

Multicultural Team Leadership in an MNC

A Middle Manager's Perspective

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Abstract

New multinational corporations are constantly being established in different parts of the world. Globalization and increasing mobility of people are driving a change whereby labor is becoming more and more heterogeneous. Even in Finland, which is traditionally considered to be quite homogeneous, workplaces are becoming more multicultural. Thus, it is important to learn how multicultural teams can be led as multiculturalism has been found to pose considerable challenges to leadership. Therefore, more research on the experiences of managers in leading multicultural teams is needed.

The research interest of this study lies within the middle managers' experiences in face-to-face multicultural team leadership in the context of a multinational case corporation. Middle managers are an interesting research focus as their position between the strategic management and operational staff is challenging – even without taking the cultural factor into consideration. Lack of time, limited resources, high expectations and pressures from both the upper and lower levels of the hierarchy, and lack of power to make decisions are typical issues describing the role of middle managers. Bringing the challenge of multiculturalism on top of these issues makes their role even more demanding. By examining the middle managers' experiences, this research wishes to contribute to the organizational understanding of the case company on how to better support multicultural team leadership.

The study is conducted by using a qualitative single case study approach, with the empirical data gathered by semi-structured interviews. The interviewees (10 persons) have been selected with the assistance of a case company representative, and they all have experience in leading multicultural teams. Drawing upon their experiences, stories, and opinions, the content analysis was conducted by thematizing the most prevailing areas of multicultural team leadership and analyzing them abductively guided by the theoretical framework of the study.

The theoretical framework determines six areas that leaders of multicultural teams may find challenging in leading their teams. These are: 1) cultural sensitivity, 2) team cohesion and trust, 3) motivation, 4) cross-cultural communication, 5) power and hierarchy, and 6) decision-making. The study examines in which areas the interviewees have the most experience in leadership of their teams and which areas they find challenging.

Consequently, the findings of this study highlight the following four areas as the most prevailing ones in the everyday working life of middle managers in the case company: 1) cultural sensitivity, 2) cross-cultural communication, 3) team cohesion and trust, and 4) motivation. Despite this, however, the biggest issues seem to relate to the context of a multinational corporation of the case company and its strategy and structure affecting middle managers' leadership role, and the position of the interviewees in the middle management.

Keywords multinational corporation, multiculturalism, leadership, middle management, team

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Tiivistelmä

Uusia monikansallisia yrityksiä syntyy jatkuvasti eri puolille maailmaa. Globalisaation ja työvoiman suuremman liikkuvuuden myötä monikansallisten yritysten henkilöstöstä on tullut yhä monikulttuurisempaa. Tämä on tapahtunut jopa perinteisesti homogeenisenä pidetyssä Suomessa. Monikulttuurisuuden on todettu aiheuttavan huomattavia haasteita johtamiselle, minkä takia on tärkeää tutkia, miten monikulttuurisia tiimejä voidaan johtaa. Erityisesti johtajien kokemuksista monikulttuuristen tiimien johtamisesta tarvitaan lisää tietoa.

Tämä tutkielman tavoitteena on tutkia monikulttuuristen tiimien johtamista keskijohdon näkökulmasta monikansallisessa kohdeyrityksessä. Keskijohto on mielenkiintoinen kohderyhmä, koska heidän asemansa strategisen johdon ja asiantuntijoiden välissä on haastava ilman monikulttuurisuuden huomioon ottamistakin. Ajan puute, rajoitetut resurssit, suuret odotukset ja paineet sekä ylimmästä johdosta että keskijohdon omilta tiimeiltä, sekä vallan puute kuvaavat keskijohdon jokapäiväistä roolia. Monikulttuurisuus tekee keskijohdon roolista yhä haastavamman. Tutkimalla keskijohdon kokemuksia tämä tutkimus pyrkii kasvattamaan kohdeyrityksen tietoutta siitä, kuinka se voisi entistä paremmin tukea keskijohtoaan monikulttuuristen tiimien johtamisessa.

Tutkimus on toteutettu laadullisena case-tutkimuksena. Empiirinen tieto on kerätty puolistrukturoiduilla haastatteluilla. Haastateltavat (10 kpl) on valittu yhteistyössä case-yrityksen edustajan kanssa, ja heillä jokaisella on kokemusta monikulttuuristen tiimien johtamisesta. Heidän kokemustensa, tarinoidensa ja mielipiteidensä perusteella sisällönanalyysi on toteutettu teemoittelemalla haastateltavien vallitsevimmat kokemukset monikulttuuristen tiimien johtamisesta ja analysoimalla ne teoriaohjaavasti tutkimuksen teoreettista viitekehystä tukena käyttäen.

Teoreettinen viitekehys määrittää kuusi eri aluetta, jotka ovat haastavia monikulttuuristen tiimien johtamisessa aikaisemman tutkimuksen perusteella. Nämä alueet ovat: 1) kulttuurinen herkkyys, 2) tiimin yhtenäisyys ja luottamus, 3) motivointi, 4) kulttuurienvälinen viestintä, 5) valta ja hierarkia, sekä 6) päätöksenteko. Tämä tutkimus vastaa kysymykseen siitä, millä näistä alueista keskijohdolla on eniten kokemusta monikulttuuristen tiimiensä johtamisessa ja mitkä alueet he kokevat haastavimmiksi.

Tämän tutkimuksen tulokset kertovat, että seuraavat neljä aluetta ovat eniten läsnä ja haasteellisimpia monikulttuuristen tiimien johtamisessa keskijohdon näkökulmasta: 1) kulttuurinen herkkyys, 2) kulttuurienvälinen viestintä, 3) tiimin yhtenäisyys ja luottamus, sekä 4) motivointi. Suurimmat haasteet näyttivät kuitenkin liittyvän kohdeyrityksen monikansallisuuteen, strategiaan ja rakenteeseen, sekä keskijohdon asemaan keskijohdossa.

Avainsanat monikansallinen yritys, monikulttuurisuus, johtaminen, keskijohto, tiimi

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1. INTRODUCTION

1.1 Background of the Study

The world has become smaller through intensified globalization. New multinational corporations (MNCs) are constantly being established in different parts of the world. Due to globalization and increasing mobility of people, labor has become more heterogeneous. (Sippola 2007b; Sippola & Smale 2007; Viitala 2007; Mensi-Klarbach 2012.) Even in Finland, which used to be considered quite a homogeneous country over a long period of time, workplaces have started to become more multicultural (Sippola 2007a; 2007c). Therefore, some Finnish workplaces have and many still need to learn how multicultural teams should be led; what kind of challenges can emerge and what aspects should be considered to reach optimal results.

There are workplaces in Finland that are already employing a high amount of employees with multicultural background and their amount is increasing. Thus, multicultural team leadership is constantly becoming a more important and a more topical subject. Cultures have been studied for decades from multiple perspectives. Plenty of research on cultures and their management has been published under the theme ‘cross-cultural management’. I will discuss the theme using a somewhat different expression, ‘multicultural team leadership’, of this field of science. This approach makes it easier to follow the study as the concepts of leadership and management are not constantly alternated, and since the focus of the study is on leadership. In order to comprehend the subject more profoundly, experiences of leaders need to be understood. By exploring such experiences, understanding on how to lead multicultural teams successfully may be gained. (Danowitz & Hanappi-Egger 2012.) Multinational corporations indeed need high-performing teams in order to succeed in global competition, which is why a lot is expected from multicultural teams (DiStefano & Maznevski 2000; Zander & Butler 2010). Multiculturalism, however, poses considerable challenges to leadership (Ayoko & Härtel 2006).

Previous research on multicultural team leadership has presented alarming findings on the successfulness of leadership. Multicultural teams have often been found to suffer from poor cohesion and social integration, communication difficulties, conflicts, absenteeism, turnover, lack of trust, job dissatisfaction, and stress. (Ayoko & Härtel 2006.) Cultural differences may

indeed create significant obstacles to effective teamwork (Brett, Behfar & Kern 2006). However, team leadership literature has traditionally either focused on one culture at a time or left the cultural factor completely outside the scope of the research (Shokef & Erez 2006). Multicultural team leadership literature, in turn, has concentrated on effective leadership styles leaving experiences of leaders in everyday leadership of multicultural teams with less attention (Deng & Gibson 2009). Nevertheless, due to the impact of globalization, multicultural team leaders more and more feel the need to be able to influence their team members with different cultural orientations (Yukl 2010). Hence, more research on experiences of leaders in face-to-face leadership of multicultural teams is needed (Ayoko & Härtel 2006; Hajro & Pudelko 2010).

Therefore, this study discusses the topic of multicultural team leadership by exploring experiences of leaders. By leaders I refer to the middle management. Middle managers are an interesting research focus as their position “in the middle” is challenging even without taking the cultural factor of leadership into consideration. Lack of time, limited resources, high expectations and pressures from both the upper and lower levels of the hierarchy, and lack of power to make decisions are the typical issues describing the role of middle managers in everyday working life. (Keys & Bell 1982; Dopson & Stewart 1990; Jackson & Humble 1994; Den Hartog 2004; Hales 2006; Stoker 2006.) Bringing the challenge of multiculturalism on top of these issues makes their role even more demanding, which is why their viewpoint is worth researching in more detail.

My interest in the subject was awakened by discussions with the representatives of the case company. Therefore, my purpose is to describe how middle managers of the case company experience leadership of their multicultural teams and what kind of challenges they face when leading their teams in everyday working life. The topic is interesting to the case company as its multiculturalism is continuously becoming more common, and the company is facing managerial challenges regarding multiculturalism. Thus, the company is hoping to explore middle managers’ experiences in order to respond to these challenges, support their middle managers in leading their multicultural teams, and be better prepared for the future.

1.2 Research Design

Given the background of the study presented above, the objective of this Master's Thesis is to examine *how middle managers experience leadership of their multicultural teams in everyday working life in the context of a multinational corporation*. In other words, I am interested in finding out what kind of experiences middle managers have in leading multicultural teams in a multinational corporation and what makes it challenging to lead those teams.

Derived from the objective presented above, the main research question guiding this study is:

- How do middle managers experience leadership of their multicultural teams in everyday working life in the context of a multinational corporation?

Supporting the main research question I will also try to find answers to the following secondary research questions:

- How does the context of a multinational corporation influence middle managers' experiences?
- What kind of an impact has the position in the middle management on experiences?

As the case company is also interested in discovering how it could support leadership of its multicultural teams and make it more straightforward for middle managers to lead their teams, additional subordinate research question is:

- What could the case company do to support the leadership of its multicultural teams?

Answers to this subordinate research question are discussed within the analysis of the empirical findings in chapter four. They are also briefly discussed in chapter five when concluding the study.

The case company Matrix Inc., as it is called in this Thesis, is part of a global multinational corporation, more specifically, its regional headquarters based in Finland. This regional headquarters employs people from 16 different nationalities. Thus, it is a very suitable research object for the subject in the traditionally homogeneous context of Finland. The empirical data for the study is gathered from interviews with middle managers working in the case company. In order to gain profound understanding on experiences of middle managers, the interviewees were selected on the basis of the extent of their experience in multicultural team leadership and on the amount of cultural diversity in their teams. The theoretical

framework, instead, bases on several scientific articles and books, on which I have reflected my empirical findings and which have guided me in conducting the content analysis.

1.3 Main Concepts

This Thesis includes a few main concepts that are used several times throughout the study. Therefore, I will briefly present the terms multinational corporation, culture, team, multiculturalism, multicultural teams, leadership and middle management in this chapter. I will explain these terms more profoundly in the theoretical framework in chapter two.

Multinational Corporation

Multinational corporations have commonly been defined as companies that consist of several geographically dispersed subunits which all have their own personnel with their own local language, their own way of communicating, and their own cultural environment (Luo & Shenkar 2006). However, there is no formal definition for a multinational corporation but it is possible to note that certain criteria, such as the structure or the ownership of a company in several countries, are often used for definition purposes (Ajami, Cool & Goddard 2006). In this Thesis, a multinational corporation is defined, similar to Luo and Shenkar (2006), as a company having operations and subunits in different countries around the world and employing people with multiple different cultural backgrounds. Sometimes the term *transnational corporation* is used instead of *multinational corporation*. I chose to use the latter as multinational corporations have been described to be more strongly affected by their parent companies and home countries, while transnational corporations do not as strongly consider one particular country as their base (Ghoshal & Nohria 1993). The term multinational corporation thus describes the case company more accurately.

Culture

The term culture has often been found to be complex to define in previous research (Seymen 2006). A widely known definition was proposed by Schein (2004). According to him, culture means the assumptions, values, and artifacts that are shared by the members of a certain group or a society. In this Thesis, I define culture in a similar way as the assumptions, values, and behaviors that are learned and shared among certain human groups. The term is not limited to national cultures but is instead thought to be shaped as the sum of several diverse factors,

such as nationality, gender, age, education, occupation, and religion. Therefore, it is possible to avoid overgeneralizing representatives of different nationalities.

Team

The term *team* has been commonly defined as “two or more people working together” (Oxford University Press 2015). Teams are usually differentiated from groups in the sense that teams are more interdependent, they strive for same goals, and have more contact between their members (Tirmizi 2008b). In this Thesis, the concept of a team has been defined as a small group of individuals who report to the same middle manager in the case company, commit to common goals, and are co-located and interdependent in their tasks.

Multiculturalism

Prior to defining the concept of multicultural teams, the term multiculturalism needs to be defined. Generally, the concept of multiculturalism has been understood as bringing together different cultures and their attributes within a society (Wildish & Cornelius 2002). Tirmizi (2008b), in turn, defines multiculturalism as embedding multiple different cultures in one or more other cultures thus including the existence of subcultures in his definition. In this Thesis, the concept of multiculturalism is similar to the definitions above referring to the co-existence of multiple different cultures that manifests as a variety of assumptions, values, and behaviors that representatives of these different cultures have.

Multicultural Teams

Earley and Gardner (2005) define multicultural teams as teams that entail differences among team members, for example, in language, interpersonal styles, and values. In this Thesis, the concept of multicultural teams is defined as a combination of the terms culture, team, and multiculturalism. Thus, it means teams whose members have different cultural backgrounds based on many factors, such as their nationality, age, gender, education, occupation, communication style, and values.

Leadership

Leadership is a multidimensional concept that is often defined by separating it from the concept of management. Providing a comprehensive definition for it is difficult as existing

definitions of leadership are somewhat vague and sometimes even contradictory (Antonakis, Cianciolo & Sternberg 2004; Avery 2004; Williams 2008; Northouse 2013). However, one commonly used contemporary definition of leadership views it as a social influence process, in which efforts of followers are maximized by leaders in order to achieve common goals (Antonakis et al. 2004; Yun, Cox & Sims 2006; Williams 2008; Steers, Sanchez-Runde & Nardon 2010). In this Thesis, the term is defined similarly as a social influence process through which middle managers as leaders influence their team members in order to achieve mutual goals. I chose to use the concept of leadership instead of management because the former provides an opportunity to focus on the daily collaboration and interaction of middle managers with their teams. Using the term management would have resulted in the focus being on mere coordination and management of tasks in multicultural teams.

Middle Management

Finally, middle managers have been generally defined as the heads of specific business units or departments being in between the strategic management and operational staff (Stoker 2006). Thus, they have their own teams but they also take directions from their own superiors (Hales 2006; Stoker 2006). In this Thesis, middle management is considered to be managers who are in between their own teams and superiors in the case company. They are not ultimately responsible for the business units or departments but have the responsibility for their own territories. Thus, their role is more operative than strategic.

1.4 Review of the Research Methodology

As the purpose of this study is to understand and describe the experiences of middle managers in multicultural team leadership in a profound manner, I have chosen the qualitative approach as the research strategy. Qualitative research aims at describing, exploring, explaining, interpreting, and gaining a complete picture of a specific phenomenon (Koskinen, Alasuutari & Peltonen 2005). The empirical data is gathered by using semi-structured interviews with the intention to give the interviewees an opportunity to share freely and describe their experiences in multicultural team leadership. By using semi-structured interviews it is possible to avoid overly guiding answers of the interviewees by using detailed interview questions and to avoid losing the research focus by using open-ended questions. After all, my ultimate aim has been

to gather rich and versatile experiences, stories, and opinions on the subject, which is possible by using semi-structured interviews as a research method.

