Knowledge Exchange Processes in Multicultural Teams:

Linking Organizational Diversity Climates to Teams' Effectiveness

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ABSTRACT

We developed a model illuminating team knowledge exchange processes as a key link between organizational diversity climate and the effectiveness of multicultural teams (MCTs). Our analysis is based on 143 in-depth interviews and extensive observations of team interactions that occurred in 48 teams from 11 companies. Our findings revealed that teams that oscillated between assertive and cooperative knowledge exchange processes were more effective. We also found such dual processes were more prevalent in organizations that had an engagement-focused diversity climate characterized by utilization of diversity to inform and enhance work processes based on the assumption that cultural differences give rise to different knowledge, insights, and alternative views. Based on our findings we developed specific propositions about optimizing MCT knowledge-exchange processes to guide future research and practice.

Many multinational corporations (MNCs) utilize multicultural teams (MCTs) so that members with different nationalities can exchange their unique knowledge in order to capture market share in new locations, exceed competitors' customer service, secure local resources, or implement successful distribution in emerging economies (Gibson & Gibbs, 2006; Hinds, Liu, & Lyon, 2011). In fact, many work teams in MNCs exist specifically to share and combine knowledge across national and geographic boundaries. Yet, features of the MNC context may inadvertently constrain these processes. For example, corporate policies designed to create equality among employees and encourage assimilation may mean that in an effort to maintain harmony and acculturate members, diverse knowledge never surfaces. MCTs offer high potential for performance on complex tasks, but without a supportive MNC context, their frequent failures to realize that potential expends valuable resources (Cramton & Hinds, 2014; Gibson & McDaniel, 2010).

This problem is widespread. A recent large-scale survey across 500 firms from various industries and countries revealed that while most MNCs focus on attracting and retaining nationally diverse employees, they fail to critically examine their organizational diversity climates (Preveden, Schwarzinger, Jelicic, & Strobach-Budway, 2013), defined as perceptions that an organization socially integrates underrepresented members (McKay, Avery, & Morris, 2008). Almost nothing is known about diversity climates in MNCs, because research on such climates has been limited to gender or racial diversity and has focused exclusively on domestic firms, often examining only a single organization (Cox, 1993; Ely & Thomas, 2001; Nishii, 2013). For example, Nishii (2013) demonstrated that within more inclusive environments characterized by a collective commitment to integrating diverse identities, gender diversity was associated with lower levels of conflict. But in contrast to race and gender, nationality is a deep-level characteristic of diversity, and is therefore more difficult to detect and manage (Tyran & Gibson, 2008), yet incredibly impactful, given it is exactly the characteristic most likely to coincide with unique knowledge stores that are critical in MNCs.

To develop theory addressing these issues, we formulate the following two research questions: (1) *How does an MNC's diversity climate influence knowledge exchange processes in culturally diverse teams? and (2) How do these knowledge exchange processes influence team effectiveness?* In doing so, we contribute an understanding of how MNC diversity climate links to MCT effectiveness through its effects on knowledge exchange, thus integrating team process research with diversity research. More precisely, we discover and clarify the cross-level links between different types of diversity climates in MNCs and MCT knowledge exchange processes, uncovering the team activities, actions, and behaviors that create these links. We then explicate how and why resulting patterns of knowledge exchange in MCTs give rise to high or low level of team effectiveness, advancing theory and research in this domain. In the sections that follow, we first review the literature on diversity climates and knowledge exchange in teams and describe our methodology. Then we report our empirical findings and develop specific propositions about the relationships among the core concepts. Finally, we conclude with the implications of our findings.

THEORETICAL FOUNDATIONS

The Role of Organizational Diversity Climate

Diversity is a characteristic of groups that refers to demographic differences such as gender, race, ethnicity, or nationality, all of which potentially contribute to a cultural identity that stems from membership in socioculturally distinct demographic groups (McGrath, Berdahl & Arrow, 1995). Members of these groups tend to share certain worldviews, norms, values, goals, priorities, and sociocultural heritage (Alderfer & Smith, 1982; Ely & Thomas, 2001). Their cultural markers can be realized through similarity in communication style, rules, meaning, and even language (Larkey, 1996), which are shared within cultural identity groups, but differ across them, and are central to knowledge exchange processes. In MNCs many work teams are multicultural, meaning their members are from several cultural identity groups, but research has yet to uncover whether, under what conditions, and with what

consequences people actually express differences associated with their cultural identities in MNCs (Brannen & Peterson, 2009; Ely & Thomas, 2001).

Elements of organizational context pertinent to diversity have been documented under various labels and at a variety of analytical levels, including *diversity climates* (Avery, McKay, Wilson, & Tonidandel, 2007) and *organizational types* (Cox, 1993) at the firm level; *diversity perspectives*, which exist within organization's departments (Ely & Thomas, 2001); and *inclusiveness climates*, which exist among smaller collectives (Nishii, 2013). A common element of these concepts is that a shared approach to diversity emerges among collectives and potentially shapes behavior among workers within them. Notably, the dominant construct in this literature is organizational diversity climate. Although we adopted this term, we see much overlap between the concepts of climate and culture and the potential for their integration. A distinction sometimes made between them has been that the climate literature considers a person as separate from social context, so that managers are seldom studied directly but assumed to create the climate. In contrast, the organizational cultural literature has often assumed individuals are best regarded simultaneously as both agents and subjects (Denison, 1996). Interestingly, as our findings will show, in considering specific aspects of context related to diversity we see a helpful merging of these concepts, in that diversity climate may be considered an element of organizational culture, comparable across organizations and affecting members of teams within them, yet simultaneously subject to social construction.

Current research on diversity climate has limited applicability in MNCs. For example, Ely and Thomas (2001) examined three domestic firms all of which existed to pursue social and economic goals related to communities of color (e.g., one firm's mission was to develop and revitalize an African-American urban community). Three perspectives on workforce racial diversity in domestic firms were identified: the integration-and-learning perspective shares similarities with the "multicultural" organization described by Cox (1993) and is

characterized by a collective commitment to integrating diverse cultural identities; the access-and-legitimacy perspective resembles Cox's (1993) "plural" organization that focuses on increasing representation of minority groups but continues to expect employees to assimilate to dominant norms; the discrimination-and-fairness perspective maps onto Cox's (1993) "monolithic" organizational types that are highly biased culturally. Ely and Thomas (2001) linked the prevalence of these perspectives to intermediate group outcomes, including race relations, conflict resolution, and feelings of being valued and respected, but did not focus on overall team effectiveness. They found that only the integration-and-learning perspective provided the rationale needed to achieve sustainable benefit from diversity.

However, it is not clear that these types exist in MNC's, with their higher level of operational complexity and numerous national contexts, or whether they will be true for sources of diversity other than race and gender. Further, the existing research provides no evidence to assess whether or how firms whose missions are not so readily linked to diversity would reap any benefits from it. Most MNCs today create nationally diverse MCTs to coincide with the diversity in markets and clients across national boundaries. While diverse teams stimulate innovation, they also need a supportive diversity climate to help them function at their best (Holvino, Ferdman, & Merrill-Sands, 2004). Yet, we still lack a rich description and deep discovery process regarding diversity climates in MNCs. These may be hidden by rhetoric delivered in formal internationally distributed communications such as annual reports, suggesting a need to explore how employees interpret and experience the diversity climate in their daily lives and how it is manifest in their interactions during teamwork. Specifically, uncovering aspects of diversity climate that pertain to deep-level diversity characteristics such as national cultures requires a more nuanced understanding of the meaning ascribed to them. Their dynamic and socially constructed nature (Cramton & Hinds, 2014; Tyran & Gibson, 2008) complicates their detection through deductive quantitative approaches (Birkinshaw, Brannen & Tung, 2011; Leung, Bhagat, Buchan, Erez,

& Gibson, 2011). Exploring how MNCs that rely on a nationally diverse workforce frame diversity and how this frame impacts MCT processes and effectiveness remains uncharted territory, navigable only by a contextualized and inductive approach.

Knowledge Exchange Processes in Teams

Knowledge exchange is the process during which members' perspectives, information, and know-how enter into team interactions and are shared and discussed (Gibson, 2001). Several reviews in the management and organizational behavior literature have emphasized the need for research on knowledge exchange processes in multicultural teams (MCTs) (Gelfand, Erez, & Aycan, 2007; Gibson & McDaniel, 2010; Hajro & Pudelko, 2010; Hinds et al., 2011; Tsui, Nifadkar, & Ou, 2007). Studying such processes is important since they may mediate the effect of team diversity (Jackson, Joshi, & Erhardt, 2003). Knowledge exchange processes are therefore among the most valuable, yet also most contentious, processes in MCTs (Baba, Gluesing, Ratner, & Wagner, 2004; Gardner, 2012; Gibbs, Grushina, & Gibson, 2013; Harvey & Kou, 2013).

Scholars have linked knowledge exchange processes with team effectiveness, defined most basically as the extent to which a team accomplishes its objectives (Mathieu, Maynard, Rapp, & Gilson, 2008). Specifically, researchers have found that a key differentiator in this process is whether the team has developed a psychologically safe communication climate, defined as an atmosphere marked by open, supportive communication (Edmondson, 2003; Gibson & Gibbs, 2006; Metiu & Rothbard, 2013). However, some evidence suggests that it is not as simple as the "safer," the better, and gives descriptions of the benefits of evaluative responses such as ignoring ideas, advocating for one's own ideas, and showing enthusiasm for others' ideas (Elsbah & Kramer, 2003; Hargadon & Bechky, 2006; Harvey and Kou, 2013; Murninghan & Conlon, 1991; Sutton & Hargadon, 1996). For example, Cronin, Bezrukova, Weingart, & Tinsley (2011) found that the best performing teams were those that promoted differences in perspectives and thinking. Although they did not examine why this benefited

effectiveness, Cronin et al. (2011: 843) reasoned that their counterintuitive results may have been because such conditions forced team members into detailed debate and consideration of wider arrays of alternatives that made the emergence of new approaches possible (cf. Leonard & Straus, 1997). This reasoning reflects the constructive controversy argument (Tjosvold, 2008), which suggests that different thinking styles create healthy debate.

At least one meta-analysis of team effectiveness has pointed to evidence that divergence and convergence are both necessary in MCTs (Stahl, Maznevski, Voigt, & Jonsen, 2010), and qualitative case studies have revealed cycles of these activities (Maznevski & Chudoba, 2000). Divergence introduces different ideas and juxtaposes them (Cramton & Hinds, 2014), while convergence aligns the team around common objectives. Duality was also highlighted by Losada and Heaphy (2004) who discuss the balance in inquiry and advocacy. Yet, the knowledge exchange processes through which divergence and convergence develop in MCTs remain unknown.

Because such tensions are dynamic and likely involve dialectical processes (Cramton & Hinds, 2014), they are not easily revealed without observation of teams in action. This has hidden them from researchers' view, with only limited notable exceptions as cited here. Hence, deep analysis of knowledge exchange in MCTs is an important next step. We don't know how these processes emerge in MNCs nor how they contribute to MCT effectiveness. Since the questions we address require uncovering a high level of detail about features of diversity climate in MNCs and knowledge exchange in MCTs, advancing knowledge in this area necessitates the kind of fine-grained data provided by a qualitative study. Further, an inductive approach was best suited to obtain rich and detailed descriptions of team knowledge exchange processes that reflect their real-life context and to recover and preserve the meanings respondents attach to these actions and settings to ultimately move theory generation forward (Birkinshaw et al., 2011).

