

Managing International Teams: How to Address the Challenges and Realize the Benefits of National Diversity in a Team

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Abstract:

- International teams are increasingly common in all levels of organizational hierarchy.
- Companies led by diverse teams are more profitable, but not all circumstances call for using an international team.
- National and cultural differences among team members activate differences in ways of thinking and in social categorization, allowing the team to leverage non-redundant information.
- However, cognitive and identity-based differences can hinder effective communication and fuel conflict, limiting process efficiency.
- International teams outperform homogeneous teams when:
 - The task is cognitive, complex, and indecomposable – as opposed to manual and routine.
 - The task requires innovativeness and creativity – as opposed to speed and efficiency.
 - The task involves problem analysis – as opposed to solution implementation.
- To realize the benefits of national and cultural diversity in a team:
 - Choose team members whose knowledge, skills, and abilities align with the problem.
 - Be mindful of team proportions to avoid the formation of subgroups, status differentials, power dynamics, and tokenism.
 - Assign a team leader with a global identity.
 - Allow the team to practice solving simpler problems together before tackling more complex problems.

If you were to look at the top management team of the world's largest steel company, ArcelorMittal, you would find that its seven members come from five different countries (ArcelorMittal, 2020). This may seem unique, but international teams are increasingly common. In fact, among firms belonging to the Fortune Global 500, 13% of CEOs and 15% of top management team members are foreigners (Ghemawat & Vantrappen, 2015). This trend is also apparent among middle managers and project teams across a variety of industries.

In Germany, the advertising team at Ogilvy & Mather's Berlin office has members of 14

different nationalities working on its marketing campaigns. At General Electric Aviation in the Czech Republic – which happens to be GE's only foreign location that designs, manufactures, sells, and services GE aircraft engines outside the United States – you would find 18 different nationalities among its 650 personnel. Overall, according to a recent study, 74% of respondents have worked with colleagues from other countries to improve business processes (EIU, 2009).

Keywords: International teams | National diversity | team efficiency | teamwork | workplace diversity

Article:

*****Note: Full text of article below**

Managing International Teams

How to Address the Challenges and Realize the Benefits of National Diversity in a Team

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Summary of Key Points

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This trend is also apparent among middle managers and project teams across a variety of industries. In Germany, the advertising team at Ogilvy & Mather's Berlin office has members of 14 different nationalities working on its marketing campaigns. At General Electric Aviation in the Czech Republic – which happens to be GE's only foreign location that designs, manufactures, sells, and services GE aircraft engines outside the United States – you would find 18 different nationalities among its 650 personnel. Overall, according to a recent study, 74% of respondents have worked with colleagues from other countries to improve business processes (EIU, 2009).

International Teams as Drivers of Performance

Companies increasingly view international teams as drivers of performance. Lenovo, China's largest PC maker and the company that acquired IBM's PC business in 2005, consciously combined different nationalities in its executive ranks. Andy Miller, who served as Lenovo's CFO from 2005 to 2009, makes the following observations about the composition of Lenovo's top management team: "We have the Eastern presence and Western presence—two very different cultures—and I think we can use that to our competitive advantage."

Research suggests that Miller's remarks regarding the performance benefits of international teams are spot on. Diversity in senior management teams is not only tied to increased business profits (Barta, Kleiner, & Neumann, 2012; Hunt, Layton, & Prince, 2015; Hunt, Prince, Dixon-Fyle, & Yee, 2019; Nielsen & Nielsen, 2013), but the magnitude of the performance increase is far from trivial. A study published by McKinsey & Company in 2019 of over 1000 large companies covering 12 countries found that firms ranking in the top quartile of ethnic/cultural diversity in the top management team were 33% more likely to perform above the industry median in terms of profitability than firms ranking in the bottom quartile. In the board of directors, the results were even more pronounced. There, the likelihood of performing above the industry median was 43% greater for top-quartile firms in terms of ethnic/cultural diversity in the board than for bottom quartile firms (Hunt et al., 2019). Unfortunately, causal studies have not been performed on the topic. However, the available correlative evidence provides strong support for a positive, economically significant relationship between international team diversity and firm performance.

