PART I

INTRODUCTION
Chapter 1
Research Problem
Chapter 1
Research Problem

*If what is designated by such terms as doubt, belief, idea, conception, is to have any objective meaning, to say nothing of public verifiability, it must be located and described as behavior in which organism and environment act together, or interact.* (Dewey, 1938, p 32)

1.0: Introduction

In today's global business environment, professionals working in multicultural international projects teams, face several cultural glitches and challenges which can have bearing on the success or failures of such teams. Schmalzer (2010) has found that cross-cultural skills and foreign language competencies have become among important elements of modern job profiles. Yet multiculturalism in international as well as national teams in large organizations and multinational enterprises (MNEs) is a reality which is a necessity as well as a well practiced HR practice to ensure higher level of performance.

For an approach - ‘relationship of people among cross cultural teams’, two main frameworks of understanding cultural differences have been identified. First, Hofstede has identified dimension called ‘individualism versus collectivism’. And secondly, Trompenaars explains this distinction through its own two dimensions – ‘individualism versus communitarians’ and ‘universalism versus particularism’. These two approaches give important insights into the understanding of how members of team with different cultural backgrounds are likely to interact with each other. However current study attempts to study the enquiry into intercultural comfort from a more direct perspective by identifying the underlying observed and latent variables affecting level of comfort of the local cultural groups with members of foreign cultural group (herein after called – comfort with foreign cultures or CFC) within the international work teams at multinational firms.

While more literature is available on cross cultural comparison and societal culture’s impact on workplaces, the same may not directly deal with the core problem of understanding the level of comfort of local cultures with foreign cultures and to quantify such level of differences among different nations. Current study takes cues from concepts explained by Hofstede, Trompenaars, House & Javidan and others along with suggestions related to researches on concepts like cultural distance, cultural friction, clashes of cultural identity, cultural diversity, cultural differences etc to frame a initial structured theoretical framework which can be used to devise CFC model which can be used to score countries on level of comfort. Therefore this chapter along with the next chapter attempt to describe the background for the areas of knowledge gaps related to understanding and measuring the level of comfort of local cultures with foreign cultures (CFC) in multinational firms.
1.1: Definitions

*Intercultural comfort*: Main focus of the current research is on the comfort among members of different cultural groups in workplaces of multinational firms, more specifically those working in multicultural international teams. As a start, ‘comfort’ herein refers to the relative ease and positive understanding in day to day interactions among teams members belonging to different cultural groups. This comfort may be the result of certain inherent factors associated with the cultural profiles of such members. These factors could be – different value systems, religious beliefs (associated with specific cultural background), views about their own cultural identity, distinct views about the process and benefits of globalization, culture specific traits with respect to their inherent ease to work with distant cultures (including communication ease for example due to common language) and other similar factors as suggested by social scientists like Hofstede, Trompenaars and others. Conceptual scheme of Hofstede is shown in figure 2.1 in the next chapter, which indicates the consequences of varying value systems of different cultural groups.

*Foreign cultures or cultural groups*: In this study, members of multicultural teams have been classified into two categories – 1) Those belonging to local cultural groups (which are most likely to be dominant groups in the team) and 2) Those belonging to groups with diverse foreign (distant) cultures. While it is true that many of the team members who may come from foreign origins might be working for a long time in local cultural environment and must have somewhat adopted to local cultural ways of working, it is reasonable to assume that such members still display distinct cultural traits and behavior which clearly differentiate them from the members of local and dominant cultural groups. And such differences in behavior surely have the overtones of their cultural past. Therefore in the current study
foreign cultural groups refer to this second category in international teams at multinational firms.

*Multinational Firms:* Firms around the world can be in different stages of globalization. For example some of the firms may be just exporting their standardized or little modified products to other countries, others may be involved with international markets in deeper ways. Some of the firms may be having their own subsidiaries, joint ventures, or collaborations in different countries with region specific manufacturing and marketing infrastructure in several countries. There would be yet other firms which may be treating the globe as their major single market with substantial revenues coming from outside their home countries. The current study deals mainly with such multinational firms (MNEs) which are truly global in their businesses and employs multicultural work teams to carry out several international projects. The data is collected from the employees of such categories of multinational firms or MNEs.

*Level of comfort:* In the current study, level of comfort refers to the variation of level of comfort of local cultures with foreign cultures in multicultural international team at multinational firms. For the sake of convenience, this term has been frequently used with the same meaning unless otherwise defined differently at certain place in the study.