METHODS

In the tradition of grounded theory (Glaser & Strauss, 1967; Strauss & Corbin, 1998), we began with a broad objective to investigate MCT interaction processes that link organizational context to team outcomes. Our interest in organizational diversity climate as a specific construct came only after several rounds of data analyses; similarly, our focus on team knowledge exchange emerged from the data on team interaction processes; and from data broadly concerned with team outcomes, our analysis led us to focus on team effectiveness. As these specific foci emerged, we returned to the literature. This iteration between our data and previous studies spurred development of our research questions and became the starting point for our theory development (Edmondson & McManus, 2007).

Sample

We collected very rich data from 11 companies, 48 teams, and 143 interviewees. The main criterion in selecting our case companies was their culturally diverse workforces and reliance on MCTs as core performing units. We focused our analysis on national cultural differences because nationality was the diversity aspect salient in all of them and would allow work group comparisons across firms. The companies had from 31,400 to 410,000 employees and operated in numerous industries. To keep the country context constant, all case companies were based in Austria, either as Austrian owned or as regional headquarters of MNCs.

By establishing trusting relationships, we gained extensive access to the organizations to collect the data necessary for our case-based theory building (Eisenhardt & Graebner, 2007). Teams were selected in collaboration with Human Resources (HR) managers familiar with the purpose of the study. We only selected MCTs that contained at least three nationalities. Furthermore, all teams had to be collocated (no virtual teams) and we included a variety of functions to increase conceptual relevance. Moreover, we only included teams that had existed for at least six months, with most teams having existed 13 to 26 months. By excluding teams still in their formative phase, we kept a consistent level of maturity. Interviewees were primarily team members and team leaders, but also HR professionals,

department heads, and internal corporate clients. To determine agreement, we interviewed the leader and one or more members of each team. Team size varied from approximately four to 15 members. We interviewed from 14% to 75% of the people on each team, with a mean of 29% and with most teams represented by 50%. Males were 64% of the respondents, and females were 36%. The average age was 39 years. Teams included 43 different nationalities.

We preceded according to the tenets of theoretical sampling in that we simultaneously and recursively decided on sampling units as we collected, coded, and analyzed data (Glaser & Strauss, 1967). We began with six to seven interviews in each company to understand the organizational context. We asked these respondents for incidents that they found somehow critical and to which the team had responded through some form of action and interaction. To clearly understand these events, the people involved, their interactions, and the outcomes, we conducted more interviews that raised the total to 121 interviewees. Our empirical findings were then discussed with HR managers, department heads, and internal clients to ensure the trustworthiness of data. Conflicting information disclosed in the data analysis phase was used to initiate the collection of additional information to resolve inconsistencies. For instance, at one firm, we interviewed three team leaders. While the first two leaders suggested that there were aspects of their climate which decreased the scope of team learning (they referred to this as a tendency to "blame"), the third leader claimed that he and his immediate subordinates felt psychologically safe in the firm. To resolve this discrepancy, we interviewed two HR executives. Both explicated that assigning blame for mistakes was an unfortunate practice at ARC, hereby supporting the views of the two team leaders, hence we utilized this corroborating evidence to code the climate at this firm as encouraging "assigning blame for mistakes." We incorporated only those teams with multiple respondents (121 interviews from 48 teams) for the analysis of team interactions, but considered all interviews to understand the organizational context and team effectiveness. Our final sample consisted of 143 respondents.

– Insert Table 1 about here –

Data Collection

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We used three data collection techniques: 1. semistructured interviews, 2. participant observations, and 3. public documentation. The interviews were our main source of data; the observations and archival data were important triangulation sources. The first author and six research assistants, who were rigorously selected and trained, collected the data.

Interviews addressed the same topics and with similar questions to allow meaningful comparisons across interviewees. Questions asked in every interview included: *"What are the biggest challenges for you in the team and how do you cope with these challenges?" What works very well in your team and what does not?"* and *"Are there any specific practices for managing diversity in the company?"* At the same time, the semistructured nature of the interviews enabled interviewers to probe interesting comments and themes as they emerged. Sample probes included, *"Why do you think the team member reacted in that way?" "What did you learn from this incident?"* and *"Has this experience changed the way you and others work in the team, and if yes, could you please explain how/in what way?"* On average, the interviews lasted for one hour, resulting in 1783 pages of transcripts. The interviews were conducted in German, Slavic languages, or English.

Our secondary data collection method was observation. Researchers spent 224 hours in shadowing team members and leaders in team meetings, workshops, coffee breaks, lunches, and other activities. We observed how team members interacted and exchanged knowledge, and how this knowledge was used in making decisions. We also gained useful insights into the role of organizational context, assessing diversity climate by comparing behaviors with publicly available written material (brochures, websites, and documents).

Coding and Analysis

We used ATLAS.ti software to assist the coding. As a first step, the first author developed a preliminary coding system on the basis of 30 interviews. The research team subsequently coded 66 interviews (six interviews per company). Finally, the first author and one research assistant coded the remaining 47 interviews. We started with detailed line-by-

line data analysis to generate initial first-order codes (open coding), most of which were in-vivo codes (i.e., verbatim terms used by the respondents, Strauss & Corbin, 1998). We then merged these first-order codes into second-order codes and finally into higher order themes (Lee, 1999). In a later analytic step, we coded activities, behaviors, and actions of team members and leaders that represented links or relationships between diversity climates and team knowledge exchange, as well as team characteristics prompted by knowledge exchange.

We met weekly over the 17 months of data collection and analysis. All members of the research team were encouraged to contribute to the coding structure. In these meetings the researchers discussed the emerging codes extensively and reexamined text segments lacking immediate coding agreement so as to ensure consistency. Although the researchers agreed on the meaning of statements, in several instances they developed different codes for the same phenomena. For instance, the lead researcher used the term "integration" to code when respondents talked about the significance of their original culture and at the same time emphasized their desire to learn from other cultures. Other researchers originally used the same term for text segments in which respondents showed little interest in maintaining their original culture, but were willing to learn from other cultures. Such instances were discussed in team meetings to reach agreement on coding definitions. In this case, the code "integration" was assigned when people showed an interest in maintaining their original culture and participating in the other culture; "partial marginalization" was used when individuals showed little involvement in maintaining the culture of origin, but were interested in learning about others.

Using ATLAS.ti's memo function, observational notes and information from public documentation were linked to the interview segments, and instances in which it confirmed or negated our key themes were noted. The research team discussed such contradictions, and resolved them through discussions with key informants in the companies. For example, in public documentation, one company depicted itself as supportive of diversity; team

members contradicted this. Our own observations coincided with the members' because we saw cultural differences ignored in favour of confrontational communication.

We also engaged researchers uninvolved with the study to discuss emerging patterns in the data and to ask critical questions about our methods. Finally, we asked an experienced qualitative researcher involved in the development of ATLAS.ti software to help us assess the dependability of our data. The researcher examined our records (coding schema, several interview transcripts, and field notes) to confirm the plausibility of our conclusions.

In accordance with the constant comparative method (Glaser & Strauss, 1967), we compared interview data with observational data to examine whether they provided supporting or contrasting information. Second, interviews and observations within an MCT were compared to develop the most prevalent codes for the team as a whole. Third, interviews and observations within the same company were compared to develop prevalent codes for the diversity climates. We also compared smaller and larger teams; we found no distinct differences in the prevalence of codes based on team size. Fourth, the data obtained in each company were aggregated and compared, revealing subtle similarities and differences across companies. For instance, we noted across companies several similarities that pertained to issues such as ignoring cultural differences or suppressing discussions of cultural differences. These companies differed from those in which cultural differences were actively addressed and diversity was viewed as a source of competitiveness.

Company profiles that included summaries of each team within the company were prepared and shared with key interview partners and HR executives. These were used for further discussions to corroborate our preliminary results with their experience. In eight of the 11 companies, the first author gave a presentation of the findings followed by intense discussions. These sessions were attended by interviewees and executives of the HRM department. During these sessions further information that became part of the data were obtained (e.g., examples of best practices in diversity management).

These techniques were important, because notions of reliability and validity applied in quantitative research are not directly comparable in qualitative research (Shah & Corley, 2006; Van Maanen, 1979). Instead, Lincoln and Guba (1985) introduced the notion of data trustworthiness and furnished an alternative set of criteria by which to judge the rigor of qualitative research: credibility, transferability, dependability, and confirmability. By meeting these criteria we ensured the trustworthiness of our data.

Resultant Codes and Higher Order Themes

Below we first present the three higher order themes that emerged from the raw data and the codes that comprised them, followed by linking codes and themes that represent causal relationships between them. Code definitions and text excerpts appear in Appendices 1-3.

Diversity Climates. At the organizational level, three diversity climate codes emerged: *policy-focused*, *awareness-focused,* and *engagement-focused*. *Policy-focused* climates were characterized by a concern for diversity primarily from a policy perspective. Policies and norms required all employees to assimilate to the dominant organizational culture. For example, the codes of conduct contained written non-negotiable principles, including standardized diversity practices. The main emphasis was on conformity. As result, minorities were expected to decrease the significance of their culture of origin in an attempt to conform to corporate norms. *Awareness-focused* climates chiefly used diversity for access and legitimacy in new markets, but had low integration of diversity into work processes. Core principles were not *a priori* defined, and employees were free to decide how to interact and work together. A strong belief in cooperation and harmonious interactions existed as means to facilitate cross-cultural interaction. Employees from minority groups were encouraged to retain a strong sense of their cultural identity and consequently showed less involvement in learning from others. In contrast, majority group employees strongly emphasized learning about other cultures and were considerate of minority cultures. Finally, the *engagement-focused* climates characteristically used diversity to inform and enhance work processes based

on an assumption that cultural differences give rise to different insights. A limited set of core values considered central to the organization was emphasized, but otherwise, differences were allowed to flourish. As a result, members demonstrated interest in maintaining their culture of origin but also in learning about other cultures. Table 2 depicts the three diversity climates that emerged. Aggregating across data sources (interviews and observations), we were able to clearly develop a diversity climate code for each organization.

– Insert Table 2 about here –

Knowledge Exchange Processes. We discovered three primary codes for knowledge exchange processes: *assertive*, *cooperative*, and *oscillation*. We developed the code *assertive* knowledge exchange when the exchange of perspectives, information, and know-how was clear, direct, and unambiguous. Such exchanges involved members defending their priorities and views and communicating them plainly and explicitly. We developed the code *cooperative* knowledge exchange when an exchange was implicit, suggestive, or exploratory, expressing willingness to remain open to others' ideas and views, and accompanied by active listening. Finally, the code *oscillation between assertive and cooperative* knowledge exchange emerged to capture when a team was characterized by a fluctuation between both modes within team interactions. Across data sources (interviews and observations), we found it clear which of the three modes prevailed in each team, and assigned that code to the team.

