in turn, leads to negative organizational outcomes and to provide a theoretical explanation for why cultural values are related to satisfaction and commitment. They find that a tendency for higher levels of collectivism is associated with greater organizational commitment and that a tendency for lower levels of power distance is associated with higher levels of organizational commitment. Although they find that cultural values do influence employee resistance to self-managing work teams, the resistance to the self-management-related and team-related aspects of such teams differs by country. Ironically, the influence of cultural values on employees’ teams-related resistance is apparently greater for employees in the United States than for those in Finland or the Philippines. They claim that future research should continue to examine the role of other potential mediators affecting the relationships between cultural values and employee work
attitudes. Such research promises to capture more fully why cultural values affect job satisfaction and organizational commitment worldwide.

Schlegelmilch and Ambos (2004) analyse the influence of cultural distance on teams. A distance measure between the home country's cultural profile and that of the host culture is used. According to their findings, the possibility that cultural distance is more related to team performance as opposed to team formation has to be more seriously considered. A more complex and in-depth study design is needed to fully capture the role cultural diversity plays before team conclusions can be drawn.

Kirkman and Shapiro (2005) illuminate and test a theory regarding how both cultural as well as demographic diversity influence the performance of MNTs. They examine how diversity of four cultural values (collectivism, power distance, doing orientation and cooperation orientation) affect MNT performance. The findings lead the researchers to make three conclusions. First, relative to demographic diversity in MNTs, cultural value diversity explains significantly greater variance in MNT performance with regard to the team's cooperation and productivity as rated by members and leaders. Second, relative to the mean level of cultural values in MNTs, cultural value diversity explains significantly greater variance in MNT performance with regard to all MNT performance outcomes. Third, the strength and direction of cultural value diversity effects in MNTs depend on which country and which type of team-outcome is under study. The findings suggest that team researchers interested in "diversity effects" ought to broaden their conceptualization of "team diversity" to include cultural values. They ought to broaden the cultural values they study in country-comparison research, so that they include more than "collectivism" and "power distance". This is rarely done in cross-cultural research. Team researchers must broaden their conceptualization of "team outcomes" to include several, such as the many performance outcomes examined in their study.

These examples show that MNT researchers so far have not succeeded in tackling the challenge of empirically assessing multi-dimensional diversity in teams. We agree with Schlegelmilch and Ambos (2004) that a more in-depth study design is needed to fully capture the role cultural diversity plays before MNT conclusions can be drawn. It is obvious that numerous forces and contextual aspects will impact MNT performance. The literature review shows that different cultural values and practices of team members have a strong influence on MNT performance.
2.4.2 Personality traits of MNT members and their impact on team performance

According to Caligiuri (2000: 71) "personality characteristics predispose humans to behave in certain ways, given particular situations, to accomplish goals and so forth." Psychologists have long used the idea of personality to talk about the more stable internal characteristics that distinguish one individual from another (Allport, 1937). They have identified hundreds of personality traits. In order to introduce some order, researchers have recently sorted through this complexity and identified five major personality factors known as the “Big Fives”. They are: extroversion, agreeableness, conscientiousness, neuroticism, and openness to experience (McCrae and Costa, 1997).

**Extroversion** reflects an individual’s comfort level with new relationships. Extroverts tend to be sociable, talkative, assertive, aggressive and active. In contrast, introverts are more shy and reversed, and prefer to work alone. **Agreeableness** refers to an individual’s ability to deal with others. High agreeableness refers to the degree to which someone is trusting, good-natured, compliant, modest, gentle, and cooperative. People with low levels of agreeableness tend to act aggressively and competitively and are inflexible towards others. They might not be the perfect team players. **Conscientiousness** refers to the series of goals aims at. Individuals high in conscientiousness focus on a small number of goals at one time. They tend to be careful, organized and responsible. **Neuroticism** refers to a person’s level of emotional stability. Individuals with high levels of neuroticism tend to be anxious, depressed, angry, and insecure, while those low in neuroticism tend to be calm, poised, secure, and emotionally stable. **Openness to experience** is likely to be related to openness to new cultures. Individuals with high levels of this are likely to be interested in learning and gaining professional knowledge and tend to adjust well to new tasks and requirements. They may contribute to MNT effectiveness more then individuals with low levels of openness.