So, how do international teams help drive value creation? Well, first of all, international teams do not always outperform homogeneous teams. The superior performance of international teams depends on whether diverse perspectives are salient for the task at hand. Team performance also depends on the selection of members and the overall composition of the team, because these have implications for the formation of factions within the team, or other power dynamics stemming from differences in members' relative status. Finally, team performance may also depend on the cultural and experiential background of the team leader, and on whether the team has had a chance to practice working together.

In the remainder of the chapter, we explain these issues in greater detail. We discuss when and why international teams can be expected to be most useful, and when they are unlikely to increase task performance. We will then offer recommendations on how to effectively assemble and manage an international team, in order to realize the performance benefits of national and cultural diversity.

The Advantages of International Teams

"Creative solutions don't happen by accident. They aren't enacted by lone geniuses – they come from diverse teams that work well together and optimize the right methods and behaviours" IDEO (Aycan, 2019).

Making use of differences in identity and cognition

What is it about international teams that allows them to outperform culturally homogeneous teams? International teams are powerful because they can activate both identity-based differences, such as those

deriving from social categorizations, as well as cognition-based differences representing differences in ways of thinking (Page, 2017).

Different identities allow diverse teams to tap into deep social knowledge of multiple cultural groups, such as their social norms and cultural codes. In a business setting, the inclusion of multiple identity-based perspectives yields insights into how a diverse or foreign customer base may react to a product. For instance, an international marketing team is better equipped to calibrate product specifications to meet distinct, local market needs. Equally as important, international teams are more likely to successfully dissuade firms from offering products that are unlikely to satisfy customers in a region or country. For example, instead of creating an aisle display for Smokey Bacon Flavor Pringles with the message “Ramadan Mubarak,” as the British multinational retailer Tesco did in 2015, an international marketing team may have recognized the inappropriateness of the marketing tactic, saving Tesco from a public relations embarrassment – as well as a bad couple of days for the company on Twitter.

Identity-based versus cognition-based differences: An example

To highlight the distinction between identity-based differences and cognition-based differences, and to arrive at a definition of each, let's consider a hypothetical example that introduces two different teams and their respective discussions while creating an advertising campaign for a new product.

The first team is multi-functional and is composed of engineers, accountants, and marketing experts. In that discussion, the engineers highlight the technical capabilities of the product, the marketers focus on previous campaigns' relative market penetrations, while the accountants remain focused on being under budget for marketing for the quarter.

The second team is multi-generational and is composed of members of Generation Z, Millennials, Generation X, and Baby Boomers. Here, the younger members of the team argue for using influencers and social media to market the product, while the older members of the team instead offer data on the market reach of a television commercial that runs during the halftime of the Super Bowl.

After reading the hypothetical example above, how do the two teams' approaches to solving the advertising campaign problem differ? Is there a difference in the kinds of information each team draws on and views as salient?

You may notice that the multi-functional team brings together different information, different patterns of thought and ways of thinking about a problem, as well as different higher-level mental models. We define these as cognition-based differences. These cognitive differences stem from members having different educational and experiential backgrounds.

The multi-generational team, in contrast, is drawing on identity-based differences, which represent modes of categorization and social knowledge of others belonging to one's in-group. People who share an identity (whether it is generational, racial, gendered, or based on any other social categorization) often share a common social character, such as shared values, attitudes, and characteristic ways of relating to others.

International team members can also tap into cognitive differences. Being from different countries, international team members were likely socialized differently, went to different schools, and were trained differently. Consequently, they have different information, experiences, skills, techniques, modes of perception, mental models, and approaches to problem-solving, which they can apply to solve complex problems.

When are international teams useful?

Given that international teams can draw on identity-based and cognition-based differences, let's explore when and why international teams can be expected to outperform homogeneous teams.