1.2: Nature and background

Formation of multicultural teams has become strategic decision for multinational firms around the world. Contemporary international management literature has reported that the management of multicultural teams is an important aspect of human resource management. Earley and Mosakowski (2000) stated that multicultural teams are deployed because they are perceived to out-perform monoculture teams, especially when
performance requires multiple skills and judgment which is the case in most international projects in multinational firms. Greater knowledge has been generated to understand the key variables that lead to international project success. There is a need for increased research efforts in understanding influential factors that affect multicultural project team performance.

Project performance has been widely researched by a number of researchers (Baiden, 2006; Cheng et al., 2006; Chervier, 2003; Kumaraswamy et al., 2004; Ochieng, 2008). The results of these researches have clearly illustrated that best project performance is achieved when the whole project team is fully integrated and aligned with project objectives. Within overseas projects, it is essential for organizations to help their project managers to appreciate the international context and develop the ability to understand everyday issues from different cultural perspectives. Bartlett and Goshal (1989) identified the main focus area for organizations intending to work overseas as - the introduction of practices, which balance global competitiveness, multinational flexibility and the building of global learning capability. The current study further argues that organizations must develop the cultural sensitivity and ability to manage and build future capabilities if they are to achieve this balance. However, it should also be noted that linking different individual cultures to project outcomes is controversial. The understanding of the behavioral process and its structure in multicultural project teams in most industrial sectors is still in its infancy.

It has also been ascertained that intercultural comfort among members of multicultural teams stimulates the formation of an emergent team culture. Unlike homogenous or monoculture teams, multicultural teams cannot refer to a pre-existing identity because of their short lived individual project-based life cycle (Earley and Mosakowski, 2000). They develop and depend on a team culture of straightforward rules,
performance expectations and individual perceptions. Earley and Mosakowski (2000) further confirmed that an effective multicultural team has a strong emergent culture as shared individual prospects facilitate communication and team performance. This suggests that the positive effects and trust generated by the perceived shared understanding can fuel performance improvement and boost team effectiveness. Most importantly, effective interaction among project team members can facilitate the formation of a strong emergent team culture (Pearson and Nelson, 2003). Multicultural teams are however particularly susceptible to communications problems that can affect team cohesion. It is so because individuals in multicultural project teams have different perceptions of the environment, motives and behavioral intentions. Shaw (1981) argued that the effects of such differences could be visible in lower team performance due to impeded social cohesion. Further research by Evans and Dion (1991), on team cohesion and team performance showed a positive correlation between these two variables. Elron (1997) asserted that cohesive teams respond faster to changes and challenges and are more efficient. Managing cultural differences and cross-cultural conflicts is generally the most common challenge to multicultural teams (Elron, 1997). However there has been limited research on people’s issues in most industrial sectors involving multicultural teams. Therefore people management has become more important in international human resource management. This calls for building cohesive teams through a deeper understanding of observed and latent behavior of team members related to the comfort of local cultures with foreign cultures.

Cultural dimensions as suggested by contemporary social scientists, have explained cross cultural comparison of certain cultural traits which could effectively profile those cultures and therefore make team managers sensitive to such differences which may be somewhat useful in people management. However such understanding can be most
importantly complemented by the current study, explaining the interaction among diverse cultures, particularly from the perspective of the comfort level between the local cultures and foreign cultures.

1.3: Statement of problem

One important area is to understand observed and latent cultural variables which fully explain the process and structure of intercultural comfort among multi cultural members of international project teams. Therefore, it is important to understand a new cultural dimension, relating to the Comfort with Foreign Cultures (CFC) describing level of comfort of local cultures with foreigners in multicultural workplaces in multinational firms. This new dimension will make such understanding much simpler by qualitatively quantifying the level of comfort on a scale of 0 to 100. A higher CFC score thus indicate higher level of comfort of local cultures with foreign cultures

Therefore the problem at hand in the current study is to understand – 1) What are the components of intercultural group comfort in cross cultural teams in multinational firms which explain the phenomenon? 2) What are the visible and invisible cultural elements or variables, which play an important role in such group comfort interplay? 3) How do these hidden cultural elements or variables or scales (CFC scales) behave in psychological and cultural terms? 4) Does the level of comfort vary from country to country (inter country differences)? 5) Does the level of comfort with culturally different persons vary among

---

1 Hofstede too offered his judgment on how host societies react to the arrival of foreigners (Hofstede, 2001, p. 424). According to him, the reaction consists of three steps. Step (1) locals are curious about how different foreigners are (i.e., the ‘zoo’ effect). Step (2) ethnocentrism occurs, leading to the locals perceiving their cultures as superior to those of the foreigners. And step (3) which takes longer than others to be reached – and which, in fact, may never be reached in some societies – is polycentrism, where locals evaluate the foreigner as having different standards because they are different.
diverse cultures within project teams of national organizations within a particular nation (intra country differences)? 6) Are their additional control variables other than ‘country’ and ‘city’ which may have significant impact on ‘level of comfort’?

