# The moderating effect of time on the micro-processes of cross-cultural interactions in multinational teams

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**Abstract:**

Multinational teams only recently have been the subject of intensive empirical study and they still remain a relatively understudied field of research. While some studies found diversity effects on performance positive by making it easier for teams to behave more cooperatively, to be more innovative, to derive higher quality solutions and to increase firm performance (Earley and Mosakowski, 2000; Elron, 1997; Ely and Thomas, 2001, Cox et al. 1991; Kirchmeyer and Cohen, 1992; Bartel-Radic, 2006; Richard et al., 2006; Richard et al., 2007; Roberson, 2007), others found that international diversity was detrimental to performance in the long run (Watson et al., 1998; Watson et al., 1993). One reason for these conflicting results is that, with few exceptions (e.g., Earley and Mosakowski, 2000), the moderating effect of time has seldom been considered. In line with the view of Hofstede (2001) that culture changes very slowly, culture has been treated as a relatively stable characteristic, reflecting a shared knowledge structure, values, behavioral norms, and patterns of behaviors (Erez and Earley, 1993). Yet assuming that culture and behavioral manifestations across a specific cultural grouping of individuals are consistent in through is one of the general theoretical limitations of cross-cultural management literature (Gibson et al., 2005). By seeing cultures as static past research has not allowed for any reinterpretation of original culture over time (Brannen and Kleinberg, 2000).

The aim of this paper is to explore the micro-processes of cross-cultural interactions in multinational teams over time. By collecting data through observations of ten teams during their meetings and semi-structured onside interviews with team members and leaders we found that individuals do not behave the same in interactions with their team members as they do in their home culture. After forming ways to interact and communicate, multinational team members adapt their behavioural norms to the newly established team norms creating a

common team culture. These newly emergent team norms regulate communication, conflict and decision-making procedures in a team. The findings reveal that wide gaps between the cultures of multinational team members don't necessarily lead to poor performance. Time has a strong moderating effect and over time team members develop new work strategies to manage their internal team processes.

Stemming from only 10 team observations, our findings are not predictive but rather descriptive. Moreover, our results' generalizability can only be established by further research. The teams we studied were almost entirely self-managing and consequently, the team members could develop their own unique working cultures. Studying micro-processes of interaction in different types of teams in different organizational and cultural settings represents on interesting avenue for future research.

**Keywords:** cross-cultural interaction, multinational teams, moderating effect of time, team norms

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## Introduction

From the early 1980s onwards, with the success of Japanese companies in the USA and Europe, western organisations sought to identify keys to that success and strove to imitate these features in their own organisations. As a consequence, team-based work has been implemented in many companies (Jackson et al., 1991). In addition, globalisation has led to an increased multinational workforce making multiculturally diverse teams of employees of increasing importance to scholars as well as practitioners. Together the trends described suggest that an increased understanding of how to make use of MNTs contributes critically to competitive advantage (Butler and Earley, 2001).

Yet despite the fact that diversity rhetoric has shifted to emphasize the business case for supporting workforce diversity and MNTs, empirical evidence shows that diversity may simultaneously produce both negative and positive results (Kochan et al., 2003). While some studies found diversity effects on performance positive by making it easier for teams to behave more cooperatively, to be more innovative, and to derive higher quality solutions (Earley and Mosakowski, 2000; Ely and Thomas, 2001, Cox et al. 1991; Bartel-Radic, 2006; Richard et al., 2006; Richard et al., 2007; Roberson, 2007), others found that international diversity was detrimental to performance in the long run showing that homogeneous teams were more innovative and performed better (Watson et al., 1998) while most diverse teams negatively influenced information integration, faced communication difficulties and were more likely to experience ineffective team processes that resulted in lower levels of team performance (Thomas, 1999; Dahlin, 2005; Chen et al., 2006). In addition, increased diversity has been shown to have negative effects on social integration, communication and conflict (William and O'Reilly ,1998), to produce lower cohesion and miscommunication among group members and to result in fewer cooperating and more competing tactics (Jehn, 1995).

