Cultural Differences in Multinational Team Communication in an IT Service Organization

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Abstract: The aim of the study was to increase understanding about connections between dimensions of culture and communication. More specifically, we aim to find helpful explanations for new problems experienced in an IT services organisation, when increasing use of multinational teams. As the problems appeared to be related to communication and culture, a case study was conducted among teams consisting of Finnish and Indian team members. Connections between national culture and communication and expectations related to communication were investigated with interviews and a questionnaire survey as the main data collection methods. Hofstede's model about cultural dimensions was applied, and communication needs were used as indicators of communication. Data were analysed with content analysis and grounded theory. The results indicate that power distance and individualism had strongest connections to communication in the studied teams. A model about the connections between cultural dimensions and communication needs is proposed.

Key words: virtual team, multinational team, multicultural team, culture, communication

1   Introduction

1.1 Background

There are situations where a globally distributed or virtual multinational team is the most suitable or only acceptable choice for building a project team. This situation can be an outcome of e.g. need for large and specialized labour pool, acquisitions, joint ventures, reduction in development cost, strategy driven globalized presence, shortening of time-to-market and proximity to the customer [16]. For companies the increase of geographic and cultural dispersion means a lot of possibilities but also many challenges [10]. Cultural issues may influence the way work is performed and managed. Technological innovations, such as ICT (Information and Communication Technologies) tools and methods for communication and collaborative working have enabled multinational virtually working teams, but it has not extinguished the impact of cultural differences [31]. Communication aspects like informing, problem solving and monitoring progress are found to have a significant impact on effectiveness of virtual teams even within one culture [21].

This study concentrates on how national culture is related to communication in virtual multinational teams. The study discusses on the salient elements of communication in the multinational environment; what kinds of connections

national cultures have to communication. The starting point of this study was the observation in the case organization, in a multinational IT service organization, that new kind of challenges arose when software projects started to use virtual multicultural teams in a larger scale. This provides us the opportunity to study cultural issues in a Finnish-Indian collaboration in the field of IT service business, to be exact in application development and maintenance services.

1.2 Research on Culture

Iles and Hayers [9] have stated that an international organization develops from the domestic/ethnocentric phase through the international/ethnocentric and the multinational/polycentric phases towards the global/geocentric and finally to the transnational/geocentric phase. Transnational organizations require managers to have a diverse set of intercultural competences [2] [19]. In transnational teams, three powerful cultures operate simultaneously: national, corporate and occupational or professional culture. National culture indicates also an individual's orientation towards hierarchy, time, individualism, etc. [27]. Corporate or organizational culture includes a particular company's or organization's values, rituals, heroes and symbols [27]. Occupational or professional culture refers to the culture among a specific occupation or professions, such as engineering culture [30].

A way to get into cultural differences is to divide culture into dimensions and analyze how cultures vary in those. Models on cultural dimensions have been presented by Hofstede [7], Trompenaars and Hampden-Turner [29], Hall [5], Kluckholn and Strodtbeck [12], and Adler [1]. The five dimensions of the model developed by Geert Hofstede [7] [8] for classifying national cultures and analyzing work behavior is used in the study. In his studies of IBM personnel working in about 50 countries Hofstede [8] identified the following dimensions of culture: power distance, uncertainty avoidance, masculinity-feminity, individualism-collectivism, and long-term vs. short-term orientation. The model was selected for this study because it is widely used in management research, and it includes both of the national cultures, Finland and India, which were the point of interest in this study.

1.3 Research on Communication

Communication means exchanging messages, which carry information between a sender and a recipient in certain physical and cultural context [33]. Communication in an organizational context can be divided to four levels: (1) intrapersonal, (2) interpersonal, (3) group and (4) organizational [15][18]. Interpersonal communication is a requisite for small-group or team-level communication that is interaction among three or more people who are working to achieve commonly recognized goals [15]. Teams are expected to improve communication in organization, since the task of a team is to share information and to delegate work [24]. The importance of face-to-face communication has been highlighted in many studies [20][21][23]. In international operations, teams and organizations are often distributed and suffer lack of physical, face-to-face meetings.