In total, I conducted 10 interviews with 10 middle managers of the case company. The interview themes were predetermined on the basis of the theoretical framework and the interviewees were selected from different functions of the company on the basis of the amount of cultural diversity in their teams and the extent of their experience in multicultural team leadership. I recorded the interviews, and thus, transcribing them word by word into a written form was possible afterwards. The interviews lasted approximately 0.75–1.5 hours and totaled 160 pages of transcribed data. I conducted the content analysis by thematizing the transcriptions, as it allowed me to discover the most prevailing experiences of the interviewees, and by analyzing the data abductively guided by the theoretical framework.

In addition to the actual empirical data, I had several discussions with the representatives of Matrix Inc. First, I had initial discussions with the HRD specialist after which I continued discussion with the HR manager. Furthermore, I conducted a two-hour pilot interview with the HR manager and a one-hour pilot interview with the consultant who holds training courses on multicultural effectiveness in the case company. Through these discussions and pilot interviews I was able to gain a profound understanding of the context in which my study is positioned.

1.5 Structure of the Study

This study consists of five parts, as follows:

1. The first chapter is an introduction to the topic. First, it briefly presents the background of the study and why it is an interesting topic to be studied. It also presents the research design of the study, as well as the main concepts, review of the research methodology, and the structure of the study.
2. The second chapter is the theoretical framework of the Thesis. It discusses what is understood with the concepts of multinational corporations and multicultural team leadership in the existing literature.
3. The third chapter outlines the research methodology used for the empirical part of the study. It introduces the selected research strategy and the case company Matrix Inc. in order to understand its fundamental characteristics affecting the empirical findings.

Subsequently, it presents the data collection and content analysis, and discusses the questions of validity and reliability.

4. The fourth chapter presents the empirical findings of the study. It is divided into three parts. The first part adds to our understanding of how the interviewees experience the context of a multinational corporation and understand the terms culture, leadership, and middle management. The second part discusses how the interviewees experience leading their multicultural teams in everyday working life and what kind of challenges they have faced. Finally, the fourth chapter presents organizational challenges affecting multicultural team leadership and the interviewees' ideas and proposals on how leadership of multicultural teams could be supported by Matrix Inc.
5. The fifth chapter is the final chapter of the study and it summarizes the main findings, final thoughts, and managerial implications of the study and provides some further research suggestions.

2. MULTINATIONAL CORPORATIONS AND MULTICULTURAL LEADERSHIP

The theoretical framework presents previous research on multinational corporations and multicultural team leadership. The chapter outlines what is understood with multinational corporations, what kind of challenges illustrate their nature, what is understood with the concepts of culture and multicultural team leadership, and what makes it challenging to lead multicultural teams. At the end of the chapter, the theoretical framework of the study is summarized.

2.1 Research on Multinational Corporations

Multinational corporations are complex entities that consist of diverse geographically dispersed subunits. Each subunit has its own employees who have their own local languages, their own way of communicating, and their own cultural environment. (Luo & Shenkar 2006.) In recent years, the importance of multinational corporations has been rising as they have been identified as not only the products of globalization but also as the main causes for increasing global integration (Smith, Peterson & Thomas 2008; Meyer, Mudambi & Narula 2011). Indeed, multinational corporations create and distribute value by creating economic interdependence among countries by transferring products, services, knowledge, and people over geographic borders (Shokef & Erez 2006; Smith et al. 2008; Meyer et al. 2011). They are considered to be among the most important institutions of modern societies (Smith et al. 2008). The first part of the theoretical framework discusses what is understood with the concept of a multinational corporation. Furthermore, it will outline the main challenges that multinational corporations face based on previous research; namely strategy, structure, and multiculturalism (Doz & Prahalad 1984).

2.1.1 Definition of a Multinational Corporation

There is no official definition for a multinational corporation although various definitions have been proposed using different criteria. According to Ajami et al. (2006), for example organizational structure, specific ratios, or the perspective of a multinational company have been used as criteria for definition. They explain these criteria as follows. First, they argue that a multinational corporation can be defined on the basis of its structure. According to this

perception, a multinational corporation is a company that is organized into global product divisions or structured in a way that business is controlled or ownership is diversified across several countries. Another way to define a multinational corporation is to observe specific ratios of business activities in foreign countries or foreign assets in relation to all of the company's activities. Based on this criterion, a multinational corporation is a company in which a certain percentage of earnings, sales, assets, or workforce of a company is generated or used in foreign locations. Furthermore, a third way to define a multinational corporation is to view the perspective of an organization. This definition holds that if the management of a corporation has the perception or the attitude that the operations and markets of a corporation are multinational, then the company indeed is a multinational corporation. (Ajami et al. 2006.) Bartlett and Ghoshal (2002) provide a simpler definition; they argue that a multinational corporation is a company that operates in various countries and has developed a strategic approach and organizational capability, which allow it to be sensitive and responsive to differences in its host locations.

Furthermore, it has been popular among researchers to view multinational corporations as networks (Forsgren, Holm & Johanson 2005). For example, Gupta and Govindarajan (1991) argue that multinational corporations are networks of capital, product, and knowledge transactions among units located in various countries. Similarly, according to Meyer et al. (2011), multinational corporations are complex networks that have the ability to create, transfer, re-combine, and make use of resources across several contexts around the world. They create value by shifting both tangible and intangible resources between countries. Meyer et al. (2011) refer to the concept of *multiple embeddedness* as the essential feature of multinational corporations. It means that a corporation is embedded in both its internal and external environments, which makes its operations complicated. Based on the concept of multiple embeddedness, multinational corporations are those that make use of resources from several local contexts and integrate and leverage them to other contexts in order to create competitive advantage. Such strategies require worldwide supply chains, which integrate geographically dispersed production processes in order to exploit advantages of various locations. (Meyer et al. 2011.) Thus, globalism and multiple embeddedness illustrate the nature of multinational corporations and support in their definition. The concept of multiple embeddedness will be discussed in more detail later in this chapter.

2.1.2 Strategies of Multinational Corporations

In countries where multinational corporations operate, they are confronted with, for example, different currencies, taxation, and customs regulations. At the same time, they must comply with a global system of international laws and standards that regulate their global operations. These local and global contexts must be linked together into one global corporation, which can be made by choosing a suitable strategic approach. (Shokef & Erez 2006.) Choosing the right kind of strategic approach is extremely important for multinational corporations due to pressures arising from increasing global competition (Bartlett & Ghoshal 2002). Thus, creating a suitable strategy can be viewed as a challenge for multinational corporations because it determines their entire operations.

According to Smith et al. (2008), multinational corporation strategies are generally based on their emphasis and balance between global integration and local responsiveness. At its extreme, global integration means treating all the stakeholders similarly, such as customers and employees, while ignoring the need to address cultural differences. On the contrary, local responsiveness means complete differentiation and acceptance of differences in national standards and cultural practices, which is why each market is treated uniquely. (Smith et al. 2008.) According to Bartlett and Ghoshal (2002), there are three core strategies based on this classification that multinational corporations can use to compete globally. These strategies are: 1) multidomestic or multinational, 2) global, and 3) hybrid or transnational (Bartlett & Ghoshal 2002). First, multidomestic or multinational strategy concentrates on competition within each nation in which the corporation operates, and thus, segments foreign markets by these national boundaries. A multinational corporation needs distinctive strategic approaches for each of these markets because competition and customer demand vary from nation to nation. Therefore, headquarters exercises lower control over local units and these local units are delegated to make their own strategic and operating decisions in order to customize products and services to local markets. In order for this strategy to function in practice, it requires good knowledge on local practices and the establishment of an entire value-creation chain in each major foreign market. (Luo & Shenkar 2006.) Thus, corporations adopting multidomestic strategy have a strong need for local responsiveness and a weak need for global integration (Smith et al. 2008).

In contrast, in global strategy the products of a multinational corporation are standardized across national markets. The world is treated as one single market with no local variation.

Foreign subunits are assumed interdependent and headquarters is focused on integrating them. Decision-making and control are thus strongly focused at the parent company. Innovations are usually developed at the home country after which they are leveraged to other locations. Focus on cost reduction is huge, which is why global strategy aims for economies of scale. Corporations adopting global strategy usually locate different functions in different countries in order to find operational synergies from inter-function collaboration. (Luo & Shenkar 2006.) Hence, companies having global strategy exist where the need for global integration is strong and the need for local responsiveness is weak (Smith et al. 2008).

Finally, hybrid or transnational strategy is situated between the multidomestic and global strategies. Hybrid strategy aims for both global integration and local responsiveness. Thus, an integrated yet flexible network is formed, and distinctive competencies of each location are transferred within this network, while at the same time pressures for local responsiveness are taken into consideration. As opposed to global strategy, competence development and global learning are not only found in the country of a parent company but can also appear in any of the other corporation locations around the world. In order for hybrid strategy to work in practice, it requires a shared vision and individual commitment. (Luo & Shenkar 2006.) To sum up, hybrid corporations emphasize both global integration and local responsiveness (Smith et al. 2008).

According to Bartlett and Ghoshal (2002), companies can also choose international strategy. This applies in situations where a company is primarily focused on its home markets and therefore should not be considered a multinational corporation. The company may sell some of its products outside its home country or have some objectives on foreign activities but its main strategic focus is on the home market and the competitive advantage is developed mainly for the home market. (Bartlett & Ghoshal 2002.) Thus, international strategy is left outside of the scope of this Thesis. Figure 1 below illustrates international strategies from which multinational corporations can choose to adopt global, hybrid, or multidomestic strategy.

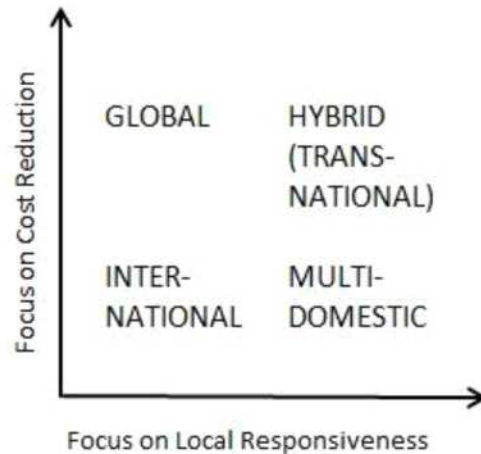


Figure 1 – International Strategies

Bartlett and Ghoshal (2002) argue that the choice of a strategy highly depends on products and the industry in which the corporation is operating. The need for global efficiency is greater in industries where products or services are similar regardless of the location where they are sold. In contrast, a high degree of local responsiveness is important in industries where products or services vary in different parts of the world. (Bartlett & Ghoshal 2002.) Earley and Gibson (2002), in turn, recommend multinational corporations to choose hybrid strategy as in today’s world business success often depends on expanding the global reach of an organization. Hybrid strategy is successful for this purpose because it meets the challenges of global efficiency, while also being locally responsive and encouraging on-going learning processes regardless of location. By adopting hybrid strategy each organizational activity can be performed in a location where it can be best accomplished. (Earley & Gibson 2002.)

2.1.3 Multinational Corporation Structures

The search for a suitable strategy is often a question of the right organizational structure. Through the right structure it is possible to define responsibilities and relationships in a multinational corporation. (Bartlett & Ghoshal 2002.) According to Tayeb (1996: 86), organizational structure can be defined as “a set of established regularities in activities such as task allocation, coordination, and supervision”. In general, multinational corporations are composed of a parent company (headquarters) and subsidiaries (foreign units). As discussed in the previous chapter, a strategy determines how headquarters and foreign units are connected to each other. Organizational structure, in turn, creates a network environment for

information sharing and reporting. It also determines the frequency and the extent of communication of each unit with the other network. (Luo & Shenkar 2006.) Thus, the strategy and the structure of a multinational corporation have a great impact on each other and on the entire operation of a corporation.

According to Luo and Shenkar (2006), multinational corporations can choose between four different structures when organizing their activities. These structures are: 1) departmental, 2) divisional, 3) matrix, and 4) geographical. First, in a departmental structure the international division manages all functions that situate in any foreign location. In a divisional structure, on the other hand, each product division is in charge of its own foreign activities. In a matrix structure functions of headquarters and product divisions co-manage foreign units. Finally, in a geographical structure activities are divided into different regions and regional headquarters control all activities within a certain region. (Luo & Shenkar 2006.) Figure 2 below illustrates these multinational corporation structures.

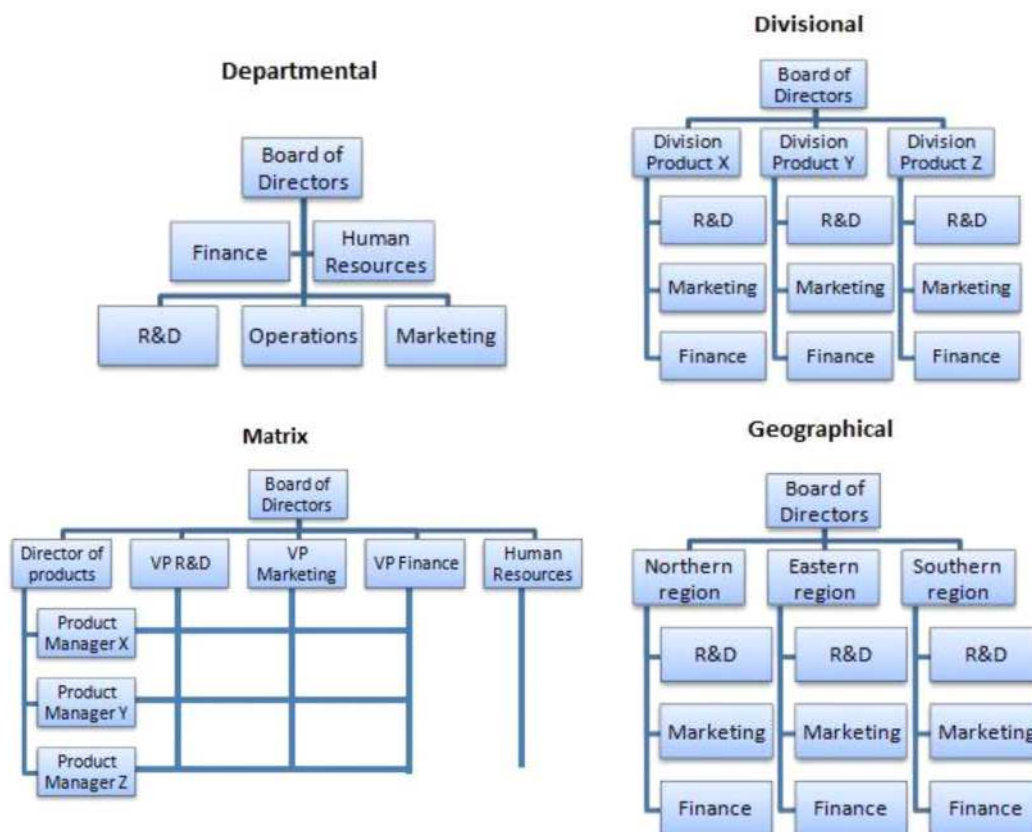


Figure 2 – Multinational Corporation Structures

In general, corporations having a matrix or a geographical structure are more complex than corporations with departmental or divisional structures. This is because control is more

decentralized in matrix and geographical structures. Under matrix and geographical structures regional headquarters have the power to make decisions on investments and production in their own territory, while under departmental and divisional structures the parent company has the control. What makes a typical multinational corporation with a matrix structure complex is that its horizontal differentiation crosses functions and product divisions (see Figure 2). Authority for operational decisions is shared by both the functions and the divisions. Thus, individual subunits belong to two hierarchies meaning that there are two superiors for each employee. In departmental and divisional structures, the control is more centralized. This enables headquarters to engage in greater control over foreign activities. Under a departmental structure international operations are grouped into an international department resulting in less power for country managers to make decisions. In a divisional structure, in turn, each product division is an independent entity with total responsibility for its own worldwide activities. The common element of these two structures is that global activities generating value are supervised by the board of directors situated at the parent company. (Luo & Shenkar 2006.) Drawing on the previous literature on multinational corporation strategies and structures, it can be concluded that multinational corporations adopting global strategy are more likely to have a centralized departmental or divisional structure, while corporations adopting hybrid or multidomestic strategy are more likely to use the matrix or the geographical structure.