Some findings of this field have already served as an input to team research: Beerma et al. (2003; in Fink et al., 2004a) use the ‘Big Five’. They find that independently ‘agreeableness’ and ‘extroversion’ have no direct positive effect on team performance. However, in combination with cooperative reward structures a positive influence on both variables on performance is found. Neumann et al. (1999 in Fink et al., 2004a) investigate the effectiveness of different strategies for using the ‘Big Five’ to select members for work teams. They find that high levels of agreeableness, consciousness and openness to experience are valid predictors of team performance.
Hofstede and McCrae (2004: 57) reanalyse the data from the Five-Factor Model of personality and the IBM study dimensions of culture. Mean personality scores from 33 countries are significantly correlated with culture dimension scores. Hofstede relates dimensions of culture to personality factors. He claims that trait levels are completely determined by cultural influences. Yet, according to McCrae cultural values are merely a reflection of personality. They shape the expression of traits but not their level. McCrae illustrates this by providing the following example: Higher neuroticism and lower agreeableness predict higher uncertainty avoidance. Each new discussion is a potential source of distressing conflict. Such people may find that they coexist only if they adopt a rigid set of rules and screen out new situations that would require new decisions. They would develop the values and institutions that typify high uncertainty avoidance countries. This publication illustrates that the study of personality and culture is no longer a matter of documenting how culture shapes personality. It asks how personality traits and culture interact to shape the behaviour of individuals and social groups. Consequently, it is not enough to assess the cultural distance between team members and to correlate it with MNT effectiveness. We must be aware of personality traits of individual team members in order to understand their impact on team performance.

2.5 Team leadership dimension

The literature review suggests that only few team performance models have specified leadership as central driver of team processes (e.g., Hirokawa, 1980; McGrath, 1991; Zaccaro et al., 2001; Fink et al., 2004). Researchers have endeavoured to understand the factors that enable the effective functioning of MNTs but with few exceptions (e.g., Joshi and Lazarova, 2005) they have ignored to explore the competences that team leaders must possess in order to effectively lead such MNTs. The literature on leadership in MNTs is still in the early stage of development. The research is theoretical, anecdotal, or based on domestic samples (Kirkman et al., 2004; Yoo and Alavi, 2004; in Joshi and Lazarova, 2005). In addition, it is limited in scope and characterised by many inconsistencies. The literature on MNTs focuses primarily on team processes and ignores the role of leadership. Many studies rely on student samples to understand factors predicting MNT success (e.g., Maznevski and Chudoba, 2000) or represent theoretical conceptualizations (Fink et al., 2004). There is very little empirical work on leadership in MNTs.