Effectiveness. We coded each team according to the degree respondents reported it had accomplished its objectives, aggregating across data sources -- including interviews with team leaders and members and with internal clients, HRM representatives, and department heads -- to arrive at a single code for each team. For example, one team that worked on consulting projects in the oil and gas industry had objectives regarding budget, risk determination, and alignment of projects with corporate standards. Respondents reported that it nearly always completed projects on budget and on time, with accurate risk assessment, and consistently upheld corporate policy, hence it was coded as highly effective. In contrast, a team tasked

with accessing feasibility of hydropower projects was described as having failed to collect information on critical parameters in the designated time frame, and even after repeated extensions, was unable to complete the project, and hence lost its customer. This team was coded as very low on effectiveness. Perceptions were remarkably consistent; no contradictory evidence was presented in any of the teams, making it easy for codes to emerge regarding their effectiveness. Effective teams in our sample met important deadlines and satisfied clients and various stakeholders; ineffective teams did not.

   Relationships among the three higher order themes. To explore how and why diversity climates encourage specific knowledge exchange processes in MCTs and how and why these processes affect team effectiveness, we searched for linking codes or relationships among our codes. To begin, we coded our transcripts for activities, actions, and behaviors that link different types of diversity climates to knowledge exchange. We then aggregated our first-order linking codes into second-order codes representing key manifestations of climate for knowledge exchange (see Table 3). For example, within the *policy-focused* climate, we uncovered processes that we coded as: "assimilating to the dominating culture," "leaving behind one's own national culture" and "expressing conviction that only the organizational culture matters." We collapsed these three first-order codes into the second-order "assimilating" code, noting that these processes prompted assertive knowledge exchange. As depicted in Table 3, moving from our set of 43 first-order linking codes, we arrived at 12 second-order codes representing key manifestations of climate. Subsequently, we gathered similar second-order manifestation codes into three overarching themes that encompass the core focus of diversity climates for knowledge exchange: "navigating differences" included the dynamic processes that occurred when culturally diverse employees had sustained contact; "coping with exceptions" illustrated how companies responded when norms of the majority were not upheld; "legitimizing flexibility/inflexibility" captured processes by which features

of the climate were translated into orienting principles for team members' interactions or became social forces that ensured control over action.

Next, we developed codes for the link between knowledge exchange processes and team effectiveness (see Table 4). Analysis revealed an array of 24 first-order linking codes that comprised characteristics of teams prompted by knowledge exchange. We collapsed them into nine second-order codes that comprise the key resulting features for team outcomes. For example, we found that assertive knowledge exchange prompted distrust among minority and majority members and interpersonal apprehension, which we collapsed to create the second-order code "distrust and tense relationships." From the nine second-order feature codes, three themes that represent core implications for effectiveness emerged: "quality of relationships" described how actors coped with interpersonal connections in teams; "goal accomplishment" indicated the degree of task goal congruence and acceptance; "task processes" detailed the efforts by team members and leaders to complete tasks. These three themes were the foundation for effectiveness, resulting in the teams being able to accomplish their objectives.

– Insert Table 3 and 4 about here –

AN EMERGENT MODEL OF KNOWLEDGE EXCHANGE IN MCTs

We next focus on the key themes from our data that illustrate the relationships among diversity climates, team knowledge exchange, and effectiveness. We present short case descriptions of six teams which provide the clearest illustration of these relationships.

Assertive Knowledge Exchange: Team 29 and Team 15

Team 29. Exemplifying a team characterized by assertive knowledge exchange, Team 29 was formed within GEC, a German multinational conglomerate, to manage high voltage substations in Central Eastern Europe (CEE). The team's objectives were to ensure on time delivery of several types of parts and apparatus. In addition, it worked on several turnkey infrastructure projects that needed to be done on time and within budget while meeting the highest quality standards. It consisted of Austrians, Croatians, Slovakians, and Hungarians.

Respondents reported that vertical structures and authoritarian decision-making remained the rule in CEE. Delegation there entailed managers precisely instructing subordinates who were expected to perform their tasks without discussion. While Austrians complained of a lack of initiative from non-Austrians, the Croatians, Hungarians, and Slovakians bemoaned the lack of clear directions from the Austrian managers.

Against this backdrop, we observed two incidents in Team 29 that illustrate assertive knowledge exchange. In one meeting, Austrians dominated discussion and other team members remained silent. Trying to gain their involvement, the Austrian team leader referred to a corporate template for team procedures. All members were asked to sign a standardized corporate contract that emphasized the importance of involvement. This attempt to assimilate the members from CEE ultimately backfired, as it further diminished motivation:

"It immediately came to a, well, I wouldn't say crash, but it resulted at least in a strong disagreement. ... We just wanted to assure that each member's obligations within the team are duly noted by having everyone sign off his personal areas of responsibility. However, the Hungarians and Croats put their foot down because they were not used to something like that." (Team member, Austrian, GEC)

A second incident was observed later. The team was finishing project documentation with an approaching deadline; the atmosphere was intense, with a lot of uncertainty, and emotions were high. We witnessed a screaming match in which competencies were questioned. A team member told us later:

"You can awfully misinterpret people if you do not recognize, if you cannot read their faces, or if you cannot see behind their masks. In such cases I would say that social skills are at least on the same level of importance as technical expertise…. For the Croats, pride is of great value. Thus, criticizing a Croat in the presence of all the others. ... No. That is simply not acceptable." (Team member, Austrian, GEC)

Our interviewees reported that the intense assertive knowledge exchanges that we saw were motivated by the *policy-focused* diversity climate of the firm. This climate was linked to knowledge exchange through the processes by which the respondents said the team navigated differences, the manner in which its members coped with exceptions to rules, and through the legitimization of inflexibility. First, although GEC depicted itself in its annual reports as

supportive of diversity (*"Diversity provides inspiration, unleashes creative potential and expands horizons")*, when asked about the significance of their cultural heritage, participants answered that *"nationality is not something that matters in this business."* The company expected individuals to lessen the significance of their national culture and assimilate into the organizational culture. Exceptions were viewed critically and behavior counter to corporate values and norms was accorded little tolerance. New employees were expected to act within the non-negotiable parameters of corporate rules that were codified into templates for team processes and the "GEC code of conduct." Standardization around them was expected from everyone, regardless of background. As result, the corporation legitimized inflexibility. These manifestations of a *policy-focused* diversity climate in combination with minority members' struggles to retain their cultural integrity prompted assertive knowledge exchange.

Assertive knowledge exchange in turn resulted in interpersonal apprehensions and distrust in Team 29, and these tense interactions took a negative toll on the quality of relationships in the team. Both insufficient information flow and poor effort by team members alienated by the confrontational team meetings caused the need to rework key deliverables and were detrimental for tasks processes and goal accomplishment. These implications meant that the team failed to meet its objectives, missed a deadline, and was rated as ineffective:

"Given that it was a turnkey project, it was very comprehensive and complex. We had to undertake the entire responsibility from design through completion and commissioning. The client only had to turn the key to make everything function as it should. The initial deadline in September was missed." (Team leader, Austrian, GEC)

Team 15. Team 15, formed within AGEC, an American multinational technology and consulting company, had the primary task of developing a Web strategy for 43 different countries. Japanese, Central Eastern Europeans, Austrians, and Americans worked together to determine how the Web presence could extend the corporate brand, what it should offer to its audience, and how it could effectively market and sell products and services online. We saw similar dynamics in Team 15 as in Team 29. Moving all team members, irrespective of cultural background, to a more assertive communication style was strongly encouraged. This

was encapsulated by the team's belief in *"straight talk,"* meaning speaking directly and explicitly, using a straightforward, concise, and efficient means of exchanging knowledge:

"Straight talk is a competence, something that's valued here, a leadership competence.... It is an imperative for action. Straight talk is a norm and an important aspect of AGEC's corporate culture. It should be applied in different contexts and regardless of individuals' cultural preference." (Team leader, American, AGEC)

As described by this respondent, the assertive knowledge exchange was prompted in numerous ways by the *policy-focused* diversity climate at AGEC. Like GEC, AGEC depicted itself in documentation as fully supportive of diversity (*"At AGEC, our goal is to enhance awareness, open-mindedness, knowledge, tolerance, and respect for other cultures"*). Corporate policy espoused the belief that cultural discrimination had to be eliminated and any prejudicial attitudes suppressed. In that sense, all employees were considered equal. However, at the same time AGEC neglected important cultural differences at the workplace and demanded employees follow instead the corporate way of communicating and doing business which was clearly reflecting the value system and behavioural patterns of the home country (the U.S.). In interviews members mentioned *"pretending to be blind to cultural differences"* even though they were well aware of them:

"Our boss from the U.S. was pretty straightforward, he corresponded so to the American cliché... he was extremely direct and believed in saying exactly what one thought at all times. As a consequence we continued to drift apart." (Team member, Austrian, AGEC)

Hence, the *policy-focused* climate encouraged assertive knowledge exchange, as team members navigated their cultural differences. Punishment for non-adherence to policy, which legitimized inflexibility, was a second key means by which the *policy-focused* climate encouraged assertive knowledge exchange. Violation of principles was strictly disciplined:

"According to this rule you must not make any difference between people of different gender, race, age and sexual orientation … Even a simple, well-meant joke about Africans can … lead to dismissal." (Team leader, Austrian, AGEC)

Such directness showed a tendency to assign blame and be highly critical when normative expectations were not met. Teammates who readily conformed to norms were rewarded; those who resisted were subjected to peer pressure to conform. Such exchanges

also involved minority members defending their priorities and views vehemently. The dynamics of assertive knowledge exchange regardless of context demotivated many minority employees. They reported that their competence seemed underestimated, and they often felt devalued in one way or another. They tried to suppress these negative feelings by distancing themselves from the team, which translated into a lack of goal acceptance and less effort. And when suppressed, these emotions would often build and grow, until they spilled over into time-consuming debates about justice and equality as well as second-guessing of the team's purpose, and overall inefficiency. The core implications for the team's effectiveness were that goals regarding the Web strategy development were not met. The team failed to arrive at a concept of how the firm could effectively market and sell products and services online:

"People in our team tend to think business is business and give little thought to different world views that can actually cause performance problems. It is because of this attitude that we face so many problems here, which has definitively impeded good performance." (Team member, American, AGEC)

In summary, these two key cases reveal the processes that we also found in the larger dataset. Assertive knowledge exchange was most common in the five firms characterized by a *policy-focused* diversity climate. Assertiveness was prompted by an emphasis on equality and antidiscrimination and inflexible enforcement of corporate templates and protocols. Cultural differences were suppressed, and the dominant culture was privileged. In such a climate, blame was assigned for mistakes and employees were dismissed for not following procedures. In turn, assertive knowledge exchange prompted conditions that resulted in distrustful and tense relationships, disagreement about goals, and unequal and inefficient effort on tasks, limiting the teams' potential to accomplish objectives and be effective.