International teams are more innovative

Studies indicate that international teams are more adept at finding creative and innovative solutions (Jang, 2017). Thanks to their different cognitive approaches, international teams can access and pool a broad range of information sources, skills, and capabilities from among their team members. The team can then integrate the knowledge and develop creative solutions or innovative approaches (Stahl, Makela, Zander, & Maznevski, 2010). In a study of 7,615 firms participating in the London Annual Business Survey, researchers found that businesses run by more culturally diverse leadership teams were more likely to develop new products than were homogeneous leadership teams (Nathan & Lee, 2013). Similarly, international marketing teams developed more novel, meaningful, and valuable campaigns (Suh & Badrinarayanan, 2014). International teams are also quicker to arrive at innovative solutions. Milan Slapak, the CEO of GE Aviation Czech Republic, noted that having 18 nationalities in the business unit "makes innovation super quick" (Slapak, 2019).

International teams make better decisions

International teams also make better decisions. Decision-making is ubiquitous in the business environment. From hiring and staffing to resource allocation, policy changes, or strategic positioning, business decisions often have long-lasting consequences that can be difficult to reverse. Indeed, research shows that effectiveness in organizational decision-making is 95% correlated with firm financial performance (Blenko, Mankins, & Rogers, 2010). Improving decision-making outcomes is, therefore, of great interest to firms.

A recent study of 566 real business decisions made by 184 business teams shows that team diversity makes a great difference for decision outcomes. In particular, international teams make decisions that are, on average, 75% better than those of wholly homogeneous teams (Cloverpop, 2017). (Decision-making can be improved even more by increasing diversity further. Teams that were diverse along national, gender, and age dimensions made decisions that were 87% better than those of homogeneous teams (see Figure 1) (Cloverpop, 2017).

What could the reason for this be? Well, the ability to rely on multiple identities and multiple cognitive approaches allows international team members to bring different perspectives, experiences, and information sets to the table. This, in turn, helps people sidestep their own cognitive biases and see how a decision might play out in alternate contexts. Since team members have different individual experiences, they tend to focus more on facts, re-examine facts, process them more carefully, and maintain objectivity (Levine et al., 2014; Sommers, 2006).

Overall, international team members challenge inherent biases, they question groupthink and are thus more flexible in how they allow the group to approach business problems – leading to positive outcomes.



Fig 13.1 Decision-making by diverse teams (Cloverpop, 2017)

The Challenges of International Teams

In an ideal setting, companies would reap the benefits of diverse teams without any downsides. But in many cases, differences among individuals also hinder effective communication and fuel conflict, which limits process efficiency and inhibits performance. Diversity in identities and ways of thinking pose major challenges for effective communication and efficient collaboration in international teams.

Effective communication remains a challenge for international teams

Team friction stems from a lack of commonalities among international team members. When international diversity is high, team members must work to overcome both cultural and language barriers. These pose a substantial challenge, because they mean that team members lack a shared identity and meaning system.

Imagine collaborating on a project with a person where one or both of you are not communicating using your native language. In addition, you may both struggle to interpret the meaning of facial expressions, and you cannot ease tension through a shared sense of humor. You may also find that you disagree on acceptable behavioral norms. That's quite the handicap.

Studies examining international teams indicate that friction may appear very early during collaboration. Upon receiving an assignment, team members may not agree on the meaning of shared information (Gibson, 1996). Not only that, they may even disagree on acceptable norms regarding information sharing within the group and with outsiders (Goodman, Ravlin, & Schminke, 1990). Furthermore, they may have different expectations regarding how the work itself should proceed (Gibson & Zellmer-Bruhn,

2001). These issues may breed conflict and hinder fruitful collaboration. Indeed, decreased team efficiency is a significant drawback of international teams.

When are international teams not useful?

Given the problems that international teams face, when is it not desirable or recommended to use international teams? We address this issue next by focusing on which types of tasks and processes benefit from international team members' access to an expanded set of identities and ways of thinking and which do not (and why).

The type of task matters for exploiting the benefits of international diversity

It turns out that diversity in social knowledge and cognitive schema is useful in only a subset of tasks – in cognitive, non-routine tasks, to be exact. Indeed, international teams outperform homogeneous teams when the business problem is complex, multidimensional, and indecomposable (Page, 2017); in other words, when the problem is too complex to be solved by any one individual and impossible to separate into smaller, independent parts.