Communication has a close relation to culture. "Culture is learned, acted out, transmitted, and preserved through communication" [26]. A challenge of intercultural communication is that proper and effective communication in one culture can be improper and ineffective in other cultures [17][28]. Cultural differences can be realized in different communication patterns [20]. In low-context cultures, communication is expected to be clear and direct, or explicit. Reading "between the lines" is not needed as in high-context cultures. In low-context cultures, everyone should be able to understand the message because the person and the situation are not particularly relevant to the discourse. Opposite to high-context cultures where some people have more privileged access to information than others, in low-context cultures everyone have equal access to information [5].

Communication can be approached also from the point of view of communication needs, defined as the needs communication parties, or senders and recipients, have when communicating. Paasivaara [21] has identified five communication needs in product development projects. They were categorized into informing, problem solving, monitoring and providing transparency, giving feedback, and relationship building. This study states that understanding the communication needs in general helps to establish appropriate communication practices.

2   Research Design

2.1   Research Questions

The goal of this study was to find out what kind of connections exists between cultural dimensions and communication. The context is multinational teams where the team members are from two different cultures. Paasivaara's dissertation [21] is used as a basis when studying communication. Paasivaara [21] studied communication needs, practices and problems in inter-organizational product development projects. However, she excluded cultural aspects of communication. Hofstede's model [8] with five dimensions of national culture is applied in studying culture. The research questions are based on both existing studies on cultural dimensions and communication, and on practical observations in the case company. The research questions are as follows.

RQ1: What kinds of connections exist between cultural dimensions and communication?

RQ2: What kind of expectations do the employees have regarding communication in a multicultural team?

RQ1, which is the main research question, aims to explore how cultural differences are related to communication in multinational teams. The purpose of RQ2 is to find out what kind of presumptions there are among the members of multinational teams about communication.

2.2   Research Approach

Qualitative case study approach is suitable for research aiming to build theory which emerges from observations and interviews out in the real world rather than in the laboratory [3][22]. According to Yin [32], case study "benefits from the prior development of theoretical propositions to guide data collection and analysis". Accordingly, the case study approach was used in this study.

2.2.1 Data collection and analysis

A qualitative study allows combining several data collection methods and thus it provides a better validity for the results [3][22]. In this study, data were collected with open-ended and semi-structured interviews. In addition, a questionnaire survey via e-mail was conducted, and both direct and participant observations have been performed. Fourteen individual interviews were conducted. The first interview concentrated on understanding the organizational situation. The other interviews were semi-structured starting from selected themes. Interviewees were chosen by using purposeful sampling [32] from different roles and positions. Five Indians and eight Finns were interviewed. All the interviewees had experience in working in a Finnish-Indian team. To find out expectations about culture and communication that a person has before starting working in a multinational project, a questionnaire survey was sent to nine Indian employees before they arrived Finland. The same questions regarding expectations were asked in the

interviews from Finnish employees. Project definition report, status reports and meeting minutes were reviewed from ongoing projects. In addition, project closure reports of already finished projects were reviewed.

In the data analysis, we used the coding procedure from grounded theory approach for developing the proposed model from the collected data [15]. First, communication behaviors were categorized based on dimensions of culture [8] and categories of communication needs [21], but also emerging new categories from the data were taken into account. Transcribed interviews were entered to an excel sheet as long lists; in one list Finns' comments and in other list Indians' comments. Then it was possible to categorize the comments. After categorization, lists were analyzed for related events [13]. Thereafter, the results were prepared for explaining by tabulating them. The data were analyzed using qualitative content analysis for both the interview data and survey responses. Having its main use in the field of mass communications analyzing e.g. newspapers and magazine articles, content analysis is also useful for the analysis of qualitative interview and questionnaire data. Content analysis is considered as 'codified common sense' as it is only a refinement of the ways of describing and explaining aspect of the world in everyday life [25]. Content analysis helped us to move to the axial coding phase, where we try to develop explanations for the connections between variables [13]. After writing the preliminary results, one group interview with both Finnish and Indian participants was carried out. This resulted in some adjustments and corrections. Based on the understanding acquired in the analysis, we proceeded to suggesting a model of connections between the communication related behaviors and dimensions of culture.