Cooperative Knowledge Exchange: Team 7 and Team 45

Team 7. The objective in Team 7 was to develop a plan for a power station rehabilitation project in Malaysia for AEC, an Austrian technology provider. The team's aim was to replace inefficient oil-fired power plant facilities with highly efficient combined-cycle gas turbine power generation facilities. The team had to negotiate project conditions with

local officials, get procedures approved on time, and find adequate project partners. Austrians, Germans, and Malaysians worked together on this task. The Austrian team leader emphasized that the company valued cultural diversity and individuals were expected to engage in cooperative knowledge exchange. He believed that cooperative processes were necessary to effectively overcome unproductive social categorization and communication barriers:

"The first thing you have to do if you are exposed to a serious problem is to laugh about it and then solve it. ... Stay away from pounding your fist on the table! You do not get a cooperative approach this way." (Team leader, Austrian, AEC)

AEC was described as an organisation with strong focus on "awareness" of differences, but not necessarily on their incorporation into work processes. Its *awareness-focused* diversity climate encouraged employees to respond favourably to exceptions and legitimize flexibility. For instance, adaptation to minority group members was strongly encouraged at AEC. This went so far as Austrian employees hesitated to speak frankly in an attempt to remain cooperative. Further, the climate promoted considerable flexibility, in that the company exerted little socialization pressure on its international workforce. As result, many minority group members retained a strong sense of their own cultural identity.

We observed that conversations in Team 7 consisted mainly of exchanges among the Austrians and Germans, but the Malaysians, although cooperative, were mostly silent. One Malaysian said that in Malaysia certain conditions are associated with speaking and others with listening, and consequently, not everyone is entitled to speak. Despite their goodwill, Austrians were unaware of these cultural characteristics and mistaking the Malaysian behavior as unwillingness to get involved, requested more engagement. Malaysians remained cooperative on the surface, but confided that these requests were offensive. They explained that they preferred to withhold opinions to maintain harmony at work and that they anticipated that sharing knowledge that was contradictory in an assertive manner could undermine that cooperative spirit. However, this behavior brought increasing disorientation.

Therefore, in an informal meeting the Austrian team leader encouraged Malaysians to share their views and emphasized nobody would be blamed for mistakes:

"And what they all probably have in common is that nobody wants to admit when they've made a mistake. With clearly expressed objections, which are perceived as criticism, you won't achieve anything. ... And if you make it personal, that's the end. You need to develop the right feeling for this… So, I tried to put in place incentives for speaking up, emphasizing the 'non-blame aspect' of our organizational culture." (Team leader, Austrian, AEC)

Another meeting was organized with Austrians and Germans in order to inform them about the Malaysian approach. They were asked to pay more attention to tone of voice and facial expressions and to avoid assertive statements. As result, they adopted more carefully worded knowledge exchange processes that they hoped would bridge cultural communication barriers. Meanwhile, the Malaysians continued to value harmony within relationships over work outcomes and thus brought only limited knowledge variety to the process.

Hence, interpersonal relationships were primarily positive, but the underlying interpersonal problems were not addressed. Importantly, the emphasis on harmony and cooperation compromised assertive knowledge exchange and diminished the potential of the team to engage more actively in mutual learning. Information flow was obscured, with only certain members contributing to task processes. Some members actively pursued relational goals, but preserving interpersonal harmony was time consuming. Others saw this pursuit as coming at the expense of task goals; thus across members, goals were incongruent. Several instances were reported in which the team missed a deadline. Nevertheless, members hesitated to address this directly. The ultimate implications were that the team failed to accomplish its objectives and was coded as very ineffective. It had difficulty establishing project conditions with local officials and was unable in many instances to develop the intended relationships with project partners. Few combined-cycle gas turbine facilities could be traced back to the work of this team, hence the contract targets were not met:

"To execute the project is also very challenging. It is also very challenging to interact with all these different cultures. One of the greatest challenges was to facilitate between us and our project partner in Malaysia. This didn't work that well. We could not negotiate fair project conditions or get procedures approved on time." (Team leader, Austrian, AEC)

Team 45. As a second example of cooperative knowledge exchange, consider Team 45. FCC, a Finnish consulting and engineering company, formed it to work on a hydropower project in Indonesia. The team was charged with collecting the statistics and data to assess feasibility, design, and environmental impact, to negotiate with authorities and to develop technologies in collaboration with local partners. It consisted of Indonesian, German, and Austrian members. During knowledge exchange, cooperation and harmony were emphasized. We observed in a team meeting that the Indonesians were especially modest and reserved. Afterward, an Indonesian member explained that downplaying one's own achievements and emphasizing the success of others was essential for strong relationships to develop. Austrians assumed that Indonesians believed any form of confrontation would bring a loss of face:

"You can see it immediately in the facial expression of a European if he is angry…. Yet an Indonesian will never show his emotions. This was indeed a challenge for us…. We didn't know how … to give them feedback, how to address problems or to communicate to them that something went wrong. Asking them to accomplish more than they were able to deliver was detrimental to team harmony and had to be avoided." (Team leader, Austrian, FCC)

Respondents at FCC described a corporate focus on awareness of differences, which prompted cooperative knowledge exchange. FCC tried to bring its diverse employees together in a safe and non-threatening environment. Frequent discussions of cultural differences were an important manifestation of the *awareness-focused* climate. Several respondents described this as *"celebrating cultural differences."* Acts of connecting across cultures were valued and members were encouraged to respond favorably to exceptions. In this spirit, the company offered its employees *"culture assimilator training."* A consultant shared and explained scenarios that involved cultural misunderstandings between Indonesians, Germans, and Austrians. Although Austrians and Germans embraced this type of training, Indonesians remained reserved. A German member reported:

"I would say that we have shown a high integration capability. We have definitively changed the way we communicate, we share feedback, we approach individuals, etc. So, there has been a big adjustment on our side. Definitively! We have been confronted with the Indonesian culture, we have had an intercultural experience, and we have learned to understand and to incorporate this new learning into the way we interact today. What has not changed is the

behavior and expectations of our Indonesian colleagues. They remain very cooperative but also very reluctant. What implication does this have for us? I don't believe that we have reached our maximum level of effectiveness. I think that there are still many areas where we could improve and learn more from each other." (Team member, Germany, FCC)

Respondents indicated that relational goals often superseded task goals to the extent that employees hesitated to communicate frankly. Without constructive task-related confrontation, important information remained hidden in the team. In particular, the team was unable to build on the contributions of all members because it lacked a clear sense of how Austrians could incorporate the culture-specific knowledge of Indonesians. Important issues were never explicitly addressed, and the absence of clarification caused inefficiency and missed deadlines, and an inability to effectively complete tasks even with extensive effort. The team was ineffective, few new technologies were developed in collaboration with local partners, despite that being the explicit team objective:

"The team is responsible for a hydroelectric power project … in Indonesia. … Indonesia is an ideal candidate for run-of-river mini-hydropower schemes. However, their development is often hampered by a lack of reliable data…. I asked Mr. M. to work on this. He delegated the task to five employees who came from Indonesia. We needed specific information on the area, soil type, rainfall parameters, etc. My expectation was that I would receive this by June. However, they could not get this data. I gave them an extension. After one month the data was still not there. Thus, our client was unable to proceed." (Head of Department, Austrian, FCC)

In summary, cooperative knowledge exchange was most dominant in firms with an *awareness-focused* diversity climate. This was because of a strong emphasis on celebrating cultural differences, while at the same time being unable to integrate across them. Employees were free to adapt to circumstances, resulting in distinct variances in values and norms across teams. Exceptions attributed to cultural differences were tolerated, with little effort to align across them. Consequently, teams with cooperative processes expended significant time on preserving harmony. Members described a high level of effort, but not always on completing tasks. They seldom mentioned any encouragement to engage in constructive controversy that could have benefited task processes. Hence, teams were often characterized as ineffective.

Oscillation Between Assertive and Cooperative: Team 32 and Team 2

Team 32. This team worked on several consulting projects in Romania . Its primary tasks were to calculate the required budget, determine project risks, provide regular status reports about project progress, and align projects with corporate standards and guidelines within AOC, a large Austrian industrial oil and gas firm. The team was made up of Austrians, Romanians, Germans and Swiss. In our observations we noticed that many statements in this team began with "*I*". For example, "*I have noticed that we have deviated from our initial aim,*" or "*I strongly disagree with this and believe that we cannot do this under the current circumstances.*" This type of knowledge exchange communicated ideas and needs to others directly, gained the attention of teammates, and carried weight. At the same time employees shared information politely in a non-threatening way. This in turn enhanced the workplace experience by eliminating fear, or conflicts, and increasing the level of cooperation. The general attitude was that if the company valued individuals and individual diversity, it would have more ideas to draw on. Yet to motivate teams to implement individual ideas, relationships between employees were developed so as to be collegial and participative.

We coded this process as oscillation between assertive and cooperative knowledge exchange. Our data revealed that the diversity climate at AOC encouraged such oscillation by integrating and incorporating differences, remaining open to exceptions, and adapting to specific contexts under the limits of orienting principles. Employees were encouraged to voice country-specific values. They also recognized the roots of many cultural differences, thereby legitimizing these differences. For example, although the Swiss, Germans, and Austrians were highly proactive and didn't hesitate to communicate their ideas, the Romanians were less apt to do so, at least initially. Austrians believed the former personality cult of President Ceausescu explained the apprehensiveness of Romanians to express themselves freely:

"During the Ceausescu-era, people were sent to Russia for punishment. ... Therefore, we always have to emphasize to our Romanian team members: Please raise your hand if you think something has gone wrong…No one will lose his head.'" (Team leader, Austrian, AOC)

Corroborating this, a Romanian employee told us:

"The fear of penalization was always present. Given that in Romania managers are still regarded as the actual decision makers, we expected an authoritarian leadership style also here at the headquarters." (Team member, Romanian, AOC)

The Austrian leader echoed this. Rather than try to change the cultural proclivities of Romanians, he viewed them as a source of competitive advantage. The path to realizing these potentialities wasn't always easy. He had to be forthright about his plans, but at the same time he listened carefully to Romanians and gently encouraged them to speak up. By doing so, he simultaneously engaged in assertive and cooperative knowledge exchange and encouraged the rest of the team to do the same. He described his role as *"a tough balancing act."*

"Romanians … want you to tell them what to do and how to do it. It requires being forthright about your wants and needs… But as I said, it is not my style to yell at someone. Balancing was indeed a big challenge. I would tell them what my expectations are, what they need to do and by when. I would explain why. In one-on-one discussions I would then encourage them to speak up." (Team leader, Austrian, AOC)

The leader's freedom to develop his approach was indicative of the *engagement-focused* diversity climate. Flexibility was legitimized at AOC, in that it encouraged best practices, but also adaptation. We noticed that the Romanians gradually began to show initiative and take on responsibility. This development promoted both cooperative and assertive knowledge exchange within the team. This oscillation enabled Team 32 to solve interpersonal problems directly, while simultaneously creating healthy relationships among its members. To keep a strong sense of orientation in teams, roles were clearly communicated, but an iterative process of point-counter-point was used to arrive at goal clarity and acceptance. Time and resources were dedicated toward task completion, and the resulting task and goal congruence enabled individuals to accomplish their goals on time and led to high team effectiveness. Respondents external to the team noted the accuracy of its budgets, risk projects, as well as the timeliness of status reports. Projects were viewed as well aligned with corporate initiatives. In short, the team successfully accomplished its objectives:

"Our exploration and production business segment now has a very strong base in Romania and is growing its international portfolio steadily. Our main investment focus is currently on the Romanian Black Sea. Mr. M. is monitoring the progress of our projects in the country. His

team is very good at ensuring that information is available to all involved groups on time and quality." (HR manager, Slovakian, AOC)