However, international teams do not outperform culturally homogeneous teams when the business problem requires completing a manual, routine task (e.g., assembling pizza boxes at a rapid pace), a cognitive, routine task (e.g., processing expense reports accurately), or a manual, non-routine task (like ensuring customer satisfaction in catering a wedding). For tasks other than cognitive and non-routine ones, the communication and efficiency costs of national and cultural diversity outweigh its benefits.

Categorizing types of tasks

Tasks can be classified along two dimensions: 1) routine versus non-routine, and 2) cognitive versus manual (Autor, Levy, & Murnane, 2003).

To have a sense of the distinctions, let's first examine the manual dimension. Consider the types of tasks taken on by a line worker assembling product components compared to a nursing home employee. While both involve manual work, the line worker is engaging in routine work, while the nursing home employee is repeatedly faced with non-routine problems and tasks.

Along the cognitive dimension, routine cognitive work can be exemplified by data entry work, while non-routine cognitive work is akin to the work of a medical researcher (Autor et al., 2003). Interestingly, non-routine cognitive work is the type of work that employs the greatest proportion of people and where people earn the highest incomes (Dvorkin, 2016).

International teams are more effective during problem analysis than implementation

Where the company is in the problem-solving process also determines the desired level of national and cultural diversity within a team. Problem-solving generally involves three distinct stages: (i) problem identification, (ii) problem analysis, and (iii) implementation.

In the first stage, the relevance of individuals' experiences for the task at hand is critical for accurately identifying the problem that needs to be solved. In contrast, problem analysis benefits greatly from diversity of thought. It is here, in the second stage, that companies enjoy the greatest benefits of team diversity. However, when it comes to implementing the proposed solution, diverse teams are no longer

optimal. This is presumably because diverse teams struggle more than homogeneous teams to communicate effectively and collaborate efficiently (Ancona & Caldwell, 1992). Therefore, upon reaching the implementation stage of the process, homogenous teams are preferred.

In the next section, we turn to what managers and international team members can do to avoid pitfalls and reach their full potential.

How to Realize Gains from National and Cultural Diversity in Teams

Match the team to the problem

An essential component to leveraging the benefits of an international team is to match the people to the task at hand. Therefore, even before thinking about whom to select or how to configure the overall team, it is important first to consider this: what business objective is this team being asked to address, solve, or manage? Only once the goal is clearly defined can the organization choose team members whose knowledge, skills, and abilities align with the assignment.

Now, let's think through a few specific examples of projects that MNCs or companies that are seeking to become international commonly undertake and consider how the response team should be composed.

Entry into a new foreign market

While foreign markets offer opportunities for value creation and growth, firms that operate abroad often struggle to replicate the success they have in their home market. In fact, foreign market entry efforts fail more often than they succeed (Alcacer, 2015). Why? Well, in and of itself, every entry effort into a market requires making a series of difficult decisions such as selecting a location, determining when (and how quickly) to enter, choosing an entry mode strategy, and engaging strategic partners—among many others.

When expanding internationally, these decisions are further complicated by language and cultural differences, compliance and regulatory issues, as well as different customer preferences. Faced with an unfamiliar environment, even experienced executives fall prey to cognitive biases that limit their ability to process information effectively. These biases may lead to overestimating the size of the market, misjudging the relevance of the firm's resources and skills, or to underrating the competitive strength of local rivals already operating in the foreign location.

During the initial stages of foreign market entry, it is therefore important to tap individuals that are familiar with the way the company works, but who do not just see what they want to see. In other words, when configuring a team to accurately assess the viability of a foreign market and handle an initial market entry, companies should select people who are company insiders, but who can maintain an outsider's perspective.

One approach is to compose a team out of third-country foreigners – that is, people who are neither parent-country nor host-country nationals. Although they are company insiders, third-country nationals (TCNs) can scout a market and plan entry because they can maintain distance from both the dominant culture of the parent country as well as from the host country the firm is seeking to enter. Furthermore, the variety of perspectives they bring to the task allows a team composed of TCNs to notice salient differences in the host country's business environment and to evaluate how the identified differences could affect the firm's ability to operate profitably there.