Regardless of the structure a multinational corporation decides to choose, it often creates challenges for its business and operations because of complex interactions, which are typical for global organizations. As mentioned, complicated interdependencies within and between several subunits of multinational corporations and the internal hierarchy of a multinational corporation as an entity raise the issue of multiple embeddedness. (Andersson, Forsgren & Holm 2002; Meyer et al. 2011.) Multiple embeddedness can be divided into two parts: external and internal. External embeddedness refers to relationships with stakeholders, such as customers and authorities, in the home and the host countries (multinational corporation level), while internal embeddedness refers to interactions within the multinational corporation and its internal hierarchy (subsidiary level) (Meyer et al. 2011; Kähäri 2014).

First, at the multinational corporation level, the corporation is dealing with stakeholders of the parent company and of each of its foreign subunits in different locations. Thus, the corporation is daily interacting with, for example, a variety of customers, employees, and authorities in its home and host locations around the world. This diversity causes complex

managerial challenges. In order not to be seized by these challenges, the corporation has to develop strategies that take advantage of local differences. Thus, it is important to organize multinational corporation networks effectively by, for example, choosing a suitable organizational structure. Furthermore, benefiting from both the similarities and differences of multiple host locations requires managing a huge amount of information on each subunit. Managing such interfaces is important as it generates value for the multinational corporation and its subunits in any specific local context. Second, at the subsidiary level, the issue of multiple embeddedness stems from the need for balancing the local responsiveness of subunits with their global integration with the overall structure of a multinational corporation. (Meyer et al. 2011.)

Thus, the issue of multiple embeddedness rises at these two structural levels. Every multinational company is embedded in local contexts of its home country and host countries through its local subsidiaries, and these subsidiaries are embedded in the internal network of the multinational corporation. This means that the subsidiaries are exposed to internal pressures stemming from their ultimate home country through the parent company and institutional pressures arising from their own local contexts. (Forsgren et al. 2005; Meyer et al. 2011.) In other words, according to Meyer et al. (2011: 236), “in order to take full advantage of the opportunities in every local context, subsidiaries must be ‘externally embedded’ within each local context while also being sufficiently ‘internally embedded’ within the multinational corporation network”. Then, the benefits of external embeddedness may be transferred to the other multinational corporation network. Balancing the strategic role of the subsidiary within the multinational corporation can sometimes represent a trade-off of best practices. Thus, the structure and the multiple embeddedness create both business opportunities and operational challenges for multinational corporations. (Meyer et al. 2011.)

To sum up, multinational corporations face structure-related challenges because they interact with various local contexts in which their parent companies and subsidiaries are embedded. This results in complex networks and relationships between parties within the multinational corporation and with the local contexts (Andersson et al. 2002; Forsgren et al. 2005; McCann & Mudambi 2005; Meyer et al. 2011). In order to overcome the challenges the structure creates, multinational corporations must come up with ways to connect their company-specific capabilities with knowledge of different host location contexts, and thus, create value propositions that fit the local context in question. These integration challenges require adaptation and creativity, and possibly the development of entirely new business models. If

the challenges become overwhelming the parent company may end up having to divest its subsidiaries or in extreme cases exit foreign markets. (Meyer et al. 2011.) Thus, a question of the right structure is in relation to the question of the right strategy.

2.1.4 Multiculturalism in Multinational Corporations

Having discussed multinational corporation strategies and structures, I am now turning to the challenge faced by multinational corporations, namely multiculturalism. Due to globalization, the contemporary workforce in multinational corporations is increasingly becoming more multicultural (Chao & Moon 2005; Choy, Lee & Ramburuth 2009; Kumar, Anjum & Sinha 2011; Binsiddiq & Alzahmi 2013). Cultural differences are of fundamental importance for running an international business but they often lead multinational corporations to major problems (Meyer et al. 2011). According to Wright and Drewery (2002), the challenge of engaging employees with different attitudes, values, and beliefs in activities of multinational corporations is often underestimated. Indeed, several researchers (see e.g. Rugman 2003) have pointed out that differences between, amongst and within cultures will not diminish by globalization. In this chapter I will discuss multiculturalism in multinational corporations, first, by defining the concept of culture, and then, focusing on multicultural teams. In the next chapter, I will go through more specifically multicultural team leadership and the challenges faced by leaders.

2.1.4.1 Definition of Culture

Culture is a complex and multifaceted phenomenon and concept (Chao & Moon 2005; Leung, Bhagat, Buchan, Erez & Gibson 2005; Thomas 2008; Tirmizi 2008a). Several studies have shown that its richness and intricacies are difficult to encompass in a single definition (see e.g. Brannen, Gómez, Peterson, Romani, Sagiv & Wu 2004; Handin & Steinwedel 2006; Tirmizi 2008a). Claes, Hanappi-Egger and Primecz (2012) have summed up the elements of the most common definitions in three parts arguing that culture is:

- shared by representatives of a given social group,
- learned as members of a group pass it on to other members of a group,
- systematic and organized as it shapes behavior or creates one's perception of the world through morals, laws, and customs. (Claes et al. 2012.)

One of the most well-known definitions of culture has been originally provided by Schein in 1985. Schein (2004) argues that culture has three levels, which are: 1) artifacts and creations, 2) values, and 3) basic assumptions. He has created a model that differentiates between superficial or obvious elements and more deeply held aspects of culture. Figure 3 below illustrates the relationship between these three levels of culture. As can be seen, Schein defines the concept of culture by comparing it to an iceberg with only a small percentage being visible above the surface of the water.

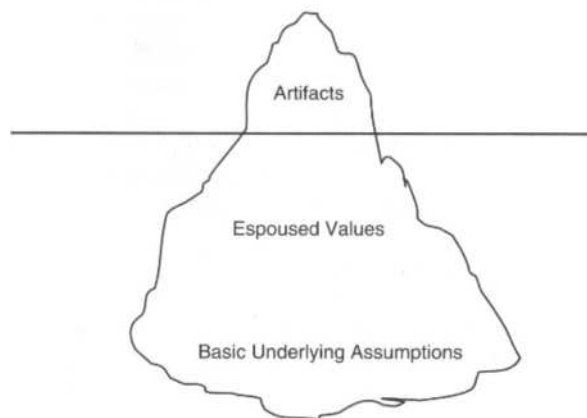


Figure 3 – Levels of Culture in Iceberg Model by Schein in 1985 (Adapted from Thomas 2008: 30)

Figure 3 shows that cultural artifacts are above the surface including all the visible features of a culture. These features can be, for example, language, technology and products, the architecture of a culture's physical environment, manners, and clothing. Just below the surface are the beliefs and values of a specific culture. They are consciously held and predict much of the behavior that can be observed at the artifacts level. Finally, deep below the surface are the basic assumptions that are shared by representatives of a specific culture. They are beliefs, thoughts, perceptions, and feelings that are the ultimate source of values and action. They are unconsciously held and taken for granted by members of a certain culture. Hence, they are extremely difficult to change. They define what to take into consideration, give meanings to things, communicate how to react emotionally to what is happening, and what to do in different situations. (Schein 2004.)

Schein's model has served as the basis for several other scholars (see e.g. Brannen et al. 2004; Ayoko & Härtel 2006; Brewer 2006; Handin & Steinwedel 2006; Shokef & Erez 2006; Tirmizi 2008a; Steers et al. 2010; Kumar et al. 2011) to define the term culture. Thus, culture has ended up being generally defined as the assumptions, beliefs, values, practices,

institutions, and systems of meaning that are shared among a group of people. Moreover, according to Seymen (2006), instead of being only shared interpretations and behaviors of a certain group, culture can also emerge as differences in attitudes. Furthermore, although culture may contribute to a sense of group identity, individuals do not necessarily need to recognize that they are members of a common group in order to share a culture (Brewer 2006). This view is similar to Schein's (2004) in a sense that part of culture is unconsciously held.

In addition to Schein's (2004) definition, Trompenaars' (1993) and Hofstede's (1980) definitions of culture are some of the most recognized throughout the world. Trompenaars and Hampden-Turner (1998: 20) explain the concept of culture using Trompenaars' famous fish metaphor:

A fish discovers its need for water when it is no longer in it. Our own culture is like water to a fish. It sustains us. We live and breathe through it. What one culture may regard as essential, a certain level of material wealth for example, may not be so vital to other cultures.

Hofstede, Hofstede and Minkov (2010: 6), in turn, define culture as follows: "Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others". Indeed, culture can be defined as a social phenomenon common for people in a given social environment.

Therefore, based on the definitions presented above, culture helps to interpret several aspects of life and the world around members of a certain cultural group (Ayoko & Härtel 2006; Kumar et al. 2011). People base their behavior both individually and in groups on these beliefs and values (Handin & Steinwedel 2006). Handin and Steinwedel (2006) argue that people have a cultural "lens" through which they view the world and make sense of what they see, how they feel about it, and how they define themselves. These cultural drivers have a significant impact on all people's interactions including those in the workplace. They determine how people think, organize themselves, view time, define their purpose, cope with uncertainty, and relate to power. (Handin & Steinwedel 2006.) Steers et al. (2010) state that through this interpretation process culture helps to determine what is acceptable and what is not.

Like Schein (2004), most scholars view culture as something that remains rather consistent over time or changes only gradually and is learned already as a child by observing other people's behaviors (see e.g. Brannen et al. 2004; Handin & Steinwedel 2006; Hofstede et al.

2010; Steers et al. 2010). Some, in turn, view culture as dynamic and changeable in its nature (see e.g. Leung et al. 2005). These latter types of definitions are usually further complicated compared to those that view culture as something that is static (Tirmizi 2008a). For example, Leung et al. (2005) argue that based on research in cognitive psychology the human mind is adaptive and in a dynamic interaction with the environment. This means that people are constantly observing their environment and adapting their cultures to it. Hence, cultures are cognitive and thus prone to environmental influences. (Leung et al. 2005.) This kind of dynamic view of culture is contradictory to the traditional views presented above which consider culture as stable and static. Therefore, based on this dynamic view on culture, cultures change more frequently and more rapidly than has been assumed in previous literature. Consequently, cultural differences should not cause as big of a challenge to multinational corporations as has been previously assumed given that cultures are relatively adaptive and altered by situational influences. (Leung et al. 2005.)

Cultural Frameworks

Due to the complex nature of culture as a concept, researchers have provided several categorizations and cultural frameworks while trying to outline and simplify the term. Indeed, classifying the basic dimensions or characteristics of different cultures has been argued to be an important step in order to fully comprehend their underlying relationships. (Deng & Gibson 2009; Kumar et al. 2011.) For example, Chao and Moon (2005) have presented that culture consists of three dimensions. Their view diverges from previous research in a sense that they apply a bottom-up approach of culture instead of having the traditional focus, which begins at higher levels of analysis such as nationality. In order to understand the overall scope of culture and to conceptualize it in a meaningful and practical way, they offer a meta-framework that includes a three-component classification named as “Cultural Mosaic”. Based on this framework, an individual’s cultural identity originates from interactions among three dimensions. These dimensions are: 1) demographic, 2) geographic, and 3) associative. Demographic dimension includes physical characteristics and social identities such as gender, race, and ethnicity, which are inherited from previous generations. Geographic dimension, on the other hand, refers to physical elements of a certain region, whether they are natural or made by humans. Typical factors in this dimension include, for example, climate, temperature, coastal – inland, urban – rural, and regional – country distinctions. Finally, associative dimension represents all formal and informal groups with whom an individual

chooses to attach to, such as family, religion, profession, employer, and political party. (Chao & Moon 2005.)

However, the most well-known cultural frameworks that have had a huge influence on cross-cultural management and multicultural team leadership research are those of Hofstede's and Trompenaars' value frameworks. These cultural frameworks have offered practical ways for studying and understanding cultural aspects and questions in multicultural teams. However, when working with these frameworks, it is important to bear in mind that, even though the general cultural orientations included in different frameworks would describe different societies at least to some extent, cultures include subcultures, which may diverge from or be in conflict with one another in some certain ways in the society within which they exist (Tirmizi 2008a; Steers et al. 2010). Furthermore, cultural frameworks often deal with generalizations about societies and cultural groups, which is why it is important to recognize that these cultural features do not describe every, if any, individual because of differences in their backgrounds, experiences, and preferences. (Tirmizi 2008a.) Thus, these cultural frameworks are often argued to be outdated in today's rapidly globalizing world.

Hofstede's Value Dimensions

The research of Hofstede (1980) is perhaps the most referenced of all the research on cultural dimensions. Based on his analysis of questionnaires obtained from 117 000 respondents in 50 countries, Hofstede found five major dimensions on which cultures differ: 1) individualism – collectivism, 2) power distance, 3) uncertainty avoidance, 4) masculinity – femininity, and 5) long-term – short-term orientation. First, individualism – collectivism refers to the extent to which an individual determines one's identity based on one's self as an individual or a group one belongs to and whether the needs of an individual or this group are prioritized. Second, power distance means the extent to which differences in status and hierarchy are embraced and preserved in a society. Third, uncertainty avoidance refers to the degree to which societies try to reduce uncertainty and bring forth stability. Fourth, masculinity – femininity means the extent to which traditional masculine traits of, for example, assertiveness and performance are stressed over traditional feminine traits of, for example, nurturance and interpersonal skills. Finally, long-term – short-term distinction focuses on the degree to which societies focus on the future, the past, or present. (Hofstede 1980.)

Trompenaars' Value Framework

Another relevant cultural framework was created by Trompenaars in 1993. Over a 10-year period, he conducted a cultural value survey to approximately 15 000 managers in 28 countries. This framework is based on seven dimensions: 1) individualism – collectivism, 2) universalism – particularism, 3) specific – diffuse, 4) neutral – affective, 5) achievement – ascription, 6) attitudes toward time, and 7) internal – external control. Two out of these seven dimensions, namely individualism – collectivism and attitudes toward time, are similar to Hofstede's similarly named dimensions presented above. The other five dimensions are explained briefly as follows. First, universalism – particularism dimension concerns the belief of whether there are universal ways to determine what is right or good. Second, specific – diffuse dimension means the degree to which people share their personal information to the public. Third, neutral – affective dimension refers to the extent to which emotions are allowed to be expressed. Fourth, achievement – ascription dimension means the degree to which status and power are determined in a society by either an individual's achievements or by one's social status. Finally, internal – external control dimension refers to the extent to which individuals feel that they themselves have power to influence on their own lives. (Trompenaars 1993.)

Having now presented previous literature on the most common ways to define the term culture, it can be stated that culture indeed is a complex concept. Some scholars argue that treating culture as such a multilevel construct ends up without having any real meaning (Brewer 2006). After all, cultures are necessary in helping people to understand how to communicate and interact with each other (Mäkilouko 2003). If the term does not have a real meaning, this purpose cannot succeed. However, in contrast, considering culture at each of the aforementioned dimensions or levels has been argued to preserve its essential elements (Brewer 2006). Still, there is a risk to resort to generalizing. Now that I have presented the complexities of the term culture, I will move on to outline previous literature on multicultural teams in order to comprehend what kind of impacts they have on multinational corporations.

2.1.4.2 Multicultural Teams

Multinational corporations are increasingly relying on multicultural teams to perform activities in today's working life (Matveev & Milter 2004). According to Levi (2007) and Smith et al. (2008), a team is a particular type of a group in which its members work

interdependently in order to accomplish a mutual goal. Multicultural teams, in turn, are those whose members have different cultural backgrounds reflecting both the surface-level, such as language, nationality, and gender, and the deep-level, such as values and attitudes, differentiation (Ayoko & Härtel 2006). Different cultural backgrounds have an influence on team members' understanding, thinking, interpreting, behaving, communicating, and a way of responding to various situations (Adler & Graham 1989; Leung et al. 2005; Shokef & Erez 2006; Stahl, Mäkelä, Zander & Maznevski 2010). According to Wildish and Cornelius (2002), multicultural teams are likely to succeed when members appreciate alternative points of view, cooperate to make decisions together, share their experiences and give value to each other's experiences, take advantage of the opportunity for learning cross-culturally, are able to cope with uncertainty, and try to overcome the obstacles that may appear when representatives of different cultures work together. Next, I will briefly describe the advantages and disadvantages of multicultural teams in order to lay the foundations for the issue of leadership of multicultural teams, which will be discussed in the following chapter.