Team 2. As a second example of oscillation between cooperative and assertive knowledge exchange, Team 2's objective was to develop regionally aligned market initiatives for detergents in CEE for GCC, a German-based company. The team was responsible for managing the product portfolio, collaborating with the local marketing and sales teams, selecting appropriate channels of distribution, and positioning the products in terms of price. Members were from Ukraine, Poland, and Austria. Before joining the team, the Austrian team leader had spent three years as an expatriate in a subsidiary in Serbia, where he developed an authoritarian management style that worked well there but threatened common goals in Team 2. Team members immediately addressed the problem; they remained supportive, encouraging, and polite, and they translated constructive criticism into requests for action:

"At the beginning, when this senior manager was new, there was a bad flow of information. And we did not like the way discussions were carried out. He asked for our opinions but made the decision all by himself. We addressed this issue; we told him that we wanted this to be changed. And it did." (Team member, Austrian, GCC)

Becoming aware of the problem, the team leader changed, which team members interpreted to mean assertively voicing critical opinions within the team was acceptable. Yet, constructively and politely addressing topics that could have hindered interaction and cooperation also reflected the cooperative spirit in the team:

"He always says: 'Let's discuss it.' He listens to us very carefully and responsively. He expresses a lot of appreciation for what we are doing." (Team member, Poland, GCC)

Again, interviews and observations revealed this oscillation was possible because of GCC's *engagement-focused* diversity climate. GCC operated in 75 countries. Its formally stated mission was to *"achieve consistency while encouraging openness for change and allowing flexibility"* across its foreign subsidiaries. The company recognized that each employee brought unique cultural values and perspectives that should be preserved, while also emphasizing the need to establish a corporate *"way of doing business"* as a common bond among its culturally diverse workforce. Thus employees were expected to adapt to specific

team contexts under the limits of orienting principles. Cultural particularities were actively addressed with members remaining open to exceptions to the majority norms. GCC integrated cultural differences into its core work just as depicted in its public documentation:

"Our Global Diversity and Inclusion Strategy is aimed at reflecting our markets and products through a diverse workforce. Our markets and products are diverse – and so are our people. Because our markets are multifaceted and diverse, we take a holistic approach and embrace all aspects of diversity, with a special focus on the dimension of culture."

The majority of GCC teams engaged in both cooperative and assertive knowledge exchange; these alternating processes helped make the teams highly effective. Clarity about each person's role, together with high task effort across members, bolstered satisfaction and trust within the team. By relying on their own knowledge and seeking others', members were able to satisfy the needs of various stakeholders reliably and on time. The team was described as innovative, adept at selecting appropriate channels of distribution, and skillful in positioning products in terms of price, indicating the team was highly effective:

"The medium-price brand team is very good at developing regionally aligned go-to-market initiatives….. They have a very strong cooperative and collaborative approach toward the local marketing and sales teams as well as the global marketing team. Overall, I am very happy with their progress." (Head of Department, Austrian, GCC)

Findings such as these demonstrated that the oscillation between cooperative and assertive processes was encouraged by an *engagement-focused* diversity climate. Firms with such climates emphasized that a direct approach is often needed to communicate new ideas and broaden perspectives, but at the same time it is essential to build a supportive and collaborative environment in teams. *Engagement-focused* firms incorporated cultural differences into core work processes as connections and commonalities were established, enabling the teams to capitalize on differences. When cultural norms were questioned, members expressed their reactions freely and remained open to adaptation in a specific team context, while still working within orienting principles established at the firm level. The oscillation during knowledge exchange in teams promoted a high level of team effectiveness because it meant that members addressed interpersonal problems to develop satisfaction and

trust. In turn, this enabled the team to pursue its goals by using an iterative approach to clarify roles and objectives. This translated into efficient use of team resources and shared effort.

Summary of Findings

Our exploration suggests that the type of diversity climate that prevails in an organization encourages or constrains the knowledge exchange in its teams and ultimately results in low or high team effectiveness. These relationships are illustrated in the emergent theoretical model in Figure 1, along with several orienting propositions (Blumer, 1969), which we offer as a means of generalizing from our research and guiding future research.

– Insert Figure 1 about here –

It is noteworthy that a diversity climate, in and of itself, was not what determined team effectiveness. It was only when the diversity climate encouraged oscillation during knowledge exchange that the most effective teams emerged. A few teams were effective, even if the diversity climate was not *engagement-focused*, because they arrived at processes for both assertive and cooperative exchange. MCTs did so by navigating differences and coping with exceptions using tactics that resembled those in *engagement-focused* climates, even when the climate in their firms was *policy-focused* or *awareness-focused*. For example, Team 20 was embedded in a *policy-focused* climate. Nevertheless, its leader recognized that emphasizing clarity and assertiveness sometimes caused conflict as an unintended consequence of the corporate norm directed at fostering process consensus across teams. As result, he adopted a more balanced approach that prompted oscillation during knowledge exchange. This oscillation harmonized social relationships in the team. The outcome was high effectiveness.

We observed similar dynamics in Team 6 in a company coded as *awareness-focused*. Team members realized exclusive implicit communication left many important issues unclear which disoriented the team. Members who recognized these dysfunctional dynamics addressed the cause explicitly in a team meeting. Their goal of increased clarity prompted

oscillation during knowledge exchange. This in turn helped members gain a more holistic understanding of task-related issues. As result, the team was better able to meet deadlines.

On the other hand, not all teams within firms characterized by *engagement-focused* climate oscillated between assertive and cooperative processes. CTC, a Canadian global transport company, was coded as having an *engagement-focused* climate. Nevertheless, its Team 31 was characterized by assertive knowledge exchange and was ineffective. Members were very direct and we observed a serious confrontation in a meeting. The assertive knowledge exchange sowed distrust among the minority group and caused an insufficient flow of information and ultimately, low team effectiveness. This was not the typical pattern in firms with an *engagement-focused* climate; however, Team 31 illustrates that effectiveness is ultimately the product of knowledge exchange. Merely creating a specific diversity climate does not automatically yield effective teams. Our findings suggest that diversity climate is not a direct effect but instead affects team outcomes through its effect on knowledge exchange.

DISCUSSION

Our study makes three important theoretical contributions. First, we develop the concept of diversity climate in MNCs, delineating important manifestations that pertain to national cultural diversity. Identifying the peculiarities of diversity climate when firms span national boundaries and when the aspect of diversity in question is as complex and deep level as national culture has not been addressed in prior research focused on domestic firms and gender or racial diversity. Second, we clarify the causal relationship between organizational diversity climate and knowledge exchange in MCTs by exploring the activities, actions, and behaviors of organizational actors that create that link. Third, our counterintuitive findings show that being cooperative is not the best way for MCTs to succeed. In contrast, by oscillating between cooperative and assertive knowledge exchange team members and leaders enable the development of healthy relationships, high task and goal congruence and acceptance, and shared effort for efficient completion of tasks, all of which translate in the

ability of the team to accomplish its objectives, whether those pertain to staying on budget, meeting clients' needs, reaching contractual targets, or creating new services. Next we highlight theoretical and practical implications in these three areas.

Theoretical Implications

      Diversity climate. Several characteristics of the three types of climates we identified map onto those presented in prior literature (see Table 2). For example, the climate we coded as *awareness-focused* share similarities with Cox's (1993) plural climate, and Ely and Thomas' (2001) access-and-legitimacy perspective. Given our sample consisted of MNCs, and we focused on national diversity, demonstrating that our codes for diversity climate resemble aspects of those in prior literature extends that research, since work in the past has only examined departments within domestic organizations, and did not examine national diversity. However, some nuances of our research depart from the prior literature. The two companies we coded as *awareness-focused* exhibited more informal integration of diverse employees and also valued cultural diversity more than in plural (Cox, 1993) or in access-and-legitimacy firms (Ely & Thomas, 2001). Consequently, employees did not assimilate to the dominant culture, the minority-majority gap was smaller, and cultural bias remained low. This may have been because in the 1990s these particular firms quickly grew into global players through acquisitions in both developed and developing countries; employees from the latter were highly respected. This may have encouraged them to retain a sense of self-identity and a high level of autonomy. Such nuances underscore that accurate characterization of a firm's diversity climate requires an understanding of its type of diversity, the historical context that birthed this climate, and the experiences of the employees that helped shape the climate.

    Our highlighting of these unique enactments of organizational diversity climates illustrates the value of considering the integration of concepts of organizational climate and culture. Many years ago, Payne and Pugh (1976: 1168) ended their review of the climate research with a call for "deep involvement from the members of a complex system to gather

meaningful data which accurately reflects these people's experience …." Few researchers have answered this call, but we have. In doing so, our study reveals that organizational diversity climates affect members of teams within them, while being simultaneously subject to social construction. While they enable or constrain team processes, negotiation at the team enacts the diversity climate, such that some teams are particularly skilled at maintaining an oscillation during knowledge exchange despite the climate. This occurred when team members and leaders realized that the climate was dysfunctional for knowledge exchange.

Processes that link diversity climate to knowledge exchange and knowledge exchange to team effectiveness. We extend the work of Cronin et al. (2011), Edmondson (2003), and Gibson and Gibbs (2006), revealing a deeper understanding of cooperative processes and psychological safety, in that we demonstrate how organizational context enables such emergent team level characteristics. *Awareness-focused* diversity climates most often encouraged cooperative exchange, albeit at the expense of assertive processes. They did so by navigating cultural differences primarily though acknowledgement and by establishing connections; by responding favourably to exceptions; and by legitimizing flexibility. These manifestations were linked to cooperative exchange. However, the positive intra-team relationships hid avoidance and incongruent goals, resulting in inefficient task completion.

By enabling individuals to bring more varied knowledge to the exchange process, assertive knowledge exchange appeared to be conducive to team effectiveness. The literature contains some precedents for acknowledging this. For example, Woodman, Sawyer, & Griffin (1993) argued that to increase creativity, teams need some distinctiveness of thought, while Polzer, Milton, & Swann (2002) found that team processes benefit when members express the characteristics that make them unique. We extend this prior research by noting the importance of organizational diversity climate in creating opportunities for individuals to assert their knowledge. *Policy-focused* climates encouraged assertive knowledge exchange by navigating cultural differences through

assimilation and ignoring differences; by coping with exceptions critically; and by legitimizing inflexibility. Assertiveness in turn caused tense relationships, low goal acceptance and unequal effort, and inefficient completion of tasks.

Hence, our findings point to the value of oscillating during knowledge exchange. The inclination to assertiveness that seems natural to members from some cultures can help MCTs achieve high levels of effectiveness if that assertiveness is complemented by cooperative processes valued by members from more harmony-based cultures. Consequently, cooperative processes help increase integration, while assertive exchange in which members communicate their views plainly and explicitly, produces adequate divergence so as to build on all members' contributions. Thus, in MCTs, both types of knowledge exchange are necessary; emphasis on one kind of exchange at the expense of the other reduces effectiveness.