Importantly, although TCNs notice differences, their previous international experience also makes them more comfortable, tolerant, and flexible when dealing with them. This ease in dealing with foreigners is an important asset when communicating or negotiating with potential suppliers, buyers, regulators, or other stakeholders in the new market who appear to behave in unexpected ways.

Member terminology in international teams

Because we will be discussing issues relating to cross-border operations, it may be useful to introduce and define relevant terminology.

A multinational firm is an organization with operations in two or more foreign countries. Multinational companies (MNCs) typically have headquarters, and these are located in the MNC's "home country" (sometimes also referred to as the "parent country"). This is the country where the company was established and where it is domiciled. An MNC's foreign operations are performed outside the MNC's home country in a "host country" (or "subsidiary country").

Therefore, when we talk about employees' nationalities, apart from discussing their specific country of origin, we can also classify them as being (i) "parent-country nationals" (PCNs) – a.k.a. from the country where the MNC is headquartered, (ii) "host-country nationals" (HCNs) – a.k.a. from a subsidiary country, or (iii) "third-country nationals" (TCNs) – a.k.a. from neither the parent country nor the host country.

In contrast, a team composed solely of parent-country nationals (PCNs) may wrongly assume that the business approaches, leadership styles, and behaviors that work well in the home market will also work abroad. Host-country nationals (HCNs), in contrast, are native. Therefore, a team composed of HCNs may not be sufficiently sensitive to the pain points a company is likely to experience when operating there.

A second possible approach is to configure a team composed of a combination of PCNs, HCNs, and TCNs, and allow the team to use their various perspectives and experiences to assess the foreign market. However, as we explain later in the chapter, differences in status among individuals in the team or the formation of subgroups in the team may hinder fruitful communication and collaboration. A mixed team needs to be composed with those challenges in mind.

Growing and managing foreign operations

Once operations have been established in a foreign market, the next task is to grow and expand the company's presence and market share. It is time to increase the proportion of HCNs on the team. HCNs who were not only born, but also raised, educated, and employed in their native country are very valuable to an expanding firm because they possess superior linguistic, economic, cultural, and institutional knowledge of the foreign environment (Tung, 1982). This deep understanding allows HCNs to effectively adapt to products and processes to meet the needs of the foreign market (Bartlett & Yoshihara, 1988). Appropriate adaptation, in turn, boosts demand for the product and fuels growth.

HCNs' host-country experience also makes them adept at navigating the local institutional environment (Gupta & Govindarajan, 1991). From helping the company figure out how to register new business entities, acquire requisite permits, or fulfill regulatory requirements, HCNs' tacit knowledge of their home environment is vital for overcoming the types of bureaucratic hurdles that would otherwise impede growth.

By virtue of being embedded in local social and professional networks, HCNs can also foster crucial connections between the firm and the local labor market. Importantly, the presence of HCNs signals legitimacy in the host-country environment (Harzing, 2001; Rickley & Karim, 2018). For example, having a local CEO as the public face of the company enhances acceptance and positive perceptions of a foreign firm's presence in the host-country environment.

Taken together, as firms strive to grow and effectively manage their foreign operations abroad, not only does the proportion of HCNs in the team need to rise, but the level of responsibility and leadership duties of HCNs ought to grow as well.

Product development for a foreign market

Developing a product to meet the needs of a specific market is similar to the logic introduced above for growing operations. Again, it is important to tap individuals with an in-depth knowledge of local demand preferences, regulations, and professional norms and who possess local network connections. At Sony and T-Mobile, for example, international teams are used to advocate for foreign customers' preferences through the product development, product introduction, and product adoption phases (Lyall, 2006). Research indicates that a team where one of the members shares the end user's ethnicity is 152% more likely to understand the end-user relative to when a member of the team does not (Hewlett, Marshall, & Sherbin, 2013).

Transferring product or process knowledge across borders

One of the greatest advantages of multinational firms is their superior capacity to transfer knowledge across country borders (Kogut & Zander, 1993). But the fact that it is easier to transfer knowledge within a multinational firm compared to between two separate firms in different countries doesn't mean it is easy. Effective knowledge transfer requires command of knowledge, familiarity with context, as well as motivation to succeed.