1.4: Objectives of the study

Therefore prime objectives of the current research are –

1) To understand several observed and latent cultural elements which play an important role in explaining the process and structure of intercultural comfort among team members of international project teams, thereby effectively defining what such comfort mean?

2) To observe if the level of comfort with foreign cultures, in terms of cultural elements among multicultural team members in multinational companies, vary from country to country (country as a control variable)?

3) To observe if the level of comfort with culturally different persons, in terms of cultural elements, vary among diverse sub cultures in workplaces of national companies within particular nations (control variable – city of residence).

4) To identify control variables other than ‘country’ and ‘city of residence’.

5) To devise reliable framework or model which can be used to score several countries on level of comfort with foreign cultures based on published data as one and based on survey data as another.
1.5: Hypotheses of the study

Based on the above discussions the hypothesis proposed for the current research emerges as follows

\( H_{01} \): There does not exist a set of observed and latent cultural variables which can describe the variation of level of comfort of local cultures with foreign cultures in cross cultural project teams working with multinational firms (Problem of existence of comfort variables)

\( H_{11} \): There does exists a set of observed or latent cultural variables which can describe the variation of level of comfort of local cultures with foreign cultures in cross cultural project teams working with multinational firms.

\( H_{02} \): The level of comfort of local cultures with foreign cultures in cross cultural project teams working with multinational companies does not vary from country to country. (Problem of inter-country country differences in comfort level)

\( H_{12} \): The level of comfort of local cultures with foreign cultures in cross cultural project teams working with multinational companies does vary from country to country.

\( H_{03} \): The level of comfort of local cultures with culturally different persons in cross cultural project teams working with national and multinational companies does not vary from one city to another city within a particular geographically and culturally large nation. (Problem of intra-country country differences in comfort level)

\( H_{13} \): The level of comfort of local cultures with culturally different persons in cross cultural project teams working with national and multinational companies does vary from one city to another city within a particular geographically and culturally large nation.
There does not exist a set of control variables other than ‘country’ or ‘city’ which can describe the variation of level of comfort of local cultures with foreign cultures in cross-cultural project teams working with multinational firms (Problem of control variables other than country or city)

There does exist a set of control variables other than ‘country’ or ‘city’ which can describe the variation of level of comfort of local cultures with foreign cultures in cross-cultural project teams working with multinational firms (Problem of control variables other than country or city)

Therefore the hypotheses concerns with four problems – 1) Existence of comfort (CFC) variables; 2) Problem of inter-country differences in the level of comfort; 3) Problem of intra-country differences in ‘level of comfort’ and 4) Existence of control variables other than country and city of residence. It may be noted that the first problem concerning the existence of comfort variables has been treated in this study using both published data (qualitative) as well as survey data (quantitative). It is interesting to see the differences of results of both these treatments, as has been attempted in the last chapter of this study.

1.6: Significance of the study

Ely and Thomas (2001) and Jehn et al. (1999) demonstrated that diversity increases the number of different perspectives, styles, knowledge and insights that the team bring to complex problems. The world’s most innovative firms, such as Microsoft, took advantage of this by introducing multicultural teamwork. Sectors such as IT, manufacturing and aerospace and the construction industry have taken lead in such sensitivities. Still there are other sectors which need knowledge, understanding of intercultural comfort dynamics and support from superiors on managing cross cultural teams in multinational companies.
Existing model of cross cultures are unable to capture the behavior of the employees towards team members coming from distant cultural backgrounds. The study therefore fills this important gap in knowledge. Behavioral aspects among team members require an understanding of all the external and internal factors which influence and motivate team members to behave in certain ways to the comfort of the fellow team members. If these factors are analyzed, it may be possible to separate those factors which are controllable and easily manageable. The effect of the uncontrollable factors may be mitigated by employing other innovative managerial techniques.