The importance of this duality between inquiry (similar to cooperative exchange) and advocacy (similar to assertive exchange) in teams has also been emphasized by Losada and Heaphy (2004). Among their sample of 60 teams working in a computerized lab, a balance between "inquiry and advocacy" enabled team effectiveness, while low performance teams were highly unbalanced toward "advocacy." Likewise, Earley and Gibson (2002) posited that social regulatory processes in MCTs can create a balance between what they called integration and differentiation. The authors noted a temporal element in which a diverse group may initially experience a strong emphasis on individuality, but counterbalancing forces may motivate the creation of commonalities among its members. However, neither Earley and Gibson (2002) nor Losada and Heaphy (2004) could specify how this equilibrium can be achieved. We address this by providing evidence that *engagement-focused* diversity climates prompt specific behaviors, manifestations and foci that result in the oscillation. Specifically, such climates allow for the navigation of differences, means for coping with exceptions and behaviors that help to legitimize flexibility, which in turn result in the oscillation.

We also contribute to the work of Ely and Thomas (2001), who found an integration-and-learning perspective resulted in the best performing teams, but were unable to determine exactly how this influence occurred. By elaborating on the links between diversity climates, knowledge exchange in teams, and MCT effectiveness, we offer an explanation. Our findings show that *engagement-focused* climates prompted oscillation during knowledge exchange. In turn, the oscillation served to help members build positive intercultural relationships, develop goal congruence and acceptance, and share work efficiently toward completion of tasks.

Limitations and Future Research

Research that quantitatively tests our model is an important next step. Collecting data from a broad sample of organizations and teams and conducting statistical mediation models would help confirm if diversity climate and MCT effectiveness are related through knowledge exchange. This also would enable identification of alternative mediational and moderating processes. For example, we suspect that role negotiation (Bechky, 2006) and team engagement (Metiu & Rothbard, 2013) may be critical for MCT effectiveness.

Furthermore, by keeping the home country context constant, our sample yielded a disproportionate number of responses from Austrians. In order to more broadly test our model, we suggest including in research additional regions and nationalities as well as different corporate and team contexts. We also encourage further exploration of team tasks. Although the teams in our sample had very diverse responsibilities, we suspect some patterns based on task may exist, such as the degree to which team innovation is required (Gibson & Gibbs, 2006). Our data indicate that the key challenges of MCTs lie in team interactions (*not* team functions), but comparisons are a useful extension of our research.

We also anticipate that other contextual factors may influence knowledge exchanges within MCTs, including factors such as power dynamics, control mechanisms, and corporate strategies. As particularly promising we see the exploration of time perspectives that may have special relevance as diverse members of an organization collaborate (Gibson, Waller,

Carpenter, & Conte, 2007; Waller, Conte, Gibson, & Carpenter, 2001; Zellmer-Bruhn, Gibson & Aldag, 2001). An examination of other team interaction processes such as knowledge acquisition or implementation (Gibson, 2001) are also welcome extensions of our theory.

Finally, although our data suggested that organizational context influences teams, we encourage investigation of the opposite causal relation. It would be interesting to explore how internal navigation of cultural differences within teams may affect the macro-organizational context; when MCTs reinforce or undermine corporate values and norms; and when they serve as catalysts for organizational change. These questions have not been addressed, despite their potential to take the study of MCTs and culture in new and fascinating directions.

We have developed a novel theory of knowledge exchange processes in MCTs that reveals how organizational context, specifically diversity climate, affects team effectiveness. We hope that our model will guide future research in this domain and that its application will ultimately increase the effectiveness of MCTs across the globe.

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Table 1. Sample description

Firm	Description of Firm	Teams	Number of interviews	Tran-script pages	Duration of recorded interviews	Hours of observa-tion
GCC (German Chemical Company)	Operates worldwide with leading brands and technologies in three business areas: Laundry & Home Care, Cosmetics/Toiletries, and Adhesive Technologies. To be customer driven and to develop superior brands and technologies, uses a variety of team types (e.g., product development teams, marketing teams etc.), and teams are responsible for planning, decision making, and implementation, which enhances the organization's ability to adapt to changing external circumstances. Members in subsidiaries located in CEE often spent 1-2 years at the regional HQ in Vienna, working in different teams.	5	15 team member/ leaders, 1 head of department and 1 HR manager	212	15 hrs 13 min	34 hrs 30 min
AOC (Austrian Oil Company)	One of Austria's largest listed industrial companies. Strives to be a partner to all the interest groups affected by its activities and to maintain an ongoing and respectful dialogue with its employees and stakeholders. Employees' concerns, needs, and expectations solicited by management. Goal is to create mutual understanding leading to trust and cooperation on a partnership basis, with benefits for all parties involved. Internationality is one of the most frequently named organizational values. National cultural diversity is seen as strength of the corporation. Teams have the freedom to define their best practices for cross-cultural interaction.	4	12 team members/ leaders and 1 HR manager	101	7 hrs 35 min	14 hrs
ABC (Austrian Banking Company)	Operates an extensive network of subsidiary banks, leasing companies and a range of specialized financial service providers. Stresses a decentralized leadership style and grants a high degree of autonomy to its subsidiaries. Employees benefit from the freedom of choice, the opportunity to make own decisions. Described by respondents as process-oriented, customer-driven, employee-centered, decentralized, and globally connected firm. To stimulate multiculturalism and to identify and diffuse best practices, transfers international employees from their overseas subsidiaries to their HQ on semi-permanent assignments.	7	14 team members/ leaders, 1 internal client, 2 HR managers	253	16 hrs 53 min	19 hrs 38 min
CTC (Canadian Transport Company)	Global transportation company with production and engineering sites in 23 countries and a worldwide network of service centers. Each division works independently, yet interviewees described a norm in which the best interest for the company always takes priority to the particular subsidiary interests. CTC heavily relies on expatriates who are sent to host country subsidiaries to act as MCT leaders. They spend on average three to five years abroad and their mission is to transfer HQ practices to local subsidiaries but also to gain vital local knowledge and make it available throughout the company.	2	6 team members/ leaders, 2 HR managers	113	8 hrs 55 min	13 hrs
AGEC (American Electronic Company)	American multinational technology and consulting corporation that manufactures and sells computer hardware and software and offers infrastructure, hosting, and consulting services in areas ranging from mainframe computers to nanotechnology. It has a globally integrated and uniform business system that includes globally standardized performance criteria focused on individual performance. Enforces a standardized response, thus minimizing complexity. Team values, norms, and practices must be fully consistent with centrally determined organizational practices.	4	11 team members/ leaders, 1 head of department, 1 HR manager	152	12 hrs 03 min	17 hrs 22 min

Firm	Description of Firm	Teams	Number of interviews	Tran-script pages	Duration of recorded interviews	Hours of observa-tion
GEC (German Electronic Company)	One of the world's leading suppliers of a range of products, solutions, and services in energy technology. Characterized by hierarchical structures, strict rules, and a rigidly defined code of conduct. Employees from the regional HQ in Vienna assumed that HQ practices could easily be adopted in host-country subsidiaries and transferred to newly acquired firms. Desired change is usually enforced top-down with little input from locals. MCTs are managed according to corporate principles, allowing limited room for cultural adaptation.	4	11 team members/ leaders, 1 head of department, 1 HR manager	166	11 hrs 54 min	28 hrs 30 min
MCC (Mexican Construct-ion Company)	Global leader in the building materials industry. Highly centralized and all employees have to directly report to the HQ in Mexico or the European HQs in London and Madrid. Very strict hierarchy. The HQ normally sets the rules and employees in international subsidiaries have to strictly follow its directives.	4	8 team members/ leaders, 2 HR managers	101	7 hrs 43 min	11 hrs 15 min
AFTC (American French Technology Company)	Leader in optics technologies and a pioneer in applications and services. The corporation was formed through the merger of a French telecommunication group with a U.S. technology provider. Globally integrates and standardize policies and strictly regulates processes.	3	7 team members/ leaders, 1 HR manager	113	7 hrs 40 min	11 hrs 45 min
ARC (Austrian Retail Company)	Strong emphasis on global integration, respondents described it as hierarchical, performance oriented, centralized, and ethnocentric in its dealing with culturally diverse employees.	3	8 team members/ leaders, 2 HR managers	159	12 hrs 22 min	19 hrs 36 min
AEC (Austrian Engineering Company)	Leading Austrian technology provider with subsidiaries in 45 countries. Emphasis on freedom of choice and individual and team creativity at the task at hand and in how to solve it. Encourages novelty and trying out new things, even if they are risky.	9	19 team members/ leaders, 1 HR managers, 2 heads of departments	269	17 hrs 17 min	37 hrs 32 min
FCC (Finnish Consulting Company)	Global consulting and engineering firm focusing on the energy, forestry, and environmental sectors. Allows teams a large degree of autonomy in defining their norms, objectives, and ways of doing business. The autonomy permits teams and individuals to fully adapt to a specific local context and to respond quickly to changes in the external environment.	3	10 team members/ leaders, 1 HR manager, 1 head of department	144	11 hrs 45 min	16 hrs 30 min
Total		48	143	1783	129 hrs 20 min	223 hrs 38 min

Table 2. Diversity climates documented in the current project

Dimensions	Policy-focused diversity climate (maps onto monolithic and discrimination-and-fairness)	Awareness-focused diversity climate (maps onto plural and access-and-legitimacy)	Engagement-focused diversity climate (maps onto multicultural and integration-and-learning)
Firms	AGEC, AFTC, MCC, GEC, ARC	AEC, FCC	GCC, AOC, ABC, CTC
Knowledge processes	Mainly assertive	Mainly cooperative	Mainly assertive and cooperative
1. Acculturation	Assimilation (a unilateral process by which minority culture members adapt to the norms and values of the dominant group in the organization)	Partial marginalization (dominant group focuses on learning about other cultures, while minority employees hold on to their original culture and show less interest in national culture of the dominant group)	Integration (interested in maintaining the original culture and in learning and participating in the other culture)
2. Structural integration	Low	Partial	High
3. Informal integration	Low	High	High
4. Cultural bias	High	Low	Low
5. Organizational identification	Large majority-minority gap	Small majority-minority gap	High identification No majority-minority gap
6. Rationale for diversification	To eliminate discrimination	To gain access to diverse markets and clients	To inform and enhance work processes based on assumption that cultural differences give rise to different knowledge, insights, inform alternative views re: how best to accomplish work
7. Value of cultural identity	Low; culture-blind ideology; cultural differences taboo subjects; illegitimate to offer work-related perspectives informed by cultural differences; norm requires assimilation to the cultural values of the dominant group; membership characterized as contradictory and ambivalent	High; companies differentiate to gain access to diverse markets and clients; employees from different countries are encouraged to value and express themselves; members of the dominant group often hesitate to express themselves in an attempt to remain cooperative	High; a resource for change and renewal; encourages members to openly discuss different points of view as members of their cultural identity groups seen as valued opportunities for learning
8. Connection between cultural diversity and work	Limited; tendency to assimilate culturally diverse employees	Indirect; less able to integrate cultural differences into core work	Direct; incorporated throughout core work
9. Indicators of progress	High representation of culturally diverse groups; yet weak interpersonal integration of diverse employees and lack of inclusion in decision making	Moderate interpersonal integration of diverse employees but inclusion in decision making; little guidance on appropriate degree of adaptation to the local context; tend to over-adapt	High interpersonal integration of diverse employees and inclusion in decision making; a very culturally diverse workforce in organizations
10. Team effectiveness	Mainly low effectiveness	High and low effectiveness	Mainly high effectiveness