3 Results

Some cultural dimensions like power distance, had salient connections to communication behavior, while others such as masculinity had less obvious connections. We found out that a specific cultural dimension could either strengthen or weaken the communication behavior. Not all cultural dimensions had connection with all communication behaviors. The connections between cultural dimensions and communication related behavior are illustrated in Figure 1 and explained below. Anyhow, between Indian and Finnish culture all dimensions of culture seemed to be somehow related to teams' communication behaviors.

Several connections between power distance (PD) and communication were found. High power distance seemed to increase information flows defined by the organizational structure, and decentralized decision making. This may indicate that in high power distance culture, contacts and exchanges are initiated by managers and that contacts are more monitoring focused [8]. Lower PD seemed to distinctly increase information sharing, two-way information exchanges and equality in relationships. It also appeared reduce the tendency to centralizing decision making and it also was related to informal information flows.

We observed collectivism (COLL) to increase several types of communication behaviors: information diffusion, need for context information, creating of transparency, recognizing – in particular team – achievements and giving importance to relationships. The other end of the dimension, individualism (IND) appeared to push information flows to structural routes and reduce need for context information. Individualism reduced centralization of decision making, when more people felt being in a position to make decisions.

Links were identified between high uncertainty avoidance (UA) and diffusing of information, providing and demanding transparency, and adherence to control points like procedural guidance and schedules. Low uncertainty avoidance appeared to reduce the need for transparency and adherence to control points, when more ambiguity could

be tolerated. The information needs were then found to be more spread across context rather than being focused to the matter of discussion. Masculinity (MAS) and feminity (FEM) not surprisingly appeared to have reverse connections to equality of relationships. Masculinity strengthened recognition of achievements as well. Feminity was related to emphasis on relationships. Long-term orientation (LTO) and short-term orientation (STO) had reverse impacts on adherence to control points and importance of relationships. Long-term orientation seemed to emphasize importance of relationships.
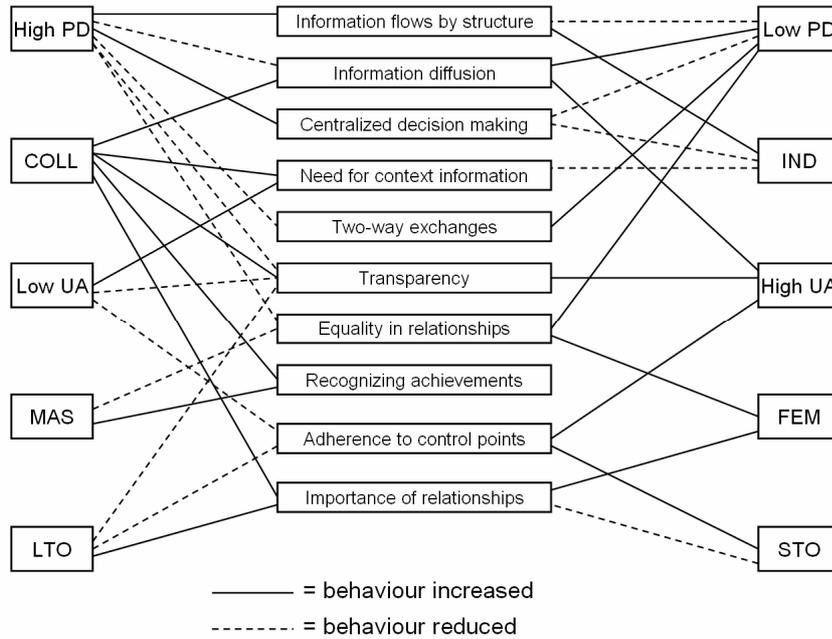

Figure 1: Connections between cultural dimensions and communication related behaviours

4   Discussion

According to Hofstede's study on cultural differences, the differences between the Finnish and Indian cultures are highest in power distance [8]. Hierarchy is connected to the relationships between people in an organization, who make decisions and which information is shared. Also communication channels, meaning who informs who, and which routes communication flows in organization, depend on power structure. Thus, it was not surprising that also in this study both high and low power distance was related to employees' communication behavior. The highest differences in communication needs between Indian and Finnish employees seem to stem from power distance and individualism. Individualism mostly impacts information flows. Different attitude to hierarchy leads to dissimilar communication habits. It was found that Finns are used to communicate directly with the one who is considered to need the information or who may have the answer to a current problem. This finding corresponds to existing literature. Mäkilouko [19] found out that direct communication style caused complex communication problems in multicultural teams. As a consequence of direct communication style a large number of people gave directions to the multicultural teams, and often the directions were partly conflicting. Also the observation that the Indians expect more management supervision than Finns offers support the existing literature. According to Mäkilouko, in

hierarchical teams attention should be paid to careful planning of intermediary goals and especially supervision [19]. Finnish manager were not prepared to this but they had to adapt to the new situation and reserve more time to monitoring and guidance. The implications of this finding should be taken into account in practical management work.