Because knowledge is transferred from person to person, MNCs need to tap individuals who (i) understand the knowledge that must be transmitted, (ii) can be trusted to transfer the knowledge in a predictable way, and (iii) have the requisite personal connections to foster knowledge exchange between the knowledge originator and the knowledge recipient.

In MNCs, these individuals are often PCNs, who "grew up" in the firm. Relative to HCNs or TCNs, PCNs can be expected to possess a deep understanding of organizational strategy, be aware of the firm's strengths (and be cognizant of the firm's weaknesses), understand linkages between systems, company history, legacy, and culture—and even be sensitive to company politics. As a consequence, they can be expected to know how the knowledge to be transferred fits within the organizational context, i.e., the goals of the organization as well as the organization's constraints.

For the purpose of knowledge transfer, PCNs are also considered to be trustworthy. Having been socialized in headquarters, they are thought to identify with the parent organization as a whole and with its objectives (Kobrin, 1988). This means that they can be expected to enact the dominant logic and strategy of corporate leaders in a predictable manner (Boyacigiller, 1990; Prahalad & Bettis, 1986). PCNs often have strong interpersonal ties to individuals in MNC headquarters, as well as to expatriates working in foreign subsidiaries. Close social ties enable the transfer of information and knowledge (Hansen, 1999).

Taken together, when tasked with transferring product or process knowledge, the team ought to have an increased proportion of PCNs (Gaur, Delios, & Singh, 2007).

Cross-cultural collaboration

When pursuing initiatives that require cross-cultural collaboration—like when a Hollywood studio partner with the Chinese movie industry to produce the next Chinese-American blockbuster film, or when NGOs from different countries join forces in their humanitarian efforts following a natural disaster—cultural misunderstandings and different ways of operating between the two groups can lead to frictions and delays that threaten the realization of the joint project. In these situations, including individuals that can cross divides and help build a common platform that helps the two sides understand each other can be the difference between achieving success or stumbling toward failure.

People with the ability to cross divides are called boundary spanners. In cross-cultural situations, multicultural individuals often effectively serve the boundary spanning role and are a great asset (Rickley, 2019). Multicultural individuals are people who have internalized two or more cultures. Based on their past immersive experiences, they can identify with multiple nationalities and leverage commonalities between them. By building upon commonalities between other team members, boundary spanners bridge cultural and linguistic boundaries, and facilitate the kind of intra-team communication and interaction between team members that is integral to a successful project outcome.

Be mindful of team proportions

In the previous section, we discussed strengthening or limiting the presence of certain types of individuals (PCNs, HCN, TCNs, multiculturals), and a logical question arises: what should the overall team composition look like? Indeed, there are a couple of aspects of team composition to keep in mind when assembling an international team.

Beware of the single, dissimilar team member

When composing a team, it may be tempting to create an “international team” by including a single, non-native member to an otherwise culturally-homogeneous team. However, this should be avoided. A solo member will often struggle to introduce new knowledge, to have ideas heard, and therefore to substantially influence group deliberations and decision outcomes. In practice, the benefits of having multiple perspectives to draw on diminish when one member is without support from the others. Being the odd one out can lead to being seen as the “token member,” which can result in stereotyping and marginalization (Early & Mosakowski, 2000).

Subgroups can splinter a team into opposing factions

We just saw above how problems come about when there is a single, non-native member in the team. However, problems can also arise when multiple team members share a national origin. In that case, the international team may splinter into subgroups based on shared nationality.

Splintering can precipitate subpar communication and even conflict because it leads to the formation of “in-groups” and “out-groups.” For example, in a team composed of Americans and Germans, American members may view another American as “one of us,” but not have the same perception of German team members. Subgroup members tend to share and support in members’ viewpoints and band together against out-members’ ideas and proposals. Subgroup members may form factions and even “close ranks” to vote on issues as a bloc.