In today's organizations people are expected to be capable of working in multicultural teams. Based on previous research, multicultural teams have three kinds of advantages; they are creative, they solve problems in rich ways, and they correspond to a global, multicultural customer base, and thus, are able to make customers more satisfied (see e.g. Cox & Blake 1991; DiStefano & Maznevski 2000; Matveev & Milter 2004; Wright & Drewery 2006; Steers et al. 2010; Binsiddiq & Alzahmi 2013). First, according to Matveev and Milter (2004), multicultural teams bring new ways of thinking which are required in order to operate in an increasingly competitive and interdependent global business environment where the problems are complex. The creativity enhances as team members have different preconceptions of how they should start to work as a team. Therefore, they embrace different ideas and viewpoints, pools of knowledge, and working methods. (DiStefano & Maznevski 2000.) Moreover, cultural diversity reduces group thinking which may promote self-efficacy of team members thus encouraging them to express their own views more freely (Binsiddiq & Alzahmi 2013). Multicultural teams can also make use of different sources of information as team members have gained understanding and experience of different contexts with different stakeholders (Steers et al. 2010). Hence, their perspectives are diverse and they do not conform to norms of the past as easily as members of monocultural teams (Cox & Blake 1991).

Second, cultural differences have been argued to provide great potential for generating value through richer problem solving compared to monocultural teams (Cox & Blake 1991;

DiStefano & Maznevski 2000). Multicultural teams have a more versatile base of experience and backgrounds from which to approach problems and make decisions (Cox & Blake 1991). Culture has an influence on what team members notice, how they interpret it, what kind of actions they take to approach it, and how they implement their ideas. Thus, multicultural teams are able to come up with innovative approaches to complex challenges and to develop new kinds of solutions. (DiStefano & Maznevski 2000.) In other words, the cultural diversity enables a wide range of skills, insights, perspectives, attributes, and values, which can enhance the team's innovativeness and problem-solving skills therefore improving performance (Cox & Blake 1991; Earley & Gibson 2002). Better decisions are possible to make through a wide range of viewpoints and thorough critical analysis of issues without falling into group thinking (Cox & Blake 1991).

Third, multicultural teams are of high importance for multinational corporations because profound understanding of local customers in each multinational corporation setting is needed. Thus, employees have to correspond to the global customer base in order to satisfy customers globally. This is possible by having multicultural teams. (Matveev & Milter 2004.)

However, multicultural teams do not often create the competitive advantage expected (DiStefano & Maznevski 2000). Despite the value of the diversity of knowledge possessed by multicultural team members, the cultural differences pose great challenges and may create considerable hindrances to effective teamwork (Brett et al. 2006; Shokef & Erez 2006; Silberzahn & Chen 2006; Binsiddiq & Alzahmi 2013). These hindrances may be hidden and thus difficult to recognize until considerable damage has been incurred (Brett et al. 2006). Conflicts occur and teams may end up in a situation where they are unable to act (DiStefano & Maznevski 2000). Making multicultural teams to work effectively is therefore not an easy task. Based on previous research, multicultural teams have various disadvantages, which are tightly intertwined with each other. These disadvantages are related to, for example, communication, team cohesion, and conflicts. Next, I will briefly discuss them.

According to several studies (see e.g. Brannen & Salk 2000; Wright & Drewery 2002; Ayoko & Härtel 2006; Behfar, Kern & Brett 2006; Shokef & Erez 2006; Sippola 2007b; Binsiddiq & Alzahmi 2013), compared to monocultural teams, multicultural teams are more afflicted by poor cohesion and social integration, misunderstandings and conflicts deriving from, for example, deficient language skills, low trust and job satisfaction, stress, turnover, absenteeism, and communication difficulties. Moreover, people different from their team

members regarding their race, gender, and other culture bound characteristics feel more often discomfort and are less committed to their organization. (Ayoko & Härtel 2006.) Preconceptions, prejudices, and racism may also cause conflicts (Sippola 2007b).

Members of multicultural teams come across cultures different from their own, which hinders the shared understanding and their ability to correctly interpret the behavior of other team members (Shokef & Erez 2006). Cultural differences indeed hinder effective interaction because cultural values and norms are deeply held. Their deepest influences on behavior and interaction are often hidden, which is why they are extremely difficult to identify, address, and understand. (DiStefano & Maznevski 2000.) Even though the term culture would be understandable, it may be difficult to comprehend in practice due to its complexities. Moreover, most people are deeply embedded in their own culture resulting in a failure to see how it influences their own patterns of thinking and behavior. If one cannot see how culture affects one's own behavior, understanding cultures and behaviors of others is even more difficult. Thus, it often requires a lot of time to develop team cohesion and come up with decisions and implement them when cultural backgrounds of team members are highly diverse and decision-making processes are culturally different. (Steers et al. 2010.) Even if multicultural teams would solve problems in richer ways than monocultural teams, it usually takes longer time for them to come up with solutions (Binsiddiq & Alzahmi 2013).

Although cultural differences make teamwork more challenging, ignoring them in leadership might result even in a weaker performance than a performance of a poorly led monocultural team (Miller, Fields, Kumar & Ortiz 2000). Conflicts reduce the ability of a team to perform effectively in the long term and to provide satisfying experiences for members of a team (Shokef & Erez 2006). While some scholars (see e.g. Homan 2007) argue that performance may be increased by conflicts because of their constructive nature, others (see e.g. De Dreu & Weingart 2003; Von Glinow, Shapiro & Brett 2004) argue that conflicts are always negative for teams and their performance as they lead to a fierce atmosphere. Conflicts usually arise from different perceptions, values, beliefs, attributions, and communication patterns characteristic of certain cultures (Shokef & Erez 2006; Binsiddiq & Alzahmi 2013). They can also arise from disagreements on work pace, fairness in workload distribution, working habits, and procedures to accomplish tasks. Differences in work norms and behaviors, violation of respect and hierarchy, lack of shared information, and language fluency may also create interpersonal tensions in multicultural teams. (Shokef & Erez 2006.) To conclude, multiculturalism is a serious leadership challenge for multinational corporations.

Nevertheless, with today's workforce demographics multicultural teams are a reality of working life and becoming ever more common. Therefore, multinational corporations cannot give up their value in a competitive global business environment. (DiStefano & Maznevski 2000.) This is why learning about their leadership is important.

2.2 Leadership of Multicultural Teams

After discussing challenges characteristic of multinational corporations (strategy, structure, and multiculturalism), I am now turning to discuss the subject of this Thesis more deeply, and thus, moving on to leadership of multicultural teams. As mentioned, I am using a somewhat different expression of this particular field of research bearing in mind that the title used for the topic has, in previous research, commonly been cross-cultural management. Given the complex nature of work and the growing cultural diversity in workplaces, knowledge of multicultural teams and their leadership is becoming increasingly important to multinational corporations in order to sustain competitive advantage and benefits for business (Sippola & Smale 2007; Tirmizi 2008b; Choy et al. 2009; Hajro & Pudelko 2010). Today's leaders need to be able to operate in and run complex organizations, create and maintain cross-cultural relationships, and influence and motivate multicultural employees (Handin & Steinwedel 2006; Yukl 2010). It is beneficial for them to understand how team members having different cultural backgrounds comprehend behavior of other team members and how they see the actions of the team leader (Deng & Gibson 2009; Yukl 2010). Otherwise leaders may find their leadership approaches ineffective and feel confused about the reactions of their team members (Handin & Steinwedel 2006). However, research focused on multicultural team leadership is still abstract, subjective, or based on studies in single countries (Behfar et al. 2006; Hajro & Pudelko 2010). In order to obtain a deeper understanding of multicultural team leadership, I will first define the concept of leadership after which I will discuss the role of middle managers as leaders of multicultural teams. Subsequently, I will focus on multicultural team leadership challenges in everyday working life.

2.2.1 Definition of Leadership

Several researchers (see e.g. Antonakis et al. 2004; Avery 2004; Williams 2008; Northouse 2013) agree that existing definitions of leadership are inconsistent and unclear. Thus, it is very challenging to provide a unified, all-embracing definition for the term, even though it is one

of the most examined phenomena in social science (Williams 2008; Prewitt, Weil & McClure 2011). Early definitions of leadership viewed it as a single-handed phenomenon. Hence, in order to be a leader, an individual had to be able to command and control others from the top. (Williams 2008.) Later, a trait theory of leadership took place defining leadership as certain innate universal traits, such as intelligence and extroversion, which a person had to have in order to be a leader (Northouse 2013). Recently, leadership has been understood as a more social phenomenon involving leaders and followers in a social influence process (Antonakis et al. 2004; Yun et al. 2006). Thus, leadership, as it is understood today, is not only for the leader; instead, it is daily influencing and collaboration in teams. This is known as process theory of leadership (Antonakis et al. 2004). Development of these leadership paradigms over time are presented in Table 1 below:

Table 1 – Leadership Paradigms (Adapted from Avery 2004: 19)

Leadership paradigms				
Leadership Characteristic	Classical	Transactional	Visionary	Organic
Major era	Antiquity–1970s	1970s–mid-1980s	Mid-1980s–2000	Beyond 2000
Basis of leadership	Leader dominance through respect and/or power to command and control.	Interpersonal influence over and consideration of followers. Creating appropriate management environments.	Emotion – leader inspires followers.	Mutual sense-making within the group. Leaders may emerge rather than be formally appointed.
Source of follower commitment	Fear or respect of leader. Obtaining rewards or avoiding punishment.	Negotiated rewards, agreements and expectations.	Sharing the vision; leader charisma may be involved; individualized consideration.	Buy in to the group's shared values and processes; self-determination.
Vision	Leader's vision is unnecessary for follower compliance.	Vision is not necessary, and may not ever be articulated.	Vision is central. Followers may contribute to leader's vision.	Vision emerges from the group; vision is a strong cultural element.

Table 1 shows that paradigms for defining leadership can be divided into four eras. In the era of classical leadership, from the ancient time to 1970s, leaders were seen as the ones who command, control, and dominate their subordinates through respect and fear. From 1970s to mid-1980s was the era of transactional leadership with interpersonal influence and consideration of subordinates becoming important activities for leaders. Visionary leadership

took place from mid-1980s to 2000 emphasizing the importance of emotion in leadership. During this era, leaders were supposed to be the ones who inspire their followers. Finally, since 2000, leadership has been viewed as organic meaning that leadership is not tied to certain positions but is instead mutual sense-making within a team. (Avery 2004.)

Furthermore, leadership is often defined either as certain kinds of activities at different organizational levels or separating it from the concept of management (Antonakis et al. 2004). First, when defining leadership as certain kind of activities at different organizational levels, Antonakis et al. (2004) have divided leadership activities into two levels: superior and strategic. Leaders at both of these levels have certain activities in their role. At a superior level, all employees in superior positions engage in leadership. Leadership complements organizational systems and enhances subordinate motivation, satisfaction, and performance (Antonakis et al. 2004). Thus, leaders can be thought to motivate their team members to act in accordance with their tasks and objectives and to provide a creative atmosphere for them. At the strategic level, in turn, top managers engage in leadership. At this level leadership ensures the coordinated functioning of the whole company in relation to its external environment (Antonakis et al. 2004). Thus, leadership can be associated with activities, such as vision defining, strategy planning and cascading, and organizational culture defining and maintaining (Yukl 1989, 2010; Ayoko & Härtel 2006). At both of these levels leadership is a top-down activity and a specialized role, and thus, a hierarchical relationship between the leader and the followers (Antonakis et al. 2004).

This notion contradicts with the currently prevailing nonhierarchical perception of the organic leadership (see Table 1), in which the basis of the leadership is on mutual sense-making within the group, resulting in leadership not being tied to certain hierarchical positions. Thus, the third level, namely personal level, could be added to this dichotomy provided by Antonakis et al. (2004). At this level, every individual is capable of leading themselves, in other words, engaging in self-leadership (Pearce & Manz 2005). Self-leadership means actions and thoughts people use to influence themselves (Yun et al. 2006). The third level could be also called team level referring to the concept of shared leadership. Shared leadership emerges when all team members are involved in the leadership of the team (Antonakis et al. 2004; Pearce & Manz 2005). It appears as a continuous, mutual influence process within a team meaning that leadership is not tied to specific hierarchical positions. In other words, shared leadership means complete empowerment of team members. (Pearce & Manz 2005.)

Second, when defining leadership by separating it from the concept of management, leadership concentrates on influencing the team, while management concentrates on controlling the team. Leadership strives for change, whereas management aims to improve efficiency of a team by coordinating and planning. Thus, leadership answers to the question “why” and management to the question “how”. (Williams 2008.) Steers et al. (2010) argue that leadership, in contrast to management, is not about focusing on operational issues but instead on enabling and motivating team members to contribute to the success of a company. Hence, leadership is something on top of the rules, regulations, and procedures that are characteristic of management (Harvey 1996). As Harvey (1996: 279) states: “Leadership should provide the energy or ‘spark’ to excel beyond the mere accomplishment of tasks”.

Now that I have presented previous literature on leadership, I will move on to discuss what kind of a leadership role do middle managers have in leading multicultural teams. Even though the position of middle managers has been commonly considered as operative and the term itself expresses that their role is greatly focused on management, they are still acting as superiors to their team members. Therefore, they are daily influencing their team members socially meaning that they are engaging in leadership.

2.2.2 Middle Managers as Leaders of Multicultural Teams

Regardless of defining leadership as a top-down activity or a social influence process, middle managers have a leadership role in both cases. In hierarchical organizations middle managers are often defined as heads of specific departments or business units; they are in the middle position between strategic management of the organization and operational staff serving as team leaders but also being led by their own managers (Stoker 2006). Thus, they are managers who give and receive direction (Hales 2006). Over the years, middle managers have been described in several ways; for example, as “followers, the backbone of the organization, interpolators of top management objectives, buffers of top and lower levels, funnels through which the intentions of top management flow down and information flows up, integrators, boundary spanners, and playing coaches” (Keys & Bell 1982: 59). All these characteristics refer to their manifold role. Recently, the role of middle managers has been considered as shifting away from mere management and control to more people-oriented tasks (Stoker 2006). This is because knowledge work is a contemporary organizational reality, which is why organizational practices are becoming more focused on employees. Thus, competencies,

such as coaching and employee development, are becoming increasingly important for middle managers in the future. (Stoker 2006.)

In general, the role of middle managers is not as strategic as top managers' but instead more of an operational, day-to-day collaboration with their teams. According to Den Hartog (2004), the role, however, is not straightforward at these operational, managerial levels especially in a multinational corporation context. Both top managers and individual team members have high and sometimes conflicting expectations of middle managers (Keys & Bell 1982; Dopson & Stewart 1990; Den Hartog 2004). Middle managers are expected to implement plans of top management, cascade the strategy of a company into team objectives, and act as change agents (Den Hartog 2004; Lassen, Waehrens & Boer 2009). At the same time, they are expected to form motivated, cohesive teams from ambitious and independent employees and ensure that the team's interests are served, even when working with a multicultural group of people (Dopson & Stewart 1990; Den Hartog 2004). Middle managers need to be able to balance these conflicting expectations, control limited resources, and bring results that meet the needs of various stakeholders (Den Hartog 2004). Still, they do not often have power to make decisions or influence strategies, and they might sometimes even find themselves passed by top managers and their efforts to increase employee involvement (Dopson & Stewart 1990; Jackson & Humble 1994).

According to Jackson and Humble (1994), middle managers are contributing in their role in three important ways. First, as mentioned, they translate company-wide strategies, structures, and intentions into practice in everyday working life (Jackson & Humble 1994). They do not only communicate plans and goals from the top down to the organization but also new ideas from the organization to the top (Lassen et al. 2009). Second, middle managers are acting as role models for their own team members; they are acting as enablers and coaches and use their leadership skills to bring out the best in their team members. Their daily behavior indeed represents the culture of the organization. Finally, they provide their operational knowledge for the top managers after learning what works and what does not. (Jackson & Humble 1994.) At the same time, they have an opportunity to present their own emergent ideas to the top managers in order to have support to implement these ideas in practice (Lassen et al. 2009).

On top of these characteristics of their role, middle managers have several tasks. If they are responsible for their units, they need to direct, coordinate and control the operation of these units, and deploy resources within them. They link company strategies to operations by acting

in accordance with company policies and regulations, and by achieving their goals. Moreover, they brief and direct their subordinates, plan and distribute work, report on operational, financial, and market performance, negotiate and manage budgets, and control expenditure. They also have human resources related tasks, such as recruitment, coaching, training and development, and appraisal of their team members. On top of these tasks, middle managers need to liaise not only with other functions within the company but also with external stakeholders, such as suppliers, distributors, retailers, and clients. (Hales 2006; Stoker 2006.) All in all, middle managers are simultaneously facing four directions: upward to their managers, downward to their subordinates, laterally to their colleagues in other functions, and outward to external stakeholders (Keys & Bell 1982). Therefore, lack of time describes the everyday role of middle managers, which is why they do not have as much time to focus on leadership as they often desire (Todd 2002). However, it is highly important that middle managers would have more time to lead their team members. This is because leadership behaviors of middle managers have an influential effect on the performance of their subordinates and their developing leadership behaviors (Yang, Zhang & Tsui 2010).