In this study, several communication issues were related to general project management and depend on the organization's atmosphere, not the culture itself. A person's expectations about how others will respond to what one says strongly influences communicative behavior [4]. Even if the influence of expectations is undeniable, it is complicated to study what expectations people have and how certain expectations affect. Expectations found in this study were on general level and mostly related to language and working environment but not so much to the other culture and its communication habits.

When comparing our findings to the scores in cultural dimensions of the studied countries, Finland, and India [8], we can actually see that the results do not show a pure polarization of results. Some cultural dimensions more typical to Indian or Finnish team members seemed to strengthen a certain communication behavior, while another cultural dimension in the same country seemed to weaken the same behavior. Our model cannot be used for predicting whether these connections would offset each other. This should be also taken into account in practical management work as a warning against using stereotypes. Awareness of the differences and what behavior they are connected with is important, but the particular circumstances are even more important.

Combining findings from interviews, observations, questionnaire, and documentation review enabled triangulation and thus gained better validity [22][32] for our study. It also has to be noticed that the study deals only with one organizational unit in a company. A study with a single unit of analysis is dependent on the context of the case. Thus, the results may be influenced by contingency threat as described by [14]. The study was conducted during eight months' period and already in that period changes and improvements in cooperation with the studied teams were noticed, but not to the extent that this would have caused so much change that our research would have been interfered beyond our control [14].

External validity describes how well a study's findings are generalizable beyond the immediate case study [32]. This study dealt with multinational teams with Finnish and Indian team members in only one organization so the results should not be generalized as such.

Firstly, a limitation of this research arises from the subject studied. We all have our unconscious values that affect even when we are consciously trying to be neutral. The study was conducted in Finland by Finns in a project-based organization lead by Finns. Finding indicators, which would describe equally different cultures in the world, is a challenge in cross-cultural research. The Western way to illustrate cultures has been criticized especially by Chinese and Japanese researchers so it has been noticed that also describing culture is culture-bound [11].

Secondly, using prior assumptions has a risk that e.g. deeply culturally embedded issues may not get enough attention [22]. However, existing theories can also help in searching focusing the research and analyzing the data [6][13]. Even if existing theories directed topics of interviews, the researcher tried to be open also to other issues that emerged from the data.

Thirdly, the limited sample of this research does not allow broad generalizations as discussed before. But within the same company the results can be utilized in the other accounts. The results could possibly be applied also to similar

situations were a Finnish company is leading the cooperation and an Indian organization is in some kind of subcontractor position. Results do not seem to be closely connected to IT business. However, communication habits and cultural norms can vary in organizations operating in other fields.

This study included only one case in one organization. It was found that many issues can be explained by differences in national cultures but existing literature reminds that actually the real reason could be somewhere else outside cultural issues [16]. In addition, there are also problems due to cultural differences and they may highlight deficiencies, but how often culture is the real trigger of the problem, is not clear. When studying cultural problems, other reasons for challenges should be examined simultaneously. Professional culture was not in the scope of this research and also generally it is the culture studied the least [30]. Thus, it could be useful to examine professional culture and how it varies between countries as well. This study was conducted in one organization in a selected industry. A similar study could be conducted in some other organizations in the same industry, as well as in some other industries to confirm the findings of this study.

The issue, which kind of preliminary expectations people have about multicultural cooperation and how they affect team communication and performance, is an open issue also after this study. This could be interesting to study in the future. It would be interesting to see if discussing the expectations and aligning them to common goals of the team would improve team communication. To reach accurate results, expectations should be in the main focus of the research and studied more thoroughly, likely in a longitudinal study where the teams could be followed during a several months' period to identify the real expectations.

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