Note: Highlighted findings deviate from prior conceptualizations of plural (Cox, 1991), and access-and-legitimacy (Ely & Thomas, 2001).
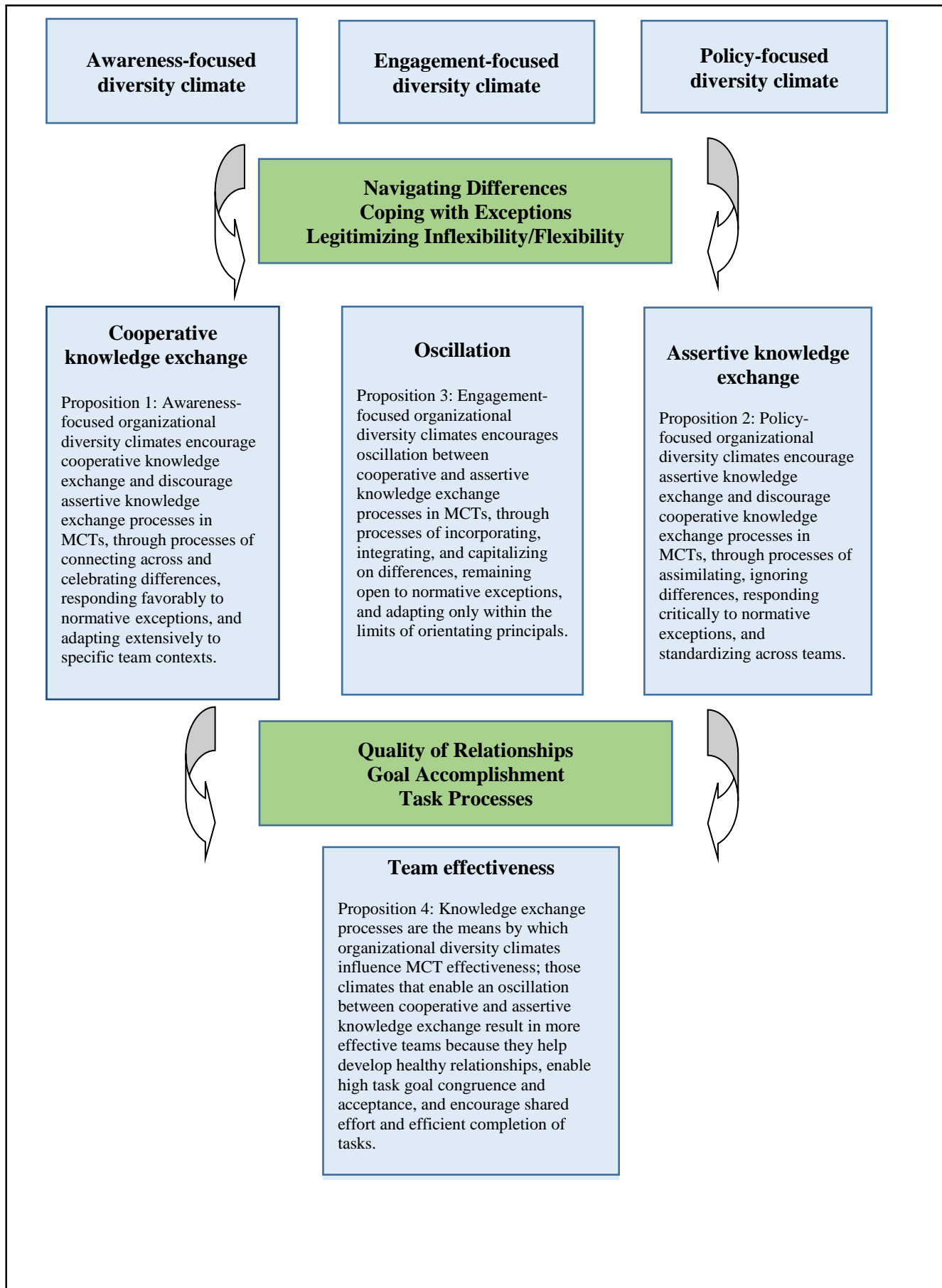
Table 3: Elaborating the Manifestations of Diversity Climate on Team Knowledge Exchange Processes

	Actions, Activities and Behaviors That Characterize Diversity Climate	Key Manifestations of Diversity Climate	Core Focus of Diversity Climate
Policy-focused	➢ Assimilating to the dominating culture ➢ Leaving behind one's own national culture ➢ Expressing conviction that only the organizational culture matters	Assimilating [prompts assertive]	**Navigating differences**
Policy-focused	➢ Not recognizing culture differences ➢ Suppressing discussion of cultural differences ➢ Privileging dominant culture	Ignoring cultural differences [prompts assertive]	
Awareness-focused	➢ Connecting across cultures ➢ Valuing good relationships ➢ Bridging acts encouraged	Connecting [prompts cooperative]	
Awareness-focused	➢ Frequently discussing cultural differences ➢ Perceiving cultural differences as enriching without knowing how to integrate ➢ Readily adapting to others at expense of own values	Celebrating cultural differences [prompts cooperative]	
Engagement-focused	➢ Recognizing the individual ("I" statements) and individual differences within orienting principles ➢ Actively addressing cultural particularities ➢ Voicing country-specific values ➢ Recognizing and legitimating the roots of cultural differences (e.g. communism)	Incorporating and integrating differences [prompts oscillation]	
Engagement-focused	➢ Viewing cultural diversity as a source of competitiveness, change and renewal ➢ Communicating need to incorporate diversity at a deeper level in markets and products not just in processes or policies	Capitalizing on cultural differences [prompts oscillation]	
Policy-focused	➢ Openly criticizing others with focus on honesty ➢ Assigning blame for mistakes ➢ Not displaying any tolerance regarding norm violations emanating from cultural differences ➢ Preferring formal meetings for the sake of transparency	Responding critically to exceptions [prompts assertive]	**Coping with exceptions**
Awareness-focused	➢ Avoiding confrontation to maintain harmony ➢ Encouraging a non-blame approach ➢ Displaying tolerance regarding norm violations emanating from cultural differences ➢ Hiding values and preferences behind silence ➢ Creating pockets of passivity to protect harmony ➢ Creating safe and non-threatening atmosphere	Responding favourably to exceptions [prompts cooperative]	
Engagement-focused	➢ Displaying proactivity and tolerance ➢ Incorporating mutual respect into delivering critiques	Expressing freely and remaining open to exceptions [prompts oscillation]	
Policy-focused	➢ Following standardized formats prescribed by corporate templates, rules, and principals ➢ Punishing non-adherence to policy ➢ Strongly focusing on performance ➢ Not tolerating significant variance in values/norms across teams	Standardizing around 'objective' criteria [prompts assertive]	**Legitimizing inflexibility/ flexibility**
Awareness-focused	➢ Showing flexibility in adapting to circumstances ➢ Focusing on behaviour orientation ➢ Tolerating significant variance in values and norms across teams	Adapting to specific team contexts [prompts cooperative]	
Engagement-focused	➢ Following 'best practices' but leaving room for flexibility and adaptation ➢ Balancing act by leader ➢ Willingness to rethink, revisit and learn from each other ➢ Screening social skills and emotional intelligence during hiring ➢ Focusing on both performance and behaviour orientation ➢ Tolerating some variance in values and norms across teams	Adapting to specific team contexts under the limits of orienting principles [prompts oscillation]	

Table 4: Identifying the Implications of Knowledge Exchange Processes for Team Effectiveness

	Characteristics Prompted by Knowledge Exchange	Resulting Key Features of Outcomes	Core Implications for Effectiveness
Assertive	➢ Distrust among minority groups versus the majority group ➢ Interpersonal apprehension	Distrustful and tense relationships: "authoritative family"	**Quality of relationships**
Cooperative	➢ Primarily positive interpersonal relations ➢ Interpersonal problems avoided	Positive relations: "happy family"	
Oscillation	➢ Satisfaction with the team and high degree of trust among minority groups versus the majority group ➢ Interpersonal problems addressed to overcome	Healthy relationships "progressive family"	
Assertive	➢ Low acceptance of goals ➢ Disagreement on appropriateness of goals	Low task goal acceptance	**Goal accomplishment**
Cooperative	➢ Relational goals have primacy over task goals ➢ Passive task goal pursuit	Incongruent task goals	
Oscillation	➢ Iteration to arrive at goal clarity and acceptance ➢ Roles in task goal achievement clear ➢ Proactive task goal pursuit	High task goal congruence and acceptance	
Assertive	➢ Insufficient flow of information ➢ Lack of timeliness due to rework ➢ Low level of effort among some members	Unequal effort and inefficient completion of tasks	**Task processes**
Cooperative	➢ One way flow of information (from majority to minority group) ➢ Lack of timeliness due to efforts at interpersonal harmony ➢ Inefficient use of team resources ➢ High level of effort across most members, but not always on task	High effort but inefficient completion of tasks	
Oscillation	➢ Two-way flow of information (from majority to minority and from minority to majority group) ➢ Timely completion of tasks ➢ Efficient use of team resources ➢ High level of task effort across members	Shared effort and efficient completion of tasks	

Figure 1. Model linking diversity climate, knowledge exchange and MCT effectiveness

Awareness-focused diversity climate	Engagement-focused diversity climate	Policy-focused diversity climate

Navigating Differences
Coping with Exceptions
Legitimizing Inflexibility/Flexibility

Cooperative knowledge exchange

Proposition 1: Awareness-focused organizational diversity climates encourage cooperative knowledge exchange and discourage assertive knowledge exchange processes in MCTs, through processes of connecting across and celebrating differences, responding favorably to normative exceptions, and adapting extensively to specific team contexts.

Oscillation

Proposition 3: Engagement-focused organizational diversity climates encourages oscillation between cooperative and assertive knowledge exchange processes in MCTs, through processes of incorporating, integrating, and capitalizing on differences, remaining open to normative exceptions, and adapting only within the limits of orientating principals.

Assertive knowledge exchange

Proposition 2: Policy-focused organizational diversity climates encourage assertive knowledge exchange and discourage cooperative knowledge exchange processes in MCTs, through processes of assimilating, ignoring differences, responding critically to normative exceptions, and standardizing across teams.

Quality of Relationships
Goal Accomplishment
Task Processes

Team effectiveness

Proposition 4: Knowledge exchange processes are the means by which organizational diversity climates influence MCT effectiveness; those climates that enable an oscillation between cooperative and assertive knowledge exchange result in more effective teams because they help develop healthy relationships, enable high task goal congruence and acceptance, and encourage shared effort and efficient completion of tasks.