The splintering tends to more pronounced when a subgroup members’ backgrounds align along more than one attribute (i.e., nationality and gender in common, or nationality and functional experience in common) (Lau & Murnighan, 1998), such as if in the hypothetical international team introduced above the Americans were also all marketing specialists, while the Germans were also all engineers. In these instances, the separation between the subgroups – also called a faultline – is stronger.

What issues does the formation of a faultline pose for teams? Simply put, subgroup formation inhibits a team’s ability to listen to one another. Faultlines limit teams’ abilities to effectively communicate information, accept the legitimacy of the information that is being transmitted, consider the validity of shared information in-depth, and integrate available information across domains. In essence, team faultlines constrain the benefits of diversity.

With respect to team composition, the risk of faultline formation is greatest in moderately diverse teams, where a limited number of different backgrounds are represented but where there are also commonalities between individuals. In particular, teams with subgroups of equal size or power may experience the greatest dysfunction, because they may perceive they are competing over a fixed amount of scarce resources. In contrast, homogeneous teams do not have enough differences among members for subgroups to form.

To avoid the negative consequences of team faultlines while retaining the benefits of multiple perspectives in a team, consider assembling a team with dissimilar individuals—in other words, a highly diverse team. Highly diverse teams do not have the opportunity to form subgroups because there are not enough similarities among members. Instead, the selected individuals may derive a team identity from their diversity, rather than from any similarity between individuals.

Address status differentials and power dynamics within the team

In addition to minding team proportions, another issue that may arise when composing an international team is relative status among team members. Nationalities can differ in perceived status, either broadly speaking or within a particular organizational context (Leslie, 2017). People from advanced economies may enjoy a high status relative to people from emerging economies, for example. Or, in the context of a headquarters-subsidiary relationship, individuals of parent-country origin may be considered high status, while people of host-country origin are considered low status. These status differentials and perceptions of high and low power can counteract the benefits of diversity because they inhibit information flow and integrative problem-solving. Low-status individuals can be disinclined to speak up, fearing that their contributions will be dismissed. Alternatively, low-status individuals may have trouble championing their solutions toward successful implementation.

Overall, to enjoy the benefits of international team diversity in contexts where status or power dynamics are in play, it is important to support and give voice to members who may feel marginalized because of their status. In these cases, team leaders also need to reinforce the importance of a single team identity.

Assign a team leader with a global identity

Indeed, team leadership is an important consideration when assembling an international team. The right leader can soothe the frictions that arise, while the wrong leader can further exacerbate them.

Studies indicate that one attribute that is particularly useful is for the leader to have a global identity (Lisak, Erez, Sui, & Lee, 2016). A global identity is earned through extensive international experience and interaction with people from different cultures. International teams benefit from globally-enlightened leadership in a range of ways, which, when put together, help them to realize the full potential of their national and cultural diversity.

First, leaders who have a global identity are more likely to identify with all the members of their international team. This means they act as bridge-builders between diverse members and foster better communication. An executive at L’Oreal characterized the abilities of people with a global identity as follows: “[They] have a kind of gymnastic intellectual training to think as if they were French, American, or Chinese and all together inside them” (EIU, 2013). Second, leaders with a global identity act as role models, as they guide, mobilize, or even inspire the members of their team toward sharing and considering different sources of knowledge. Third, they encourage and foster shared goals.

In sum, leaders with a global identity can convey a sense of inclusion for all team members, regardless of any member’s country of origin. They can effectively diffuse us vs. them mentalities. For them, everyone is treated as part of the “in-group.” This is important, as it unites subgroups through an inclusive workplace culture.

Overall, by recognizing and framing diversity to be an asset instead of as a problem to be overcome, team leaders with a global identity are well equipped to extract the benefits of national and cultural diversity in a team.

Practice solving problems together

Finally, international teams get better at working together through practice. By first working on simpler problems, nationally diverse members can build up to attacking more complex problems. Practice allows team members to become familiar with one another’s communication styles, work behavior and to recognize each other’s strengths as well as each other’s blind spots. Another important component of working together effectively is to build interpersonal trust. Oftentimes, this is done more easily in more informal or social settings, where team members can get to know one another as people, instead of just as colleagues.

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