2.2.3 Challenges of Multicultural Team Leadership in Everyday Working Life

Leaders are often key to achieving a genuine multicultural working environment (Viitala 2007). However, studies have shown that achieving desired outcomes in multicultural teams has proven to be difficult (Zander & Butler 2010). Leaders have to be able to minimize coordination losses resulting from communication problems, language differences, and varying working styles arising from cultural differences (Behfar et al. 2006). Today's highly uncertain and unpredictable work environment does not make their work any easier. According to Schein (2004), the main issue for multicultural team leaders is how to approach the bottom levels of culture and how to cope with the tension that appears when these levels are challenged. In this chapter, I will discuss the challenges that multicultural team leaders face when leading their teams. From previous research I found several areas that leaders of multicultural teams may find challenging in leading their teams. Some of these areas were more prevailing in previous research than others, and thus, I have compiled these challenges into six groups which are: 1) cultural sensitivity, 2) team cohesion and trust, 3) motivation, 4) cross-cultural communication, 5) power and hierarchy, and 6) decision-making. However, the purpose is not to discuss each area in depth but instead to address the main points regarding each area in order to stay within the boundaries of this study.

2.2.3.1 Cultural Sensitivity

Successful multicultural team leadership requires cultural sensitivity from both the team leader and the team members. However, promoting cultural sensitivity can sometimes be quite challenging. A culturally sensitive person is able to appreciate cultures and deriving working styles of others and to understand practices of other cultures not negatively but simply as different. (Matveev & Nelson 2004; Hajro & Pudelko 2010.) The term cultural sensitivity relates to the concept of ethnocentrism. Ethnocentrism means the tendency of individuals to observe others and the world only through their own cultural, ethnic, or racial group (Tajfel 1982; Northouse 2013). Ethnocentrism can be a major challenge to leaders of multicultural teams because it hinders team members' appreciation of viewpoints of others; in other words, it impedes the cultural sensitivity (Kumar et al. 2011; Northouse 2013). According to Tirmizi (2008b), the key challenges are related to how different cultural orientations of team members are, how they relate to each other, and how they communicate with one another. If team members are ethnocentric and thus not culturally sensitive, differences in viewpoints emerging from cultural differences may create misunderstandings, misperceptions, stereotyping, and mutual blaming resulting in conflict and tension (Tirmizi 2008b). Therefore, leaders must encourage their team members to learn about others' cultures, and to identify and acknowledge their own stereotypes and prejudices that are negatively affecting teamwork. Moreover, when learning about cultures of others one may need to deconstruct the idea of universal cultural values of societies in order to avoid generalizing. (Choy et al. 2009.) When generalization is successfully avoided, leaders and team members can begin to learn about each other's real cultures and be culturally sensitive.

Ethnocentrism relates closely to the concepts of stereotyping, prejudices, and racism. They prevent a person from being fully culturally sensitive (Northouse 2013). Culturally diverse teams face more stereotyping, prejudices, and racism compared to monocultural teams. In social psychology stereotyping is often defined as a social categorization process (Tajfel 1982). This means that having an impression of a certain group is not possible without comparing it to another. Categorization is a cognitive process by which differences and similarities between groups are detected. Thus, stereotype means a thought that is held about certain types of individuals and groups. These thoughts do not inevitably reflect on reality. (McGarty, Yzerbyt & Spears 2002.) Even though they would be relatively correct, the person or the group in question may not represent the characteristic of a group. Hence, multicultural

team leaders should be cautious with stereotyping when leading their teams. It is easy to resort to stereotyping when trying to understand other cultures. Still, stereotypes are frequently used. Nonetheless, cultural sensitivity is about leaning on to valid data on the characteristics of cultures of other team members and recognizing that there are always differences within any cultural group (Miller et al. 2000).

Prejudices, in turn, are commonly considered as negative stereotypes. They are adverse judgments and fixed attitudes, beliefs, or emotions formed on previous experiences or without knowledge or examination of characteristics of an individual or a group. (Kumar et al. 2011; Northouse 2013.) Prejudices emerge as irrational suspicion, anger, hatred, and distrust of a particular cultural group. The most common problems at workplaces arise along divisions of gender, religion, and ethnicity. Prejudices are also common in between the groups of countries with historical conflicts. (Behfar et al. 2006.) In extreme cases, prejudices may turn into racism (Viitala 2007), which means hatred or intolerance of other races and the idea that one's own race is superior and has the right to rule others (Schmid 1996). All in all, stereotyping, prejudices, and racism are challenges that leaders of multicultural teams may face when promoting cultural sensitivity in their teams.

In order to prevent problems from arising out of stereotyping and prejudices, multicultural team leaders should alert their team members to avoid such behavior (Miller et al. 2000; Northouse 2013). Some researchers (see e.g. Miller et al. 2000) have suggested that in order to promote cultural sensitivity, leaders should encourage their team members to look for things that they have in common so that the attention would not be drawn into differences. Indeed, it is easier to deal with cultures that are similar to one's own (Miller et al. 2000). Finding common things can be done, for example, by spending time together within a team through informal events and regular meetings in order to get to know each other better (Hajro & Pudelko 2010). However, others (see e.g. Handin & Steinwedel 2006) have argued that searching for common things only prevents team members to explore differences between them and thus to appreciate each other's cultures. According to this viewpoint, valuing the differences and learning about cultures of other team members supports in building a spirit of cooperation and enthusiasm (Miller et al. 2000).

It is equally important for the leaders themselves to be culturally sensitive (Miller et al. 2000; Zander, Mockaitis & Butler 2012). Indeed, the incapability of leaders to engage in work with people from different cultures simultaneously is one of the major causes for multicultural

team failure (Hajro & Pudelko 2010). Expressing genuine interest in team members and their cultural backgrounds improves leaders' understanding of team members (Hajro & Pudelko 2010; Zander et al. 2012). Prewitt et al. (2011) argue that it is important for leaders to develop relationships with team members and be approachable in order to find out more about their cultures. Leaders' knowledge of different perspectives of team members makes it possible for them to see how cultural differences affect teamwork (DiStefano & Maznevski 2000; Hajro & Pudelko 2010). Hajro and Pudelko (2010) suggest that this makes it possible for team leaders to adapt their own behavior to different cultures of team members. All in all, cultural sensitivity of team leaders helps them to avoid conflicts regarding multiculturalism (Hajro & Pudelko 2010).

2.2.3.2 Team Cohesion and Trust

The successful completion of tasks requires cohesion and trust among multicultural team members (Tirmizi 2008b). Team cohesion means the interpersonal bonds and a shared social identity that hold a team together (Levi 2007). It occurs when team members trust each other. Team cohesion is of high importance for multicultural teams when team members have varied cultural backgrounds, and thus, are more prone to culture-related misunderstandings and conflicts. This is also why achieving team cohesion in multicultural teams can be rather challenging. (Miller et al. 2000.) First, people like to associate with those who have the same kind of culture because they feel more comfortable with them (Miller et al. 2000; Wright & Drewery 2002; Kumar et al. 2011; Binsiddiq & Alzahmi 2013). Second, conflicts reduce team cohesion (Binsiddiq & Alzahmi 2013). Thus, preserving team cohesion is one of the major challenges confronting multicultural team leaders.

As mentioned, trust has a direct relationship to team cohesion (Whitener & Stahl 2004; Levi 2007). It is needed in order to achieve team cohesion. Trust reflects the belief in other team members' motivation to cooperate, to act in the interest of a team, and to fulfill their tasks. Sharing common goals is key in building trust and achieving team cohesion as it turns competition into cooperation. (Earley & Gardner 2005.) In addition to team cohesion, building trust is a great challenge for multicultural team leaders because people are more likely to trust those who share their values. This is not self-evident in multicultural teams. (Levi 2007.) According to Whitener and Stahl (2004), trust is a challenge to multicultural

team leaders simply because team members have differing orientations towards trust due to their different cultures.

What can team leaders do to create team cohesion and build trust? One option for leaders is to come up with common goals and thus create a common ground for a team (Behfar et al. 2006). According to Behfar et al. (2006), common ground is important because the challenges regarding team cohesion and trust arise from practices that increase distance between team members. These types of practices are team behavior that increases differentiation of in-group and out-group. For example, speaking a language that one team member does not understand results in one being in an out-group. (Behfar et al. 2006.) In this example, a leader can create common ground by speaking a language that the team member in the out-group speaks and by encouraging other team members to also speak this language. In addition, creating an integrated and synergistic team culture helps in creating common ground (Earley & Gardner 2005). Another option for leaders is to organize mutual activities within a team. This may help team members to attach emotionally to each other and by doing so build team cohesion because mutual activities increase opportunities for team members to develop common interests and ideas (Wright & Drewery 2002; Levi 2007; Hajro & Pudelko 2010).

2.2.3.3 Motivation

Motivation relates closely to team cohesion and trust, as a team member cannot be fully motivated and satisfied in one's job if one feels that the team is not cohesive and one cannot trust the team leader or other team members. Culture guides the choices of team members as it gives meaning and value to different motivational factors (Thomas 2008; Binsiddiq & Alzahmi 2013). Therefore, leaders of multicultural teams need to motivate their team members in different ways because people respond to different motivating factors based on their intercultural orientations. This is one of the most difficult tasks that multicultural team leaders face when leading their teams. (Thomas 2008.)

Motivation has been universally argued to arise from meaningful tasks, responsibility for results, and knowledge of outcomes (Levi 2007). However, this may vary based on a person's culture. Some team members may be motivated by direction and support, while some may be motivated by empowerment (Binsiddiq & Alzahmi 2013). Thus, a leader should explore what kind of factors or leadership approaches motivate each team member, for example, by

discussing with them. Effective motivation results in job satisfaction, which makes it important to motivate team members.

2.2.3.4 Cross-cultural Communication

Communication is one of the major challenges for multicultural team leadership (Matveev & Nelson 2004; Von Glinow et al. 2004; Smith et al. 2008; Kumar et al. 2011). It is not only about speaking the same language. For example, the preferred form and frequency of communication with a team leader and team members vary in different cultures (Zander et al. 2012). Communication in multicultural teams is considerably more challenging than communication in monocultural teams because culturally different team members have less common information which helps in understanding others (Thomas & Osland 2004; Von Glinow et al. 2004; Thomas 2008; Kumar et al. 2011). Effective teamwork can be hindered by communication challenges as they, for example, reduce information sharing and create conflicts (Brett et al. 2006). Nonetheless, effective communication is important for multicultural teams as it, for example, improves team cohesion and trust (Binsiddiq & Alzahmi 2013).

According to Adler and Graham (1989), cross-cultural communication challenges can relate to, for example, language and language behavior and nonverbal behavior. First, shared language is the core of communication (Hajro & Pudelko 2010). Although the language of international business (and more increasingly also at workplaces in Finland) is often English, misunderstandings and sometimes even deep frustration occur in communication (Brett et al. 2006; Binsiddiq & Alzahmi 2013). This is because English is not inevitably the mother tongue for employees (Miller et al. 2000). Language barriers create uncertainty to cross-cultural communication in regards to coming up with fresh ideas, sharing important knowledge, building trust, and promoting a mutual team identity (Hajro & Pudelko 2010). However, language related misunderstandings are usually rather evident, and thus, quite easily overcome compared to more hidden nonverbal communication challenges (Adler & Graham 1989).

Language bound misunderstandings and frustration result from team members' accents, dialects, lack of fluency, problems with translation, or parlance of non-native speakers of English (Brett et al. 2006). In addition, native speakers may use difficult, rare words, phrases, or idioms that non-native speakers are not familiar with (Miller et al. 2000). These language

related challenges may also influence perceptions of a person's status or competence (Brett et al. 2006). A non-native team member might have the most expertise but one's difficulty to share knowledge makes it difficult for the team to recognize and utilize this expertise (Brett et al. 2006; Binsiddiq & Alzahmi 2013). Often more fluent members are more appreciated because they are better in articulating their thoughts compared to non-native speakers (Behfar et al. 2006). Moreover, motivation of non-native speakers may deteriorate in these cases (Brett et al. 2006). Fluent team members may also become frustrated with the lack of fluency of non-native team members, which may lead to interpersonal conflicts or avoidance of interaction (Brett et al. 2006; Hajro & Pudelko 2010).

Thus, language differences create the need for multicultural team leaders to deal with perceptions of unfair privilege, status, recognition, and work allocation based on skills and qualifications instead of language differences (Behfar et al. 2006). In fact, language is a significant part of team identity and language challenges can thus lead to in-group and out-group formation. Thus, it is extremely important for multicultural team leaders to narrow the language gap between team members in order to avoid discrimination. (Ogbonna & Harris 2006; Hajro & Pudelko 2010.)

Furthermore, nonverbal behavior, such as facial expressions and gestures, creates challenges for multicultural team leadership as it is usually unconscious and easily interpreted in a wrong way (Thomas 2008). It relates closely to indirect communication which is also a leadership challenge in multicultural teams (Zander et al. 2012). In indirect communication true intentions are embedded in the way the message is presented (Brett et al. 2006). Thus, leaders of multicultural teams need to be able to listen to contextual messages behind content messages in order to fully understand their team members (Zander et al. 2012). These nonverbal and indirect communication challenges are not as easily overcome as language related challenges due to their hidden nature (Adler & Graham 1989). Interpreting and understanding nonverbal behavior of others requires understanding of their cultural values. Based on these values, communication habits which team members use to guide their behavior in different settings are formed. Thus, knowledge of these communication practices of other team members helps to predict and grasp others' behavior more easily. (Thomas & Osland 2004.) In order to form a shared understanding, it is important that multicultural team leaders encourage team members to learn as much as possible from each other's cultures (Thomas & Osland 2004; Choy et al. 2009). This can be done, for example, by spending time together both in workplaces and outside.

2.2.3.5 Power and Hierarchy

Different cultures have different perceptions of power and hierarchy. This creates a challenge for multicultural team leadership. Team members may react in different ways towards leadership based on their cultural orientation on power. (Williams 2008.) For example, for a person whose culture values people based on their status in an organization, it may be challenging to work with people who are used to working in teams with a rather flat structure (Brett et al. 2006; Binsiddiq & Alzahmi 2013). Due to differing cultural norms on power and hierarchy team members may feel that they have been treated disrespectfully, and thus, face conflict (Brett et al. 2006). Thus, it is challenging for a team leader to know how to use power with each team member and a team as a whole, and how to avoid conflicts related to differing attitudes towards power and hierarchy.

The concept of power is an essential part of the influence process in leadership (Northouse 2013). Team leaders are traditionally viewed as the users of power (Yukl 1989). According to Williams (2008), there are three types of power: 1) personal or soft power, 2) positional or harsh power, and 3) authority. They are specified in Table 2 below:

Table 2 – Types and Sources of Power (Adapted from Williams 2008: 138)

Types of power	Source of power	Power is based on
Personal or soft power	Expert power	One's credibility or perceived expertise in an area
	Referent power	Another's liking and admiration
	Information power	Knowledge or information one has about a topic
Positional or harsh power	Legitimate power	Recognition and acceptance of a person's authority
	Reward power	The ability to reward a desired behavior
	Coercive power	The ability to threaten or punish undesirable behavior
Authority	Legitimate power	Recognition and acceptance of a person's authority
	Coercive power	The ability to threaten or punish undesirable behavior

As can be seen in Table 2, first, personal or soft power is the power that derives from personal characteristics of a leader. It includes expert, referent, and information power. Second, positional or harsh power is based on formal status of a team leader and includes legitimate, reward, and coercive power. Finally, authority is power that is based on status and includes

legitimate and coercive power. (Williams 2008.) Different types of power are often used together (Levi 2007).

According to Williams (2008), leaders usually use personal and positional power. However, balancing personal and positional power is a challenge for multicultural team leaders (Williams 2008). This is because team members may prefer either one of them in terms of their cultural backgrounds. Nevertheless, regardless of the power leaders use when they are leading their teams, Williams (2008) argues that decision-making is at its best when team members with information and expertise subject to the issue in question lead the discussion rather than leaders using different types of power.