Appendix 1. Text excerpts illustrating codes for knowledge exchange

Code	Definition	Text Excerpts
Assertive Knowledge Exchange	**Knowledge exchange that is clear, direct, explicit, and expressed with strong and unambiguous intent**	*"Criticism? There is a lot. That you fight, well, we also had screaming matches that's usual. That's included, and it is important that you do it from time to time, at least in my opinion. I think you have to definitely … I simply think passion is important. For everything you do in life. I prefer somebody is passionately of a different opinion than somebody who says: 'I don't care, just tell me what I have to do.'"* (Team leader, Austrian, AGEC) *"Problems occur quite often because the English have quite a temper. If they don't like something … then they tend to blow things out of proportion. Then there are furious e-mails going back and forth, fighting over who is to blame, who is responsible, who has to take care of it, and why no one cares about it. Then, this will be forwarded to the boss who will pass it on to his boss and so on."* (Team member, Austrian, AFTC) *"Our colleagues from Hungary never feel time pressure. This is not a positive quality. For us, time is very important. If we say: 'We will discuss this issue together. Can this be done in 14 days?' And the Hungarian colleague replies: 'Yes. I can do it. I will try. Let us see.' And I tell him: 'Please finish it by the 14th of September.' And after four weeks I ask him again: 'Could you please send me the final draft?' He replies: 'I am still working on it.' My immediate reaction is: 'The deadline was 14 days ago and you still have not finished the draft!!! This is unacceptable!!! I can't believe this!!! It does not work like that!'"* (Team member, German, ARC) *"Austrians… are more likely to jump into the matter immediately with a short to-the-point question. They express their concerns straight to the point and use more succinct wording. They are more precise and don't waste too much time communicating what they intend to get across to others."* (Team member, Slovakian, AFTC)
Cooperative Knowledge Exchange	**Knowledge exchange that is indirect, suggestive, or exploratory in manner, expressed with willingness to remain open to others' ideas and perspectives and active listening**	*"So the first clause here says … that we should act under the spirit of mutual trust and cooperation. Spirit of mutual trust and cooperation! It is very important despite your having a contract and you know exactly what you need to do, you still should have the ability to act within the spirit of mutual trust and cooperation."* (Team leader, South-African, AEC) *"It is important that we resolve these issues in a non-threatening and polite manner. I always tell my employees to be cooperative, to change the course of their relationship at work for the better."* (Team leader, Austrian, FCC) *"Of course, these things are always discussed with him. But for the rest, all decisions are made by the team. It's not like only one must or should make the decision. It actually works more the way that we ask for different opinions and ask ourselves, 'Now, what is the best solution?' or 'Are there any other aspects which we have not considered yet?' That is actually quite cooperative."* (Team leader, Bosnian, ABC) *"Criticizing people is a terrible issue…. You have to wrap up any form of criticism in very nice words. Don't tell who is responsible for a mistake, who is to blame even if you know this. You have to pretend that you have no idea. Rather say: 'Somebody seems to have made a terrible mistake.' Avoid eye contact with the person responsible for the mistake. Don't let him lose face."* (Team leader, Spanish, AEC)
Oscillation Between Cooperative and Assertive Knowledge Exchange	**Knowledge exchange that is clear, direct, and explicit as well as indirect, suggestive, or exploratory during the same team interaction**	*"A new associate arrives and you realize the group building process starts all over again. This was a crucial point, because she is quite different from the rest of the team in her way of thinking, for other people, was almost a little bit insulting and that's quite a difficult situation, and that needs to be discussed early, because otherwise it might lead to a gap or to a barrier, that would have serious consequences…. We addressed the issue directly and brought it to the point. At the same time we offered her our support by trying to be cooperative and constructive in our argumentation."* (Team leader, Austrian, GCC) *"The expectation is that we are proactive, that we ask direct questions, and not only passive statements that indicate reluctance to take personal responsibility. At the same time, we are expected to be sensitive to cultural differences. We don't want to be offensive but collaborative in our approach."* (Team member, Hungarian, AOC) *"Very soon we had to learn that everything you say to a person from Spain is received in an interpersonal context. Even though we tried not to be too direct when expressing our criticism and complaints, it was perceived as harsh, cold, and often as a personal offense by them. So, we learned to use a softer tone when communicating. However, if there was an important issue and we felt that this needed to be taken more seriously, we would say it. Certain things needed to be communicated straight away and without small talk."* (Team member, Austrian, CTC)

Appendix 2. Text excerpts illustrating codes for diversity climate

Engagement-focused diversity climates: characterized by utilization of diversity to inform and enhance work processes based on assumption that cultural differences give rise to different knowledge, insights, and alternative views; limited set of core principles that are seen as central to the organization, yet differences allowed to flourish in other respects; practices included cross-cultural training, language courses, and frequent expatriate-inpatriate rotational assignments included in personal development plans	
GCC[1]	*"Number 1 is continuous communication, what we have here, if you have gone through the hallways, maybe it's still a little bit too early at 8 a.m., but if you take a look, you will realize that the office doors are open, not closed. Therefore, a lot of business takes place just by walking by and talking, exchange of information, a short question here, some information there, all of this continuous and open communication..."* (Team leader, Austrian, GCC)
AOC	*"We put greater emphasis on forward-thinking planning as opposed to reactive strategies to deal with problems. Being proactive offers us a lot of advantages when approaching opportunities and dealing with everyday cultural challenges."* (Team member, Croatian, AOC)
ABC	*"For us, diversity management is an inclusive process. Taking the time to recognize other employees' values can be a huge advantage. ..... We very much value self-initiative."* (Team leader, Austrian, ABC)
CTC	*"As a company we are very committed to actively promoting cultural diversity... there is a lot of freedom. Well, freedom in the sense of displaying personal commitment, and, of course, integrity."* (Team leader, Austrian, CTC)
Policy-focused diversity climates: characterized by focus on elimination of discrimination and norms requiring assimilation to dominant culture; non-negotiable core principles recorded in the code of conduct and strictly enforced; standardized diversity practices that emphasize conformity	
AGEC	*"They believe that corporate norms can be imposed on people from different countries and cultures, that behaviors can be changed..... This is, if you ask me, a typical U.S. thing."* (Team member, Austrian, AGEC)
GEC	*"Because the company was founded in Germany, all technologies ... are German, and once the company started expanding abroad, it transferred its know-how to foreign subsidiaries."* (Team leader, Bosnian, GEC)
MCC	*"Here we have a very standardized diversity management system. Diversity is a very broad topic. An area where we could definitely do more is cultural diversity. Here we don't offer cross-cultural training or staff like this."* (Team member, Austrian, MCC)
AFTC	*"What is happing right now here is that AFTC tries to enforce its corporate culture without taking into consideration our local and corporate context. They say that they recognize, value, and accept cultural diversity. However, their goal is to impose their own values."* (Team member, Canadian, AFTC)
ARC	*"We don't call it ethnocentric. We call it 'Austrozentrismus'. We are proud to be an Austrian company. Yes, we are. Do we judge others negatively in comparison to us? Unfortunately, we do."* (Team leader, Austrian, ARC).
Awareness-focused diversity climates: characterized by utilization of diversity for access and legitimacy but low integration of diversity into core work; no *a priori* defined core principles, emphasis solely on cooperation and harmony; practices include voluntary expatriate assignment opportunities and voluntary cross-cultural trainings and language courses, but neither were included in personal development plans	
AEC	*"We are expected to be cooperative because we are working with people from so many different cultures. Thus, our aim is to establish a climate of cooperation and harmony across a variety of cultural practices in our teams."* (Team leader, South Africa, AEC)
FCC	*"Culture is a very powerful force. It is central to what we see, how we communicate and make sense of our world. Yet sometimes values conflict and make partnership ineffective. In such situations we are expected to be cooperative. Maintaining good relationships is very important."* (Team member, Austrian, FCC)

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[1] Company acronyms.

Appendix 3. Text excerpts illustrating codes for team effectiveness

High team effectiveness = the team output accomplishes the team's objectives	Low team effectiveness = the team output does not accomplish the team's objectives
"As a team, we have been very successful in the past. As I already mentioned we are responsible for detergents, powders and gels, everything that is related to removing spots from your clothes. According to the most recent customer survey our customers in Austria and Poland are very happy with the quality of our products." (Team member, Polish, GCC)	*"The cultural differences are really huge here. That is also why many projects are actually never implemented. Good projects, strategic projects which would pay off are not implemented."* (Team member, Austrian, MCC)
"Wow, it is very complicated. It was signed in 2003 and the project was extended for two years and then relaunched again. And a supply-able substation was installed in the container. The place of installation is beyond the polar side circle which means in Siberia in Russia in very tough conditions where the temperature may fall down below 63 degrees Celsius. So the design of the container had to be adapted accordingly. We worked day and night for several months on this project. At the end and despite some additional logistics' problems that we faced, we managed to finish all the work and deliver the container to our customers on time." (Team leader, Slovakian, AEC)	*"And this is something that really makes me very angry. You find out about this at the worst time, or even worse, the mistake is detected by somebody who was not supposed to know. For instance, your boss. And this creates only trouble. This is something that is so difficult to cope with, a problem that constantly appears when we deal with our colleagues from Central Eastern Europe. To say and admit when they have done a mistake. Impossible. What is the consequence? We fail to accomplish our objectives. Why? Simply, because you can't fix a problem you are not aware of."* (Team leader, German, ABC)
"I will give you one example. In each project you have to decide what kind of cables have to be used and what type of isolators. The cables are sometimes made for single conductors, sometimes for multiple conductors. You have to decide how big they should be, how many you need, what types, etc. Isolators used for high-voltage power transmission are made from porcelain, sometimes glass but also composite polymer materials. You have different types of isolators, e.g. cap and pin isolators, suspension isolators, etc. It is up to you to decide what is needed. These are engineering philosophies. We did this, we looked at six projects, and we found which things are good and which might cause trouble. Everything worked very well. The tasks were completed and appropriate cables and isolators were shipped to our customers in the following week." (Team member, American, AEC).	*"What emerges, however, is silo thinking, so that people are no longer approaching problems directly, but instead problems are shuffled back and forth between the separate functional areas. That is to say that when looking at our team ... then it can emerge as well that things are shuffled back and forth and everybody is inventing reasons, why he isn't responsible for it. As a consequence, things don't get done on time."* (Team member, Austrian, AGEC)
"I mean, of course, the deadlines for the reports are important and they have to be taken seriously. We must submit our reports on time. If we don't do that, there won't necessarily be a problem right away. So if a report is requested, the expectation is that it will be delivered on time. Basically, if there are deadlines for whatever, then this should be respected. I am happy that we have been able to keep these deadlines." (Team leader, Austrian, MCC)	*"I tried to explain to my colleague at the construction site that this would not work and that the fuse did not fit. But then, he only shrugged, and started to disassemble the machine. In that moment, I told him to stop, because if he disassembled it, we would be left without warranty. 'No!' he said, 'we must do something now. We cannot simply leave it and do nothing about it. Do you really think we French are too stupid to build a fuse?' Then, I responded 'that has nothing to do with the fact that you French people are stupid, but the fuse is too weak. We have to think of something else.' 'No!' He said again, 'we have to dismantle the machine.' This caused a big clash. Of course, he became spiky. At the end nothing was done."* (Team member, Austrian, AFTC)
"The most important thing as I said earlier was the communication. Getting the people to share the information in a way that everybody could use it. If I had sent the inquiry, the whole spectrum of 2500 pages to everybody and said: 'Read this please!' We would be waiting today, 2½ years later to get everything done. It was important that we sat down, and I communicated the shared responsibilities to the team. We worked very hard on this project, but as result we ended up having the best offer and winning the tender. I was very proud of my team." (Team member, Austrian, CTC)	*"In my department it's often about graphics, photos, whatever, and there it did happen that somebody said for a certain campaign: "I want no Asian face," because the campaign was about the EU. That's nonsense. These are such conflicts. In this particular case, things took too long, we missed the deadlines. You can imagine how pleased out colleagues in New York were."* (Team leader, Austrian, AGEC)

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