According to Zaccaro et al. (2001) most teams contain certain individuals who are primarily responsible for defining team goals and for supporting the team to accomplish its mission. They define team directions and organize the team to maximize its performance. They also influence team norms by the selection, dele-
gation and implementation of people. Experienced managers who are aware of team norms, which proved successful in the past, can positively influence the development of team norms and contribute to the success of teams (Fink et al., 2004). Team leaders also play an important role in the implementation stage of an MNT (Fink et al., 2004). New team members will have their own expectations of appropriate interaction rules, group efficacy beliefs, and group identity. Their personal characteristics will affect team member’s expectations of how other members should act within the team (Earley and Mosakowski, 2000). During this interaction process of the implementation of MNTs, the experienced team leader should influence the perceptions and expectations of team members and stress shared objectives and mutual interests. Wrong perceptions of individual team members can have a detrimental impact on future team performance (Fink et al., 2004). Maznevski and DiStefano (2000) suggest that leaders need to be able to successfully map, bridge, and integrate the different perspectives of culturally dissimilar team members. In a similar vein, Matveev and Nelson (2004) explore the relationship between cross cultural communication competence and multicultural performance. Their goal is to find out if a high degree of cross-cultural communication competence among team members affects the performance of MNTs. Cross-cultural communication competence entails knowledge of the culture and language, affective and behavioural skills such as empathy, human warmth, charisma, and the ability to manage anxiety and uncertainty (Gudykunst, 1998; Spiess, 1996, 1998; in Matveev, 2004). In the interpersonal skills dimension, a team member acknowledges differences in the communicative and interactional styles of people from different cultures and feels comfortable when communicating with foreign nationals. The team effectiveness dimension includes such critical skills as the ability of a team member to understand and clearly communicate team goals and norms to other members of an MNT. The cultural uncertainty dimension reflects the ability of a team member to be patient in intercultural situations, to be tolerant and accept cultural differences, and to work in a flexible manner with others on an MNT. Finally, in the cultural empathy dimension, a culturally empathetic team member behaves as though he or she understands the world as team members from other cultures do, is familiar with the communication patterns in these cultures, shows an appreciation for a variety of working styles, and an ability to view the ways things are done in other cultures not as bad but simply as different. The results of the study show that there is a positive relationship between the level of cross-cultural communication competence of an MNT member and the performance of an MNT. The authors claim that team leaders leading MNTs must be competent cross-cultural communicators in order to work effectively with people with different cultural backgrounds. According to Schwer (2004), incorporating team leaders with international experience will contribute to MNT effectiveness. Their cultural awareness and empathy will make such team members stand out from the other colleagues and will help them reframe conflicts and misunderstandings, change wrong perceptions of
others in the team, break stereotypes and establish commonly shared and accepted team norms. Such individuals will contribute to the overall success of diverse teams. Cummings (in press) have studied 129 teams working across different units in a multinational company. Although the study focuses on the role of communication for the effective team performance, rather than on leadership, results suggest that leader communication with team members mitigates the negative impact of high geographical dispersion. Cummings concludes that leaders should communicate more frequently than they may typically do with team members who are dispersed across different units of a multinational company, and that for such teams, they should create norms that encourage team members to communicate among themselves frequently and openly. Although cross-cultural research emphasizes that different cultural groups have different conceptions of what leadership should entail, a recent study has shown that attributes associated with charismatic/transformational leadership will be universally endorsed as contributing to outstanding leadership. This hypothesis was tested in 60 cultures as part of the Global Leadership and Organizational Behaviour Effectiveness (GLOBE) Research Program. The results support the hypothesis that specific aspects of charismatic/transformational leadership are strongly and universally endorsed across cultures (Den Hartog, 2005). Consequently, charismatic and transformational leaders create and handle effective teams and are helpful in transferring and implementing successfully applied team norms. According to Schweiger et al. (2003), team leadership is critical. Many of the successful leaders are able to succeed because of their ability to manage the many complex team functioning issues and navigate the team context. A number of the personal capabilities and characteristics that help them to do so are identified. These are the ability to understand skills needed on a team, to have a solid relationship with subsidiaries, to be multilingual, to have project management skills, to have a high need for achievement and to demonstrate open-mindedness for learning. Joshi and Lazarova (2005) have conducted a qualitative phone-interview based study involving 89 MNT members and 50 MNT leaders from a Fortune 500 software and hardware company. They have been asked to describe their current jobs and related responsibilities, to identify challenges that they face in their work context and to describe the role of the leader in their specific work context. They identify four competencies that are considered as important by MNT leaders and members across multiple locations: Communication, Direction and goal setting, Facilitating teamwork, and Motivating and inspiring. Direction and goal setting and communication are identified as important MNT leader competencies by a clear majority (65% or more) of the MNT members in each country; the latter two competencies thus seem to be generally viewed – regardless of geographic location – as key skills for MNT leaders. Perhaps the next strongest area of agreement among MNT members in all geographic locations regards the importance of motivating and inspiring as an MNT leader competency. None of the MNT members in any of the countries represented in the study have identified
Empowering as an important MNT leader competency. Similarly, only a minority of the MNT members in this study have identified managing cultural diversity as an important MNT leader skill. Team members in the corporate HQ have identified boundary spanning as an important leader competency. Given the universal appeal of these competencies among the respondents, it has been proposed that these may be viewed as “core” competencies or minimum requirements of effective MNT leadership. It should be mentioned that some leadership competencies have been identified as important primarily by team members in some locations rather than in others. Specifically, a majority of team members in China, Russia, and Eastern Europe have identified Mentoring and coaching and Staffing/resource acquisition as important leader competencies. These location-specific demands regarding MNT leadership might point to specific needs of these geographic locations. MNT leadership competences also differ depending on whether MNT members are collocated or distant from their leaders. This indicates that additional research is needed that tests the role of cultural values, nationality, location, and subsidiary – HQ relationship in predicting the effectiveness of leadership styles in MNTs.