2.2.3.6 Decision-making

Decision-making is a central activity for teams. At the same time, it is one of the greatest challenges as it requires a leader's ability to gather various skills and perspectives in decision-making. (Levi 2007.) The challenge of decision-making is emphasized in multicultural teams where there is a great variation of perspectives. Furthermore, ways to make decisions differ significantly in different cultures especially on how quickly decisions are made, how much discussion and analysis is required in advance, and how accurately is a decision desired to be made (Brett et al. 2006; Müller, Spang & Ozcan 2009; Binsiddiq & Alzahmi 2013). Moreover, decision-making can be extremely slow and inefficient if there is no cultural common ground between team members. (Miller et al. 2000.)

According to Behfar et al. (2006), deciding on how to structure and proceed with work and establishing norms for decision-making and problem-solving are essential for multicultural teams. However, this might be challenging as culture bound beliefs and values influence the process (Müller et al. 2009). Some team members may indeed prefer analytical problem solving approaches, while others may prefer efficiency focused approaches. Moreover, some team members want to focus on the numbers and "hard" facts involved in the decision making. Instead, others might want to include "soft" variables, for example, interpersonal relations in decision-making. Furthermore, in some cultures more holistic and methodological approaches to decision-making are preferred, while in other cultures more linear "checklist" and efficiency approaches are preferred. In addition, some team members prefer open exchange of opinion, while others prefer more hidden ways to make decisions. (Behfar et al. 2006). Moreover, formalism of decision-making process varies in different cultures, for instance

whether a pragmatic and transparent decision-making based on open communication is preferred over a more formal decision-making approach based on status and clear roles (Müller et al. 2009). Altogether, multicultural team leaders may find decision-making difficult in their teams.

Once the decision is made, it may also be challenging for the leader to motivate team members to implement the decision. Based on their cultural backgrounds, some team members accept decisions made based on hierarchy more easily and are committed to their implementation, while others accept decisions only when they are made within teams. Moreover, some cultures accept changes to decisions more easily, while others are reluctant to changes. (Müller et al. 2009.) Nevertheless, although decision-making is a challenge for multicultural teams, it has not been found to create significant interpersonal tensions. This argument is based on the finding that challenges based on different cultural orientations on decision-making are easier to identify as deriving from differences in cultural preferences for structuring work than from personality. (Behfar et al. 2006.)

2.3 Summary of the Theoretical Framework

Having presented previous research on multinational corporations and multicultural team leadership, I will now summarize the focus of my theoretical framework. First, I presented previous research on multinational corporations. I explained the concept of a multinational corporation and discussed multinational corporation strategies, structures, and multiculturalism as they essentially illustrate the challenges multinational corporations face in their business. Relating to multiculturalism, I defined the concept of culture and briefly presented the widely-known cultural frameworks. After explaining multiculturalism in multinational corporations, I concentrated on leadership of multicultural teams. In order to discuss leadership of multicultural teams in depth I explained the definition of leadership and the role of middle managers as leaders of multicultural teams. Finally, I moved on to discuss multicultural team leadership challenges that leaders are confronted with in everyday working life in multinational corporations.

To sum up, due to the nature of their international business, multinational corporations face challenges in their strategy, structure, and multiculturalism. Adopting a suitable strategy and structure is essential in order to be able to function successfully. Strategy can be either global emphasizing cost effectiveness and economies of scale or multidomestic emphasizing local

responsiveness of markets in different countries. It can also be something in between, namely hybrid strategy. Organizational structure, in turn, can be either centralized or de-centralized. Both strategy and structure have a significant impact on the whole corporation: how the corporation is led, how knowledge flows throughout the organization, and how people relate to one another. Thus, they are visible in everyday working life regardless of the position of an employee. When choosing a strategy and structure, differences between countries in which a multinational corporation operates have to be considered. Choices are impacted by culture as culture determines how people behave, and thus, how they react to these choices. However, due to globalization people are increasingly moving abroad to work, which is why it is important not to consider cultures only to be bound to countries. Instead, they should be considered more broadly to be also influenced by many other factors than countries.

The main question for multinational corporations is how people with different cultural orientations should be led. This question cannot be answered without exploring the experiences and challenges that leaders of multicultural teams face when leading their teams. Thus, the empirical part of this Thesis will discuss these experiences of the interviewees of the multinational case corporation. From previous research it is possible to find six areas that are essential, important, and challenging for leaders of multicultural teams in everyday working life in a multinational corporation context.

I have consolidated the insights gained from previous literature by combining the most important points discussed in the theoretical framework into Figure 4 in order to illustrate multicultural team leadership in the context of a multinational corporation. My review of previous research on multicultural team leadership in multinational corporations draws particular attention to the significant role of the aforementioned six areas which are considerable challenges for successful leadership. These can be seen in Figure 4 below:

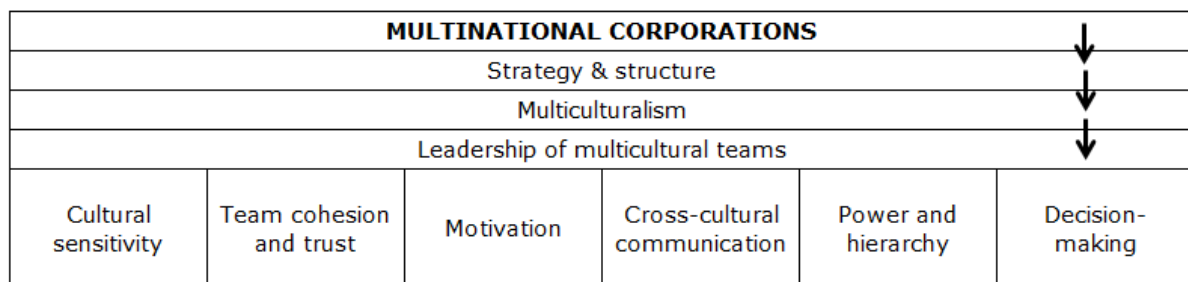


Figure 4 – Theoretical Framework of the Thesis

As illustrated in Figure 4, research on multinational corporations is the main frame for this Thesis. International strategies, complex organizational structures, and multiculturalism are characteristic of the business of multinational corporations. They all have a role in determining how leadership is experienced in multinational corporations. These experiences can also be characterized by the six areas in Figure 4 that are challenging for multicultural team leaders based on previous literature. To conclude, leadership of multicultural teams in multinational corporations in everyday working life seems to be about focusing on these six areas and overcoming challenges that are typical to them. The question “*How do middle managers experience leadership of their multicultural teams in everyday working life in the context of a multinational corporation?*” can be answered through these six areas. Therefore, in the empirical part of this study I will go through these areas in order to find out which ones of them the interviewees feel are the most important when leading their multicultural teams and what challenges from which areas they have faced in everyday leadership of their own multicultural teams.

3. METHODOLOGY

Having presented the theoretical framework that underlies the empirical part, I am now to outline the methodology used to gather the data. First, I will introduce the qualitative and case study approaches, the case company, and type of interviews chosen and the justification for their use in this research. Then, I will present the selection of the interviewees and the content analysis. Finally, the questions of validity and reliability of the study will be discussed.

3.1 Qualitative Approach

As the aim of this Thesis is to describe and understand leadership experiences in a multicultural setting, a case for qualitative research approach is well-founded. The quantitative research approach was not considered suitable because the purpose was not to find numerical evidence (Ronkainen, Pehkonen, Lindblom-Ylänne & Paavilainen 2011). Qualitative research, instead, focuses on describing, explaining, exploring, interpreting and gaining a complete picture of the social phenomenon under examination over which the researcher has little control (Koskinen et al. 2005). It observes the world as socially constructed. Therefore, a reality is based on each individual's subjective interpretations meaning that there are as many realities as there are individuals. (Hirsjärvi & Hurme 2010.) Thus, the main idea of almost all qualitative research is to find meanings and meaningful perceptions of real life events (Eriksson & Kovalainen 2008; Ronkainen et al. 2011). Subjectivity is an often cited feature of qualitative research as it views people as the ones experiencing, observing, and acting in their everyday life. They give meanings to their own experiences, observations, and actions with respect to time, place, and circumstances. (Ronkainen et al. 2011.) Consequently, the phenomenon under examination and the researcher are considered to be in a close interaction during the research process instead of the phenomenon being separate from the researcher (Hirsjärvi, Remes & Sajavaara 2010). Qualitative approach has been viewed to have many advantages including, for example, its flexibility as a research strategy; its broad applicability and ability to produce data of great depth. Criticism, on the other hand, has been presented for its time consuming nature and the overload of empirical data. (Hirsjärvi & Hurme 2010.)

For the purposes of this study, I believe that qualitative approach is the most suitable choice for the research strategy. First of all, my research question aims at examining experiences of middle managers in multicultural team leadership, and thus, the purpose is to describe and

understand the subject profoundly from the perspective of middle managers. Qualitative research strategy gives me an opportunity to focus on the experiences of middle managers and to interpret these experiences in the organizational context of the case company. Furthermore, as the purpose is to stay close to individuals and construct the reality based on their experiences in a complex context of a multinational corporation, qualitative approach is the most reasonable research strategy for this Thesis. (Hirsjärvi & Hurme 2010.)

In order to stay close to individuals and their experiences, I chose semi-structured interviews as a research method. In them the interviewees are given the opportunity to talk freely about their experiences (Hirsjärvi & Hurme 2010). Through the qualitative approach my study thus intends to understand and interpret how multicultural team leaders experience leadership of their teams in everyday working life. By gathering and interpreting interviewees' experiences I am able to analyze how they, as middle managers, understand multicultural team leadership in the context of a multinational corporation and what kind of challenges they have faced when leading their teams. Thus, the purpose of this Thesis is, through qualitative approach, to identify how leadership of multicultural teams is perceived by leaders in the case company, describe these perceptions and experiences, and discuss why leadership of multicultural teams is experienced in the case company like the middle managers describe.

3.2 Case Study

A case study is one form of qualitative research. Case studies are considered useful when the research area is relatively unknown because a case study approach is often used for a new theory building by describing, explaining, developing, pondering, or questioning a particular case (Koskinen et al. 2005; Ronkainen et al. 2011). They can also be used for testing and extending previous theory (Eriksson & Kovalainen 2008). This Thesis aims at extending previous theory by describing middle managers' experiences in a specific case context. In case studies the research question is indeed answered by gaining comprehensive understanding of the particular case. A case can be, for example, a phenomenon, a region, a temporal process, a group, or an organization that is explored as closely as possible. (Koskinen et al. 2005; Ronkainen et al. 2011.) In my study, I use a single case study approach as the purpose is to gain fundamental understanding of the particular case; the regional headquarters of the multinational corporation in this instance. One obvious limitation of case studies is argued to be the generalizability as the results cannot be applied to other contexts

(Koskinen et al. 2005; Yin 2009). However, generalizability is not inevitably the purpose of case studies at all. Instead, the main aim is to understand the particular case in depth, and to build new theories or extend and generalize previous theories (Golafshani 2003; Eriksson & Kovalainen 2008; Yin 2009).

3.2.1 Case “Matrix Inc.”

By the request of the case company of this study, I will respect its anonymity, and thus, not provide information that could reveal it. Therefore, as mentioned, the company is called “Matrix Inc.” in this Thesis. The case company is part of a large, publicly traded multinational corporation that is manufacturing and selling its products in approximately 160 countries of the world. It operates in a highly competitive marketplace, which has increased organizational pressure on succeeding in competition by achieving efficiency. In fact, the industry is often characterized by its competitiveness, cost-reduction targets, and large-scale investments. In addition to Finland, the corporation has operations in other Europe, Asia, Africa, Middle East, America, and Oceania, and they have been globally divided into six regions. The global regions of operations are further divided into subregions of which the Nordic and Baltic countries comprise one subregion in Europe. Matrix Inc. is the headquarters of this subregion located in Finland and thus the focus of this Thesis. In addition to Finland, there are six other countries belonging to the Nordic and Baltic regional business unit, namely Sweden, Norway, Denmark, Estonia, Latvia, and Lithuania. Matrix Inc. thus represents altogether seven countries and seven languages.

For the reasons stated above, the organizational structure of the corporation is extremely complex and could be described as a two-fold matrix structure. More specifically, the structure is a mix of matrix and geographical structures. This means that the activities are first divided into regions, and regional headquarters manages all activities within a certain region. However, inside the six regions of the ultimate parent company, the business is divided into smaller regions and functions. Thus, functions of headquarters and regions co-manage foreign subunits and each employee has two superiors; one regional and one functional.

The Nordic and Baltic regional business unit is concentrated on marketing, sales and import. In the Finnish context, Matrix Inc. is a rather small organization. The company employs approximately 180 employees in the Nordics and Baltic, of which 120 employees are situated in Finland. Matrix Inc. is led by the managing director and a group of top managers of each

function. Furthermore, each operating country is led by its own country manager. The interviewees represent each function meaning that they are working both in sales and marketing functions but also in supporting functions. Most of their team members are situated in Finland but some of them also have subordinates in other operating countries of the Nordic and Baltic regional business unit.

Matrix Inc. is fairly multicultural with regard to the demographic factors, such as nationality, age, and gender. First, the company employs people from 16 different nationalities. Mostly employees come from the Nordic and Baltic countries, two thirds of them being Finnish, but also from other European and Asian countries. Some employees come as far as from India and the Philippines. This means that employees of Matrix Inc. are dealing with different nationalities, and thus also more likely with different cultures, every day. Secondly, the age distribution is quite broad in Matrix Inc. At the level of the entire Nordic and Baltic regional business unit, the employees range from 26 years to 70 years of age. The majority of them are in their 30s or 40s and the average age is 40.6 years. Gender distribution, in turn, is rather balanced. Regardless of the traditional male-domination in the industry in question almost half of the employees in Matrix Inc. are female. In terms of the educational background, most employees are highly educated, with either a Master's or Bachelor's degree in business or engineering.

3.3 Semi-Structured Interviews

According to Koskinen et al. (2005), there are three different methods for gathering the data for qualitative research purposes. These are: 1) structured, 2) semi-structured and 3) in-depth interviews. A structured interview refers to a survey interview in which the interviewer predetermines interview questions and their order, and usually provides an interviewee with answer options. A semi-structured interview, in turn, is less directing and gives interviewees opportunities to respond more broadly using their own words. The interviewer determines the interview themes and questions beforehand but their order can be changed during an interview. Moreover, both the interviewer and the interviewee have the possibility to suggest specifying or additional questions during the interview. Finally, an in-depth interview aims at minimizing the impact of the researcher in an interview situation. In this research method, the interviewer does not use interview questions but may instead determine a discussion topic in advance. Thus, in in-depth interviews interviewees have the power to lead discussion by using

their own words or even to define interview questions in an interview situation, which reflect on their own thinking patterns. (Koskinen et al. 2005.) As the choice of a structured interview might have tied the answers of the interviewees to my own perceptions of the phenomenon in question, and on the other hand, the in-depth interview with open-ended questions might have resulted in losing the research focus (Koskinen et al. 2005; Hirsjärvi & Hurme 2010), I decided to gather the data by using semi-structured interviews. Furthermore, a semi-structured interview gives interviewees the freedom to describe and share their experiences, stories, and opinions of the phenomenon under examination profoundly (Hirsjärvi & Hurme 2010), which is why I considered it as the most suitable research method for this Thesis.

According to Tuomi and Sarajärvi (2009), interview themes used in semi-structured interviews are to be based on the theoretical framework of the study, thus, on the known aspects of the phenomenon under examination. Therefore, before conducting the interviews, I specified the main themes as follows: 1) background information, 2) multinational corporations and the case company, 3) leadership and middle management, 4) cultures and multiculturalism, 5) multicultural team leadership and experiences of middle managers, and 6) supporting the leadership of multicultural teams. This grouping was made on the basis of the main themes present in previous literature and the theoretical framework I had compiled beforehand. Furthermore, I determined interview questions for each theme in advance and selected the most important ones to be asked in every interview. Therefore, the questions were related to the above mentioned themes and focused on how interviewees experience leadership of their multicultural teams in the context of the case company. The interview guide can be found attached.