Many studies on MNTs have been based in the cross-national comparison paradigm (e.g., Thomas, 1999; Kirkman and Shapiro, 2001; Gomez et al., 2000; Kirkman and Shapiro, 2005) focusing mainly on the impact of cultural values (e.g., individualism-collectivism) on team performance. Yet, values are only one contributor to the meaning that a group of individuals might attribute to a given stimulus. In addition, the moderating effect of time has

seldom been considered. In line with the view of Hofstede (1990) that culture changes very slowly, culture has been treated as a relatively stable characteristic, reflecting a shared knowledge structure, values, behavioral norms, and patterns of behaviors (Erez and Earley, 1993). Yet assuming that culture and behavioral manifestations across a specific cultural grouping of individuals are consistent in through is one of the general theoretical limitations of cross-cultural management literature (Gibson et al., 2005). By seeing cultures as static past research has not allowed for any reinterpretation of original culture over time (Brannen and Kleinberg, 2000).

The aim of this paper is to explore the micro-processes of cross-cultural interactions in multinational teams over time. By collecting data through observations of ten teams during their meetings and semi-structured onside interviews with team members and leaders we found that individuals do not behave the same in interactions with their team members as they do in their home culture. After forming ways to interact and communicate, multinational team members adapt their behavioural norms to the newly established team norms creating a common team culture. These newly emergent team norms regulate communication, conflict and decision-making procedures in a team. The findings reveal that wide gaps between the cultures of MNT members don't necessarily lead to poor performance. Time has a strong moderating effect and over time team members develop new work strategies to manage their internal team processes.

**Method**

For the purpose of this study we used a qualitative research approach. We conducted semi-structured interviews with 2 members from each team at a regional HQ of a German MNC in Vienna. This type of interview is open, i.e. the interviewer has to stimulate a conversation. Selected types of non-standardized interviews are the problem-centered interview and the narrative interview. The problem-centered interview is a theory-generating method that tries to neutralize the contradiction between being directed by theory or being open-minded. Trough the interplay of inductive and deductive thinking the researcher generates new knowledge (Witzel, 2000). In the narrative interview, the interviewed persons are encouraged to talk openly about their experiences (Mayring, 2000) which enable the collection of subjective opinions of the interviewees. New and pervasive cognitions about the research topic can be gathered in a much better way compared to a systematic standardized

questioning. Twenty interviews with narrative questions were conducted with MNT members and leaders.

The teams consisted of 3 to 6 members from Austria and the countries of Central Eastern Europe (CEE). In each team at least three different nationalities were represented. In most cases, team members had similar functional work, and educational backgrounds, so the primary salient distinction became nationality. An important sampling teamwork criterion was that individuals had enough opportunities to interact. By asking the interviewees about critical incidents in MNTs we could obtain data about cultural differences, their impact on team processes and culture-specific characteristics of team members from CEE and Austria. On average, the interviews lasted for one hour (shortest interview 25 minutes and longest interview 2 hours 34 minutes). All conversations were captured with recording equipment. The interviews were conducted mainly in English or German

Considerable time was also given to writing up notes of observations. In addition to conducting the interviews, the researcher spent considerable time in the companies and observed how MNTs operated. Through this actual observation process in the various organizations, an ongoing extensive interaction between researcher and research subject took place. This approach is particularly suited to research questions which require a detailed understanding of team processes as was the case in this study.

The interviews were analysed by qualitative content analysis. This method consists in a bundle of techniques for systematic text analysis (Mayring, 2000). First of all, inductive categories out of the material regarding category definitions and levels of abstraction were formulated. Then in a second step main categories and sub-categories based on the theoretical derived aspects of analysis were created. In order to analyse the interviews ATLAS/ti software was used. The clearest impact of ATLAS/it can be found in program's support for the researcher in generating a theory from empirical data (Kelle, 1995).

**Learning processes within teams and the effect of time on cultural norms of interaction**

One of the most important influences on team effectiveness is the mix of cultural norms represented in an MNT. In an MNT, individuals serve as entry points for the influences of cultural factors. Individuals bring their mental representations to the team, with which they interpret events, expectations and behaviours of other team members. People with different cultural orientations have different views of what are appropriate team processes and how they should behave in different contexts. These culturally different perceptions often lead to

increased process losses at the beginning. Yet over time teams have the opportunity to receive feedback and through intense mutual interactions individuals adopt new sets of rules and actions changing their prior working practices. The learning processes within the team help to overcome insufficiencies in the performance of individuals. Team members' cultural standards are subject to change over time due to these intense interactions with employees from different countries. They accept the practices of team members with different cultural backgrounds and different working and managerial styles as they are and then actively integrate them into their own working culture. In this way, they improve their performance through an on-going integration of different cultural values and norms of behaviour that they find useful and appropriate. Austrian and CEE team members reported that after intense mutual interactions in MNTs, they adopted certain practices to fit their culture and to improve the overall team effectiveness.