Future research should continue to explore the unique leadership requirements in an MNT context. These requirements will vary in different countries and in different organisations. In order to enhance our understanding of MNT leadership, we should devote greater attention to the links between team leadership and the organisational context. Exploring the factors that influence MNT leadership success presents an interesting avenue for future research. Moreover, the core competences of multinational project team leaders may differ from the skills and abilities of multinational product development team leaders. We assume that the type of team will matter for the determinants of MNT leader competences and requirements. Therefore, research on MNT leadership should distinguish among different types of MNTs.

### 2.6 Mediating variables

In this chapter we will present control variables that have a mediating impact on MNT functioning in business organisations. We could identify three mediating variables: MNT norms, team size and technology used to facilitate members’ interaction. Team norms influence how team members interact and communicate with one another, make decisions, solve problems and give feedback. The literature review shows, that basic work group information such as technology and equipment has often not been relayed. Studies on MNTs often do not provide
information about team composition and size. Yet, this information is essential in order to understand studies’ results.

2.6.1 Team norms

Norms are informal rules that groups adopt to regulate group members’ behaviour; they are among the least visible and most powerful forms of social control over human action (Hackman, 1976; Flynn and Chatman, 2001). They influence how team members interact and communicate with one another, make decisions, solve problems and give feedback. Despite the fact that studies on team norms have been conducted, researchers know relatively little about factors that influence the emergence of team norms in business organisations. Yet to understand MNTs in organisational setting, more insights may be derived by exploring the factors leading team members to develop and accept certain norms. Most of the research on group norms has focused on identifying the types of norms that increase team performance.

For instance, teams that emphasise norms that support innovation, will promote creativity and encourage organisational members to develop original and useful products (Peters and Waterman, 1982; in Flynn and Chatman, 2001). Norms that require organizational members to build upon others’ ideas rather than limit their attention to their own ideas are vital to creativity (Sutton and Hargadon, 1996). Without a combination of diverse perspectives, groups charged with generating creative ideas may adopt the best individual idea rather than utilize their combined potential (Chatman et al., 1998). Certain strong norms may facilitate the implementation of creative ideas. In particular, emphasising task-oriented norms that focus on members’ cooperation may determine the success of the implementation process (Abbey and Dickson, 1983). Team members emphasising collectivistic norms will be willing to give priority to the goals of the team over their personal goals. This may be a key to team success in product development teams. A collectivistic orientation emphasising innovation as a collective goal over varying individual goals will increase the likelihood that such teams will produce innovative outcomes (Chatman et al., 1998). Two types of norms that are crucial for team performance are a conflict openness norm and open communication norms. Norms within the group affect the degree to which individuals with value diversity will accept and engage in task conflict. Discussions about conflict are often avoided within groups but recent research has suggested that open discussions about task-related conflict can be helpful within groups. Jehn (1997) has found that open communication norms around task-related differences increase performance. When a team fosters norms that task differences are accepted, the discussions are well managed and produce positive results (Jehn, 1997). Team norms
also vary within different contexts. Successful norms in R&D teams will value innovation and longer time frames while promising norms in sales teams will value aggressiveness and shorter time frames (Nadler and Tushman, 1988). According to Thomas (1999), different cultural norms of individual team members will influence what patterns of behaviour and what group and individual outcomes will be desirable. Individuals from collectivist cultures will exhibit more concern for the needs of others. They will be more willing to contribute their ideas and information and place more importance on common interests and shared objectives. They will use an equality norm when dealing with members of their in-group, whereas individualists will use an equity norm for dealing with others, regardless of group membership (Leung and Bond, 1984; in Thomas, 1999). These values and norms of behaviour of individuals from collectivistic cultures will have a positive impact on the development of cooperative team norms. The review shows that only few studies (e.g. Thomas, 1999; Chatman et al., 1998; Chatman and Flynn, 2001) have considered the effect of demographic heterogeneity among group members on the emergence of certain team norms.