As mentioned, due to the partly structured nature of semi-structured interviews, the question order may vary during an interview. An interviewer can also ask specifying or additional questions if needed. (Tuomi & Sarajärvi 2009.) I took the advantage of this possibility in the interviews I conducted, and thus, if one theme raised more discussion than another, I concentrated on asking more about that theme. However, at the same time I made sure that all the interviewees were asked the same questions; at least the ones that I had determined as the most important prior to interviews. Thus, the semi-structured interview allowed the interviewees to freely describe and share their experiences and stories but at the same time it gave me an opportunity to guide the interview on the basis of the predetermined themes thus avoiding the risk of losing the research focus. My fundamental purpose was to raise as many and versatile perspectives and experiences of the interviewees as possible, and this seemed to

succeed as the last interviews did not reveal any significantly different perceptions or experiences compared to other interviews.

The interviews were conducted during the summer 2014 in the conference rooms of the case company. I was the only interviewer and had reserved time for each interview 1–1.5 hours based on the schedules of the interviewees. Eventually, they lasted approximately 0.75–1.5 hours. The interviewees represented middle managers of the case company. In total, ten interviews were conducted with ten persons. In Matrix Inc., there are approximately 30 middle managers in managerial roles; thus, the interviewees represented a good portion of the total.

3.4 Selection of the Interviewees

The interviewees were selected in cooperation with the HR manager of Matrix Inc. In order to find interviewees with a broad experience in multicultural team leadership, the intention was to select middle managers having teams with a high level of cultural diversity. The underlying idea was that the more experience the interviewees have in the subject, the richer and more versatile the empirical data will be. In fact, according to Tuomi and Sarajärvi (2009), it is important in qualitative research that the persons from whom the empirical data is gathered have experience in the phenomenon under examination. Thus, 10 middle managers out of 30 were chosen from different parts of the organization. Even though the term culture cannot be explained only by a person's nationality, language, gender, and age, the selection of the interviewees was made assuming that it is more likely that different cultures exist in a team if the demographic factors of team members differ from each other as much as possible. Thus, the selected interviewees had the most team members with different nationalities, languages, genders, and ages. After the selection was made, I contacted those 10 middle managers face-to-face and no one declined to participate in the research. Subsequently, I sent every interviewee a calendar invitation by e-mail to fix the interview date and time.

Background data on the interviews can be seen in Table 3 below:

Table 3 – Background Data on the Interviews

Interview date	Nationality	Used language	Gender	Age	Education
June 11, 2014	Finnish	Finnish	Female	31	BBA
June 11, 2014	Finnish	Finnish	Female	34	BBA
June 11, 2014	Finnish	Finnish	Male	37	M.Sc. (Econ)
June 13, 2014	Finnish	Finnish	Male	48	MBA
June 13, 2014	British	English	Male	44	B.Sc. (Econ)
June 13, 2014	Finnish	Finnish	Male	38	BBA
June 13, 2014	Danish	English	Male	38	BBA
June 16, 2014	Finnish	Finnish	Male	30	M.Sc. (Econ)
June 18, 2014	French	English	Male	37	M.Sc. (Econ)
July 3, 2014	Finnish	Finnish	Female	41	BBA

It can be noted that 70 per cent of the interviewees were Finnish and the remaining 30 per cent were British, Danish, and French. Furthermore, 70 per cent of the interviewees were male and 30 per cent female. The youngest one was 30 years old and the oldest one 48 years old, thus, the average age being approximately 38 years. All the interviewees had either a Master's or a Bachelor's degree, most of them (60 per cent) having a Bachelor's degree.

The interviews went well despite minor changes in schedules and some misunderstandings of the interview questions. Fortunately, these misunderstandings were possible to correct during the interview situations. All the interviewees shared their experiences in rich ways even if the interview guide was not presented to them in advance. This may be due to the fact that almost every one of them had participated in a multicultural effectiveness training targeted to managers in the preceding autumn, and hence, they were familiar with the subject. Moreover, I had explained in brief the topic of this Thesis to them when inviting them to interviews. At the beginning of each interview, I briefly described the topic to them once more. Furthermore, all the interviewees were assured of anonymity in presenting their views, which was considered important given the sensitivity of the subject and the need to encourage honest sharing of experiences. This may also have had an influence on the rich sharing of the interviewees' experiences.

3.5 Content Analysis

The semi-structured interviews provided me with an extensive data on the interviewees' experiences in multicultural team leadership in the context of a multinational corporation. All

the interview themes I had predetermined prior to interviews raised a lot of discussion. Every interviewee was asked the same questions with the exception of some specifying and additional questions arising during certain interview situations. Furthermore, the order of the questions varied depending on which themes the interviewees raised in their answers during the interviews. I allowed the interviewees to share their experiences quite freely, and hence, many of them got excited and described a variety of experiences and stories extensively. The empirical data gathered was thus rich and multifaceted.

I recorded the interviews, and transcribing them word by word into a written form was possible after the interviews. I organized each interview into their own text files so that the analysis of the empirical data would be more straightforward. After documenting the interviews, I gathered all the relevant parts for this Thesis. In other words, I reduced the data, which is an initial step in the analysis (Tuomi & Sarajärvi 2009). The underlying purpose in conducting the analysis was to find as many different kind of experiences as possible and probably even experiences unknown in previous literature. Thus, I decided to analyze the content abductively (Tuomi & Sarajärvi 2009). I went through each transcription and looked for the interviewees' experiences and opinions that could be grouped together as themes. In practice, I used thematizing as a support and grouped the transcribed empirical data into themes that I had outlined when constituting the interview guide. Thus, the main themes used in the content analysis were: 1) the definition of a multinational corporation, 2) the case company as part of a multinational corporation, 3) the definition of culture, 4) the definition of leadership, 5) the definition of middle management, 6) the role of middle managers, 7) multiculturalism and its leadership in everyday working life, and 8) improvement suggestions to the case company. In fact, according to Tuomi and Sarajärvi (2009), one of the most important steps in the analysis of empirical data is to organize the data in a way that reflects the research question and the theoretical framework.

As I had decided to analyze the content abductively, I also allowed the empirical data to guide the analysis. At this stage, it was possible to raise new themes from among the empirical data inductively. Regarding, for example, the interviewees' experiences in multicultural team leadership in everyday working life, my intent was to raise as many different kinds of experiences as possible inductively and then either divide them into the six areas of multicultural team leadership presented in the theoretical framework or to raise entirely new areas. In fact, the area of remote or virtual team leadership emerged in the interviews as some interviewees had also subordinates in other operating countries of the Nordic and Baltic

regional business unit. However, I considered it being an entirely own research subject so I could not include it in my empirical findings. Otherwise, all the other experiences could be divided into the six areas based on the theoretical framework. Thus, other new areas did not emerge regarding them. Nevertheless, concerning the theme *improvement suggestions to the case company*, I was able to raise three sub-themes from amongst the empirical data. They will be presented in the empirical part. Therefore, even though the main themes were predetermined on the basis of the theoretical framework, I also allowed the empirical data to guide the analysis. According to Ruusuvaori, Nikander and Hyvärinen (2011), this type of “interaction” with the empirical data is one of the most essential parts of the content analysis. Hence, each interview was treated as an equally important part in the analysis, and I took care of not leaving anything relevant without observation. In fact, after I had already analyzed the data, I once more went through all the transcriptions and checked that everything relevant was included in the analysis.

Thematizing the empirical data supported me in finding out which areas of the interviewees’ experiences in multicultural team leadership were the most prevailing ones with regard to the theoretical framework. In fact, my intent was to allow the most relevant topics for deeper analysis from amongst an extensive amount of empirical data. Therefore, regarding the theme *multiculturalism and its leadership in everyday working life*, I discovered that four out of the six areas of challenges in multicultural team leadership presented in the theoretical framework were the most prevailing ones in the interviews. These were: 1) cultural sensitivity, 2) cross-cultural communication, 3) team cohesion and trust, and 4) motivation. Thus, I decided to focus on discussing these areas in the empirical part of the study. In the concluding chapter I do briefly analyze why the interviewees had most experiences in these four areas and not the other two.

All in all, I implemented the content analysis abductively with the main orientation on the theoretical framework. According to Tuomi and Sarajärvi (2009), this abductive approach to analyzing empirical findings is common in studies which aim at extending previous theory by, for example, finding as many different kinds of experiences as possible and probably even experiences unknown in previous literature. The deductive content analysis was not deemed appropriate for the subject of this Thesis as it is usually used in natural science when testing previous theories (Tuomi & Sarajärvi 2009). After all, my main intention was to characterize the empirical data in a rich way, and thus, quote plenty of interviewees’ viewpoints. By doing

this, it was also possible to give an opportunity for the reader to assess the quality of my interpretations and analysis.

3.6 Validity and Reliability

Assessment of the quality of a research can be performed, for example, by evaluating validity and reliability of a research (Ruusuvaori et al. 2011). The use of reliability and validity has traditionally been characteristic of quantitative research. Thus, although some qualitative researchers argue that they cannot be applied to qualitative research, most require some ways for assessing the quality of their research. (Golafshani 2003.) Therefore, the concepts of validity and reliability have often been applied to qualitative research too, even though researchers have varying opinions of their applicability (Tuomi & Sarajärvi 2009). Typically, in quantitative research, validity and reliability refer to credibility of a research itself, while in qualitative research credibility depends on the capability and endeavor of the researcher (Golafshani 2003). Thus, in qualitative research, quality and credibility can be improved, for example, by openly communicating the research methodology, such as how the content analysis was conducted (Tuomi & Sarajärvi 2009). For this particular purpose, I have presented the methodological underpinnings of this Thesis in this chapter, thus, aiming at increasing the comprehensibility and clarity of my empirical findings and research results.

According to Koskinen et al. (2005), validity in qualitative research deals with the accuracy of the research in reflecting what the researcher has intended to research. In other words, validity of a study refers to the extent to which the data gathered represents the social phenomenon it examines. According to Yin (2009), validity can be divided into three dimensions which are: 1) construct validity, 2) internal validity and 3) external validity. First, the construct validity means the degree to which a study researches what it claims. Thus, it refers to the justification of the selected research methods. It can be improved, for example, by using multiple sources of evidence, basing interview questions on a theory, conducting pilot interviews, selecting interviewees who have experience in the phenomenon under examination, and having others to review the initial research results. (Tuomi & Sarajärvi 2009; Yin 2009.) I aimed at improving the construct validity of this Thesis, for example, by using multiple sources of evidence, such as scientific articles, books, electronic sources, annual reports and other material of the case company, as well as empirical data. I have presented this original evidence for a reader in both the theoretical and empirical parts of this Thesis. In the

theoretical part it can be seen in the used references. The list of references can be found in the end of this study. In the empirical part, in turn, it can be seen in citations of the interviewees' authentic speech. However, one must bear in mind that the quantity of gathered literature and data is not the criterion for the quality of the case study research. Instead, the research data gathered around the case is sufficient when all the necessary aspects, potential stakeholders, and factors affecting the case are researched. (Ronkainen et al. 2011.) Thus, I finished gathering new theoretical literature when I noted that the same themes started to repeat in articles and books. In other words, I had achieved saturation (Tuomi & Sarajärvi 2009).

Furthermore, prior to conducting the actual interviews, I formed the interview guide based on the research question and the theoretical framework. In practice, I included the themes that were remarkable in previous literature in the interview guide. These themes were, for example, the context of a multinational corporation, leadership, the role of middle management, cultures and multiculturalism, multicultural team leadership and experiences of middle managers, and supporting the leadership of multicultural teams. Indeed, predetermination of the interview themes based on previous literature improves the validity as the themes and the questions are planned with regard to what has been intended to research (Hirsjärvi & Hurme 2010). In addition, I proceeded with two pilot interviews in order to test whether the interview themes and questions were actually examining the phenomenon in question. I had these pilot interviews with the HR manager of Matrix Inc. and the consultant holding training courses on multicultural effectiveness for both the managers and employees of the case company. After the pilot interviews, I modified the interview guide based on the answers and improvement suggestions of the pilot interviewees. Furthermore, with the aid of the pilot interviews I was able to reflect on what the actual interviewees would possibly tell about their organization, work, and multicultural team leadership related aspects, and how they would understand the questions. Thus, I was able to prepare for possible misunderstandings deriving from the interview questions.

The selection of the interviewees is also a factor to be considered when measuring construct validity (Koskinen et al. 2005). It is important to find interviewees that fit the target group of the research (Tuomi & Sarajärvi 2009). I selected the interviewees in cooperation with the HR manager of Matrix Inc. as an intention to find middle managers from different parts of the company with as broad an experience in multicultural team leadership as possible. By doing this, it was possible to find interviewees in whose stories I was able to gain a complete and versatile picture of the multicultural team leadership phenomenon in the case company. As

this was the purpose of the research, the preselection of the interviewees improves the validity of this research. Furthermore, in order to avoid misunderstandings which may have a deteriorating effect on validity, I conducted all the interviews face-to-face instead of video conference, phone, or e-mail, as they are more prone to cause misunderstandings related to nonverbal behavior.

Secondly, the internal validity refers to whether the findings or results of the research relate to and are caused by the phenomenon under examination and not by some other conditions. Internal validity thus seeks causal relationships, and is applied in causal studies, not in descriptive or exploratory studies. (Yin 2009.) For this study, the dimension of internal validity is not relevant because I focus on understanding and describing the experiences of middle managers.

Finally, external validity relates to the generalizability of the research findings, for instance the degree to which the research results are applicable to other settings. As mentioned, it is particularly the generalizability of which qualitative research has been criticized. (Yin 2009.) However, the external validity of this study is augmented by an analysis of the organizational context of the case company. Thus, in order to gain a thorough understanding of the case company, I had several discussions with the representatives of Matrix Inc. and acquired as much relevant internal and external material of the company as possible. In this way, it was possible to analyze the organizational context of a company as deeply as possible, however, within the limits of anonymity. This makes it possible to compare this study to other cases, however, at the same time bearing in mind that the results cannot be assumed to be readily applicable to other cases, no matter how similar they are. A rich description on the case nonetheless gives the reader an opportunity to transfer the description to other contexts (Koskinen et al. 2005).

Reliability, in turn, describes the extent to which the study would produce the same results if it was conducted again. In other words, it means the systematicity of analysis and the credibility of interpretations. (Hirsjärvi & Hurme 2010; Ruusuvuori et al. 2011.) According to Koskinen et al. (2005), the primary goal of assessing the reliability is to minimize subjectivity and bias. Thus, all the choices, limitations, and principles guiding the analysis should be explained (Ruusuvuori et al. 2011).

The issue of reliability in this Thesis was taken into consideration by explaining the content analysis and using semi-structured interviews with predetermined interview themes and

questions based on previous research. Thus, the risk of asking each interviewee different questions regarding different themes was minimized. Using preselected themes that base on previous theory in every interview indeed improves the reliability of the research as another researcher would, most likely, ask the same questions, and thus, achieve the same research results. However, also the researcher's impact on the interview situation, and the way of asking questions and interpreting answers must be taken into consideration in assessing the reliability of a research, no matter how carefully the interview themes and questions are prepared. Another researcher might find different answers even by asking the same questions. Therefore, when analyzing my impact as the interviewer on the interview situations, I tried to ease up the atmosphere by asking the interviewees neutral background questions at the beginning of each interview. Moreover, I had made acquaintance with all the interviewees in person beforehand. Thus, the trust between the interviewer and the interviewees was built prior to interviews. Due to this, the interviewees can be assumed to have felt liberated to share their experiences, even sensitive ones. The fact that I had assured the interviewees of the anonymity in presenting their views may also have had an impact on this. I committed to anonymity when writing the empirical part, for example, by leaving tags away from the citations. I also changed the parts from which the interviewees could have been identified with the following entry; [*changed or added text*], and referring to all the interviewees and their team members by *he* and not *she*.

Furthermore, reliability can be improved by recording and transcribing the interviews. This is also true for this Thesis. Recording and transcribing the interviews reduces the subjectivity as the gathered data is available for re-checking and analyzing when needed. Thus, it was possible to make sure that no relevant issues were left without attention in the content analysis phase.

Language aspects also need to be considered when assessing the validity and reliability of this Thesis. Three out of ten interviews were conducted in English. Only one of these three interviewees was a native English speaker. Thus, it is possible that the non-native interviewees did not fully understand all the interview questions. If the interviewee does not understand the questions, the answers might not reflect what the Thesis intend to research. Hence, the language may have a deteriorating influence on validity. However, as I used semi-structured interviews as a research method, I had the possibility to repeat a question if it seemed that the interviewee started to talk about something else than what I had asked. Thus, I was able to correct misunderstandings instantly in the interview situations and clarify the

wording of a question if needed. At the beginning of the interviews, I also encouraged the interviewees to tell if they do not understand something. However, only minor misunderstandings occurred during the interviews and I managed to correct the situations so that the interviewees understood my questions in the right way.