Apart from the benefit of the study to the cross cultural teams working in multinational firms, the study also provides a theoretical framework for further study in the similar unexplored areas of understanding employee behavior in cross cultural teams. Certain industrial sectors are faced with the daunting task of spending a major time of its project managers in handling team behavior and communications issues. In these sectors such issues assume prime importance to the success and failure of international projects. For example one sector where this need has been felt with urgency, is the construction sector.\(^2\)

Another area of further research as a direct consequence to the current study is the relationship between effective cross cultural leadership and perceived comfort of both major and minor cultural groups of international project teams. Importance of effective cross cultural leadership has been emphasized in several past researches. Anbari, F.T. et al, (2004) found that global project management can succeed through effective leadership,  

\(^2\) While many researchers have investigated culture in construction (Kandola and Fullerton, 1998; Meek, 1998; Barthorpe et al., 2000, 1999), understanding of cross cultural communication on multicultural project teams is insufficiently developed. There is mounting evidence and opinion indicating that integrated teamwork is a primary key in efforts towards improving product delivery within the construction industry (Egan, 2002).
cross – cultural communication, and mutual respect. To achieve project goals and avoid cultural misunderstanding, project managers must be culturally sensitive and promote ‘creativity and motivation’ through flexible leadership. Cultural patterns at work place in a multinational organization reflect wider societal cultural realities. Project managers themselves share the cultures of their own societies and their organizations with their team members. Here the ‘level of comfort of local cultures with foreign cultures (CFC)’ becomes an important area to be learnt. The level of comfort of local cultures with foreign culture as part of the overall group dynamics of cross cultural teams working on international projects is central to effective cross cultural leadership skills, and this dynamics defines the level of overall success of such teams, whose members should be working smoothly and comfortably with their leaders irrespective of their cultural profiles.

Another vantage point of the study is international project management trainings. This study assumes great importance to offer framework for future training to project managers working on international projects with cross cultural teams. There are different sectors in global businesses which need trainings, knowledge, understanding of intercultural comfort dynamics and support from superiors on managing cross cultural teams.

Another significance of the study relate to devising effective communication tools for managing cross cultural teams at multinational firms. It is possible to devise culturally sensitive and straight forward communication tools with the help of this study, in order to ensure that the communication of the project leaders is understood uniformly by each cultural group among teams. This would also help team members to have effective interaction which can help in generating improved team performance and build a healthy culture for team cohesion.
Therefore current study can help multinational firms to build cultural capabilities and competency among their project managers and provide knowledge base essential for the success of the international project teams. Additionally the study provides a new area of understanding for the social scientists to study the behavioral pattern of MNE employees coming from diverse patterns as also study the similar behavioral pattern related to comfort of local cultures with foreign cultures at the societal level itself.

1.7: Scope of the study

It is to be noted that the scope of this study is limited to those countries which are predominantly democratic in nature and are reasonably integrated to the global practices of free cultural interactions. Therefore, the study may not reflect to the realities of such specific countries, as those where the culture is more or less subjected to certain strict rules (like clergy rules in theological societies) based on certain extreme ‘faiths and beliefs’.

This paper develops a framework and analyzes differences in different countries on the above cultural dimensions, assuming ‘intra country cultural differences on comfort level are not significant’. While it may be debatable to assume that large and demographically heterogeneous countries may have their own diverse cultures exhibiting different levels of comfort of different cultural sub-groups with foreign cultures. A deeper study in the intra country cultural differences will be a more complicated exercise requiring more detailed data. However a part of this study has taken up a limited number of countries involving studying of differences of level of comfort of local cultures with culturally different persons (CCD) in multicultural teams working in national and multinational companies belonging to large cities in these nations. This limits the scope of the study to either inter country cultural differences or at the most among large cities of these countries as representative of the overall intercultural comfort dynamics. However as Kember, D. (1990) and Richardson
(1994) have found that overall cultural environment plays an important role in describing similarities of cultural behavior within cultures or nations. Learning styles similarities within cultures or nations may be behind such observations. Therefore this research has done a representative research on this intra country effect by taking up city wise data in three countries and analyzed the data on level of comfort of the local cultures with the culturally different colleagues from other parts of these countries. For this a national level study questionnaire has been designed based on the questionnaire designed for the transnational study.

There is another limitation to the study which relates to devising effective communication tools with the help of this study to manage cross cultural team effectively. Theoretically, it could be argued that using suitable communication tools based on learning from this study should be fairly straightforward, however, the translation of theoretical perspectives actually into practice depends upon their interpretation by the individual project managers working with multinational companies. Arguably, many of those with experience of working with multicultural project teams have yet to develop skills to cope with such a challenging multicultural environment. Given that, multicultural project teams involve people from a wide variety of cultures, there is no guarantee that the use of espoused good practices as suggested by this study, will always result in successful project outcomes. Therefore this study only offers insights into the intercultural comfort process with specific reference to level of comfort with foreign cultures in cross cultural teams. How these insights are interpreted by individual learners will depend upon their own sensitivity to multiculturalism and their own practical experiences.