Future research should address the relative influence of contextual factors on the development and enforcement of norms in teams consisting of culturally heterogeneous members with different perceptions of norms and values.

### 2.6.2 Technology used by team members, MNT size and composition

The literature review has shown that basic work group information such as technology and equipment used by team members are often not relayed. MNTs interact using a variety of electronic means. Researchers so far have not succeeded in assessing the impact of e-mail, video or teleconferencing, telephones etc. on the dynamics of a MNT. It would be interesting to determine how the various combinations of technology are used and how they impact team norms. For members from a high context culture, what is unsaid is more central than what is actually said and without direct contact they may miss the right interpretation of interactions (Hall, 1959). As a result, they will prefer a face-to-face conversation. The question is how critical technology is to MNT success (Earley and Gibson, 2002) and the establishment of cooperative team norms.

In order to fulfil a certain task it is very important that the team members have the capabilities, the knowledge and the time they need. According to Hackman (1987; in Fink et al., 2004), large MNTs might not be as efficient as smaller teams, since it seems harder to reach an agreement among a larger group than a smaller one. Yet the likelihood to succeed with the establishment of new team norms increases
with diversity among team members and the importance of bilateral cultural conflicts decreases (Fink et al., 2004), creating more room for the adaptation of new team norms. Demographic diversity in teams consisting of two nationalities may create faultlines, since demographic characteristics divide the network into subgroups or result in attitudinal diversity within the team (Harrison et al., 1998; in Roberson and Colquitt, 2005). Just few of the studies reviewed provide information about the average size of the MNTs under investigation. The lack of this information impedes our ability to understand many empirical findings and the conclusions drawn from them.

Basic team information that should be relayed includes team size, team composition, and the technology and equipment used. These details are essential for the development of an understanding of the team literature by providing an understanding for study’s results. Yet, as the literature review shows, this information is often missing. The importance of team size and composition as moderators of diversity effects in MNTs still remains unexplored. Past research has not succeeded in assessing the impact of technology on MNT performance.

### 2.7 Future research implications and research aim

From the literature review we can draw the following conclusions:

1. **Organizational context is to be taken more seriously.** Numerous exogenous forces and contextual aspects that impact MNT performance have not been assessed. The complex interplay between the context, MNTs and the individuals is typically not evident in research on MNTs, as studies on MNTs do not include reciprocal relationships. Most of the hypotheses tested in studies on the relationship between contexts and individuals or MNTs concern unidirectional relationships between variables. This has important implications. MNTs must not be regarded as socially isolated entities. Organisational strategy, culture, structure and the patterns of social integration of culturally diverse employees across geographically dispersed national facilities of the multinational company should be incorporated into research designs and should be considered as important aspects of team context.

2. **Unique leadership requirements in MNT context vary in different countries and in different organisations.** In order to enhance our understanding of
MNT leadership, we should devote greater attention to the links between team leadership and the organisational context. Factors that influence MNT leadership may depend on task. The core competences of multinational project team leaders may be different from the skills and abilities of multinational product development team leaders.

3. Basic team information that should be relayed also includes team size, and the technology and equipment used. These details are essential for the development of an understanding of the team literature by providing a context for a study's results. Yet, as the literature review shows, this information is often missing. The importance of task characteristic as moderator of diversity effects in MNTs is worth deeper exploration.

4. MNTs, though, only recently have been the subject of intensive empirical study and they still remain a relatively understudied field of research. Some studies on MNTs find a positive impact of international diversity on team performance (Earley and Mosakowski, 2000; Elron, 1997; Ely and Thomas, 2001, Cox et al. 1991; O'Reilly et al., 1997; Kirchmeyer and Cohen, 1992). Others find that international diversity is detrimental to performance in the long run, showing that homogeneous teams are more innovative and perform better (Watson et al., 1998; Watson et al., 1993) while MNTs are more likely to experience ineffective team processes that result in lower levels of team performance (Thomas, 1999).

The aim of this dissertation is to explore the influence of various categories on MNTs in business organisations and to develop a more comprehensive framework connecting the internal dynamics with contextual aspects of MNTs' functioning in companies operating in the high-tech and consumer good industry in Europe and the USA.