The cultural orientations that individuals brought with themselves to the work setting provided the basis from which new team cultures were constructed. CEE team members who were showing a high level of individualism outside their in-group and in the organisational teams learnt how to change their work practices. Through team incentives and awards as well as a team-oriented organisational culture individuals from CEE modified their own cultural perspectives. They learnt how to effectively work with others in MNTs. In order to prevent any collusion or conflict that could emerge from the high level of uncertainty avoidance among the members from CEE, situationally specific norms and practices were created. The practice of "not pointing with the finger" and the rule, that efforts were more important than results to be achieved, became salient in the social negotiations of the team working culture. These traits were also infused into the organisational culture creating a so called "non-blame organisational culture". The multicultural context provided opportunities for the individuals to adopt new practices in order to get along with the group. Bearing in mind that CEE team members came from a high-context culture where person relationships, trust and loyalty are essential, Austrian team leaders changed their managerial style. They began to practice the loose boundaries between business and personal life that were important to individuals from CEE. These values were also infused into the organisation helping to shape new organisational practices. For instance, international rotation programs, regular workshops and face-to-face meetings were introduced to combat any harmful influences that could emerge from lack of cross-cultural understanding, wasteful distrust and negative stereotyping. Employees were given the opportunity to work together in MNTs over a sufficiently long period of time to consolidate close relationships and create the conditions required to engage

in tacit knowledge transfer. This prevented situations of groupthink or even myopia from emerging. Moreover, in order to exchange valuable knowledge it was important to introduce the practice of soliciting work-related ideas and participating in decision making. Consequently, the Austrian value of low power distance persisted across the different teams in the organisations. The critical domains of communication, knowledge transfer and decision making became dominated by a style with very Austrian-Central Eastern European roots.

The balance of power and influence of national cultural groups is critical to the course of cultural negotiations. However, our findings show that in MNT settings this power is more equally distributed among individual team members. When two individuals do not share a common social identity, each may see the other as a member of an out group whereas in MNTs all members have their own individual cultures of origin and together they design new rules and practices of interaction.

The rules for how team members relate to one another and interact socially are important in creating a healthy social environment within a team. Given team members' diversity of values and assumptions about appropriate interaction, developing clear rules is highly complex and time consuming. A positive motivational climate can only be achieved if team members have considerable time to develop a sense of identity with other members. Individuals who join together to form a team must experience some degree of cognitive convergence in order to maintain effective communication and coordination. Our findings show that the process of team formation lasts for approximately six months and depends upon several intervening conditions, e.g. establishment of rules of interaction, agreement on common norms of communication, decision making and conflict management in teams and the creation of a common sense of belonging to the team. As a result of the socialisation process in teams, individuals change their behaviour according to new work situations. They enrich themselves with certain parts of the cultural worldview of other team members. Through intercultural interactions and the free flow of managerial ideas and beliefs team members develop a common set of experiences that become the foundation for a context specific working culture. This new working culture and the resulting collective team identification reduce the number of critical incidents in MNTs. Interview data reveals that every time a team member is withdrawn from the team and a new individual joins the team the whole team building processes starts again. As new members come into the team, they bring in new norms and values that to varying degrees influence currently held assumptions. This has important implications for companies that make use of temporary project teams.

Being a temporary constellation sets clear limits to the collective acquisition, combination, creation, and sharing of knowledge in these teams.

**Conclusion**

In this study we aimed to explore the micro-processes of cross-cultural interactions in MNTs over time. Our findings show that the process dimensions of teams have a strong influence on the underlying dynamics and the micro-processes that help illuminate how teams cope with their complex cultural legacies. Individuals serve as entry points for the influences of cultural factors into the team. Through intense interactions in MNTs they change their culturally determined norms and practices of behaviour and create a negotiated working culture within the organisational sub-units.

National cultural norms are not always reliable predictors of the differences that are likely to emerge in MNTs. Individuals don't behave the same in intercultural interactions as they do in domestic settings. Changes in the context use to change their rules of conduct and this has import implications for the MNT literature. The context sensitivity and balancing of individuals guide their behaviours in different situations and should be taken into consideration in future studies.

Stemming from only 10 team observations and 20 interviews, our findings are not predictive but rather descriptive. Moreover, our results' generalizability can only be established by further research. The teams we studied were almost entirely self-managing and consequently, the team members could develop their own unique working cultures. Studying micro-processes of interaction in different types of teams in different organizational and cultural settings represents on interesting avenue for future research.

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