It should also be pointed out that the mother tongue of the interviewer was not English. Therefore, if the interviewer interprets misleadingly what the interviewee has said, the reliability of the study deteriorates. If I did not understand something during the interview situations, I asked the interviewee to clarify what s/he meant. This kind of discussion with an interviewee reduces the risk of the interviewer interpreting the statements of the interviewee misleadingly. Furthermore, recording and transcribing the interview data allowed me to listen to and check the gathered data later on, which also reduced the risk of misunderstandings and improved reliability.

In addition, the remaining seven interviews were held in Finnish but they were translated into English after transcription and analysis. This may impair reliability of this study as some of the meanings of the original language might have been lost along the way. However, I paid particular attention to the translation of the citations from Finnish to English in order to preserve the original meanings of the messages. Thus, all the citations are not translated word for word as it would have prevented the translation of their original meanings.

All in all, the ultimate idea of qualitative research is that the researcher is the creator and the interpreter of the research design even though there is a strong attempt is to understand and listen to the individuals (Tuomi & Sarajärvi 2009). Therefore, conducting a research always involves the use of power. This also holds true in this study as I as the researcher am the one who has determined the research design and the interview themes and questions, and thematized and analyzed the empirical data. This must also be taken into consideration when assessing the validity and reliability of this research.

4. EMPIRICAL FINDINGS

In this chapter I will present the empirical findings from the interviews conducted. First, under the heading ‘Experiencing Leadership of Multicultural Teams in MNCs’ I will introduce the main conclusions from how the interviewees experience multiculturalism and its leadership in their role as middle managers in the context of a multinational corporation in Matrix Inc. Second, I will discuss the main areas of multicultural team leadership challenges. These four areas will be reflected in relation to the theoretical framework presented in chapter two. Finally, I will outline some organizational challenges affecting multicultural team leadership in Matrix Inc. In other words, I will provide ideas for the case company on how to support their middle managers in leading their teams.

4.1 Experiencing Leadership of Multicultural Teams in MNCs

In this chapter, I will briefly describe how the interviewees understood the concepts of a multinational corporation, culture and multiculturalism, and leadership and their role as middle managers in Matrix Inc. All the interviewees were asked to define these terms based on their own views. Hence, it is possible to gain a more profound understanding on multicultural team leadership in the context of the case company.

4.1.1 The Context of a Multinational Corporation

In order to understand how the context of a multinational corporation influences multicultural team leadership and the role of middle managers, I first asked the interviewees to define the term multinational corporation. They understood it as a company that has operations in multiple countries in different parts of the world. In fact, based on Ajami’s et al. (2006) definition criteria, all the interviewees defined the term with regard to the organizational structure. Most of them also mentioned multiculturalism as one of the main characteristics of multinational corporations.

Multinational corporation is a company that is operating in many countries, in many continents... It often has some kind of a matrix structure. It has a global headquarters but also other headquarters, which are controlling continents or countries. All in all, in practice, it is a corporation that operates in many continents.

I understand it very literally as corporations employing people of several nationalities. There are a lot of nuances in thinking patterns, regardless of what the corporate culture is like and how long one has been working for the corporation. There are different kinds of viewpoints and rich global views, and at the same time even conflicts resulting from them.

Bartlett and Ghoshal (2002) include a strategic approach and an organizational capability through which multinational corporations can be responsive to differences in different locations, to their definition. This was evident also in the ways the interviewees described multinational corporations and the approaches according to which they should be led.

If you have activities in whichever country, you have to be present in that country, locally. However, being part of the global corporation, you have to have a body somewhere controlling all these local activities. There should be a balance between the headquarters trusting that different host locations have the best local expertise and the supranational goal or model of the corporation to operate.

In my opinion, top-down approach is difficult in leading an MNC. Bottom-up approach and taking opinions of host locations into account in leadership is a better way. – – Of course, broader strategic guidelines should be decided in one location, as it is impossible to adopt one-hundred-and-ninety similar or different strategies. However, host locations should have power to make decisions on their tactical things.

It's impossible to sit on the top and look down and have control over everything.

Thus, the interviewees stated that multinational corporations cannot be led from the top. Local differences have to be taken into account, which is possible through adopting a strategy that is not too centralized and having a structure that gives host locations power to make decisions on their regions. Thus, based on Bartlett and Ghoshal's (2002) three dimensions of the core strategies of multinational corporations, most of the interviewees would recommend multinational corporations adopting hybrid strategy as it takes local differences of host locations into account, while still striving for achieving economies of scale (Luo & Shenkar 2006).

However, most of the interviewees perceived that the ultimate parent company of Matrix Inc. adopts global strategy. Some of them mentioned that it is trying to move to the direction of hybrid strategy. Few thought that the strategy of the ultimate parent company is hybrid.

I would say that the strategy of our company is global. When thinking about our business as a whole, we have these broad strategic plans which all countries share and manufacturing of our products is indeed in line with this strategy.

I think that in an ideal world [the case company] would be hybrid, or that was probably the original purpose as can be seen in the regional business unit structure. However, I think that we are unfortunately adopting global strategy in which everything has been decided on the top.

We have this global, one size fits all, strategy. -- Cost pressure is at its extreme and host locations don't really have the power to make their own decisions.

Of course, the whole corporation has global strategy, it stems from [the worldwide strategy of the corporation]. It has been tried to deploy it in every country. However, it's partly hybrid. -- They try to standardize everything but of course all the markets and cultures are different so sometimes it has to be partly hybrid and exceptions have to be accepted.

In my opinion hybrid is closest to our strategy in the sense that we are aiming at global strategy in a certain way but still allow the regions to give their own input.

Thus, most of the interviewees perceive the strategy as global but, as one of them mentioned, the ultimate parent company has probably originally aimed at adopting hybrid strategy because of the organizational structure being mix of geographical and matrix structures. However, the strategy appears to most of the interviewees as global due to the centralized decision-making, hierarchy, and cost pressure (Luo & Shenkar 2006). Therefore, the strategy of the ultimate parent company of Matrix Inc. could be viewed as global strategy striving for hybrid. After all, the interviewees seemed to hope having more hybrid strategy as the tone of their speech was quite negative when describing the current strategy of the corporation.

The challenge is that they try to force a square inside a triangle so that's quite difficult. If they are not willing to understand that the square doesn't fit into the triangle, it makes everything challenging. If they want to keep this kind of global approach, they need to understand that it still needs to be modified in order to get it to work. Sometimes, at my level, I notice that things are not really thought through.

Thus, the interviewees seemed to be facing challenges regarding their own specialization areas stemming from the global strategy of the corporation.

According to Bartlett and Ghoshal (2002), the search for a suitable strategy is also a question of the right organizational structure, as the structure defines relationships in a corporation. As mentioned above, all the interviewees defined the term multinational corporation in terms of its structure. The relationship between the strategy and the structure was described in the interviews, for example, as follows:

Within [the case company] there's an incredibly strong cost drive, because we work in an industry which has low margins and huge investments. You can't

lose control of your cost side or your investment side; the numbers are just too big. Because of that [the case company] has had to invest significantly in the organization structure, which tries to find efficiencies across markets, and that has been managed centrally. It has to be because we need to generate efficiencies across the whole business so there is quite a lot of central involvement.

As mentioned in chapter three, the organizational structure of the ultimate parent company of Matrix Inc. is a two-fold matrix structure as it is a mix of matrix and geographical structures. Even though the matrix structures are more decentralized than, for example, departmental structures (Luo & Shenkar 2006), it seems that in the case corporation there is quite a large amount of central involvement as the citation above shows. Several interviewees described that the complexity of the matrix structure is apparent to them in everyday working life, for example, in the sense that their team members have another superior.

The complexity is the most difficult thing in a matrix structure. I can tell that the structure of this corporation is very complex as it is a matrix in many levels. It causes challenges on who is responsible for what. – – And when you have functional subordinates, it's even more difficult because the managers at the same level can also lead them and give them tasks.

Therefore, the context of a multinational corporation is present to the interviewees in everyday working life through, for example, strategy and structure of the corporation. It results in their work becoming more complex due to an extremely complicated environment in which a considerable amount of decisions are cascaded from top to down, a power to influence one's own area has been minimized, and several stakeholders exist in multiple different directions. The challenge of *multiple embeddedness* is evident in their everyday working life as they meet with requests coming from the internal hierarchy of the corporation and stakeholders of their own host location (Meyer et al. 2011). Furthermore, the multinational corporation context also seems to have a strong influence on the organizational culture of Matrix Inc. as several interviewees described it as competitive and hierarchical.

In our department the organizational culture is very much like... Well, it has changed a lot. It used to be very French; people had long days not because there was much to do but in order to give such an image to their manager. Things were done by the book. However, the former director left and there has been some other turnover too. The culture has thus changed and it's somehow very competitive and aggressive nowadays. If you don't succeed in your work, you easily start to fall aside.

Our company culture fits global strategy nowadays, it's very much top-down. It's not very well perceived by my team, they have a hard time in understanding why the targets are set so unrealistic, because that's usually the way it is at

[Matrix Inc.]. Targets are very, very difficult and they change all the time. This company culture is not very much liked, I would say, by a lot of people in the company.

Thus, it seems that global strategy of the corporation has an effect on the organizational culture of Matrix Inc. through, for example, challenging and rapidly changing goals which make working more competitive. This hierarchical and competitive organizational culture may also influence interviewees' experiences in multicultural team leadership in the case company context.

4.1.2 Cultures and Multiculturalism in “Matrix Inc.”

Supporting the arguments of, for example, Brannen et al. (2004), Handin and Steinwedel (2006), and Tirmizi (2008a), culture was a complex and difficult concept to define for the interviewees. Most of them defined it by referring to factors they associate with cultures, for example, customs, values, traditions, histories, religions, climate, nationalities, education, occupation, food, and music. Most of them also argued that cultures are shared by members of certain groups. Even though all the definitions shared similar elements and were comparable to the definitions provided by, for example, Schein (2004) and Claes et al. (2012), the difficulty of defining the term and the diversity of the definitions was clearly noticeable.

In my opinion, culture refers to customs of a society. It has been learned from one's surroundings; values, religion. Perhaps even climate. The amount of light. Your entire habitat determines what you will become, and that's your culture.

Culture is everything. – It refers very much to nationalities; in which country one has grown up, what languages one speaks, religion may have something to do with it, although less here in Nordic countries, but I mean all the habits and ways to communicate.

It's people's histories, traditions, and... Everybody has slightly different, I mean, there are some standardized, very typical things you might say that are cultures but actually every individual has a different background, they have different experiences, and they have different standards and norms that they live by, or they have a moral code that they live by. – You need to have a look at many different things; gender bases, some religious bases. Nationality has a lot to play in terms of different nations do things very differently.

It's this kind of a wider course of action, which is characteristic of a group of people, even a country or any other common denominator that forms a group of people. – Often it's learned behavior so many things have an effect on it. All in all, it's just a very different way of doing things and a way to react to anything.

Culture, it's the sum of habits of people in a specific place. That defines their personality or the way they behave on daily basis... It comes down to centuries of a history and climate, or very macro level things. So history and geography usually define cultures but, at the end of the day, we are all human beings so it's just a way to adapt to a situation and which is usually common to people in the same area.

As can be seen, cultures were thought to determine what a person considers important and how a person lives. Common to all the definitions was that cultures are relatively stable and static; they are learned as child and they rarely change, or if they change, it happens slowly. This is similar to Schein's (2004) and Hofstede's et al. (2010) views as they argue that people's cultural behavior remains rather consistent over time and changes only gradually. Hence, cultures are learned as child by observing other people's behaviors. However, it was indicated in the interviewees' experiences and stories that people are able to adapt quickly to new cultures, such as organizational cultures, which will become their subcultures. Differing from the theoretical framework (Schein 2004), none of the interviewees mentioned that they considered cultures as partly unconscious.

Based on the interviewees' experiences, different cultures and multiculturalism can be observed and sensed in several ways in Matrix Inc. in everyday working life. They can be seen, for example, in many different nationalities, languages, communication habits, customs, formality or informality, and humor.

Multiculturalism is present in everyday work and can be seen in one's own ways to communicate with different people. For example, how you target, when you know that you are talking to or sending an e-mail to a specific person, for example, if this person prefers more informal style to communicate. But then there are certain people who have a more formal culture so you have to be more formal.

In multiple different nationalities. -- It can be seen in many different ways; in languages, customs, lunch times, a number of e-mails... In my opinion it appears in everything, in the air we breathe. -- In the daily work it can be seen in the fact that there are very different ways of communication.

Communication in English, that's the first thing where it can be seen. No one, neither Finnish nor other nationalities, can work in one's own language. That's the first thing where it can be seen, and of course, in the ways work is done.

In my opinion it can be seen... Easy-going atmosphere is probably one thing. If you come from a southern-european culture in which people tend not to be that work oriented, humor is important. In many Finnish companies people are perhaps more serious and gray. -- It brings some noise and more feeling.

In contrast, few interviewees thought that multiculturalism cannot really be observed or sensed in Matrix Inc. due to the strong organizational culture.

The global culture of the corporation influences us very much due to shared procedures so, in my opinion, cultures do not stand out here. People adapt to our strong corporation culture instead of bringing out their own cultures.

Thus, the strong organizational culture seems to somehow mitigate cultural differences in Matrix Inc. However, overall multiculturalism seemed to be experienced in a positive way which was reflected in the positive manner the interviewees shared their experiences in multiculturalism. None of them mentioned longing for a more homogeneous working environment. Instead, they considered that the cultural diversity had enriched their working environment, as the following citation summarizes:

In my opinion, multiculturalism is present in a positive way. People who have been working here for some time have the ability to view things from different viewpoints and not only from their own. -- I think that multiculturalism makes people more flexible and cooperative. It's a positive thing as it gives fresh views and new opportunities.

To conclude, culture is a complex concept to define but all the interviewees had quite traditional perceptions of its meaning. Most of them defined it as values, behaviors, and habits that are learned and shared among a group of people. These definitions could also be seen in the ways the interviewees described how the existence of various cultures can be observed in the case company, for example, in differing communication styles. However, it was also argued that multiculturalism cannot be observed in Matrix Inc. due to the strong organizational culture deriving from the global headquarters of the corporation.

4.1.3 Leadership in "Matrix Inc."

Similar to culture, also leadership was a difficult concept to define in the interviews (Prewitt et al. 2011). The process theory of leadership (Antonakis et al. 2004; Williams 2008) came up in the descriptions of activities in which leaders engage in order to influence their subordinates, and the trait theory (Northouse 2013) appeared in the ways the interviewees described characteristics of leaders, such as extroversion, credibility, and charisma.

I think a leader is a person who's leading by examples, showing the way... Traditionally, would also be the one who's really extrovert.

A leader is present, credible, knows a lot of things, listens to people and is able to make them to believe in what he says.

Some people have the natural leadership ability when you listen to them, you're distinctively compelled by what they say, they are committed to certain things, and if you listen to them you feel motivated. They have that charisma to make people look in their direction.

According to Antonakis et al. (2004), leadership is often defined in two ways: 1) as certain kind of activities at different organizational levels, or 2) separating it from the concept of management. Regarding the latter way to define leadership, many interviewees, indeed, defined leadership by separating it from the concept of management.

Leadership is, if thinking about people leadership, about getting people to do the right things, in the right way and at the right time. Management, in turn, is that you look after certain things and ensure that your team stays on the right course or track.

Thus, supporting and motivating team members were considered as an essential part of leadership, while management was thought as more of a coordination of practicalities and controlling. Compared to management, leadership was seen more as taking care of the humane side in everyday working life.

[Leadership is about] motivating and ensuring that people know their place and understand their value. It's the humane things. – – An individual is not motivated to keep on going year after year if he cannot see his worth; if his contribution is not appreciated or if gratitude is not showed to him.

The other way to define leadership as certain kind of activities at different organizational levels was also present in the stories of the interviewees (Antonakis et al. 2004). In fact, it seemed that supporting, guiding, sharing information, and enabling team members to carry out their tasks were important activities of a leader. Thus, leadership seemed to be about giving responsibilities and acting as a role model for team members. Some interviewees considered it to be similar to coaching as they explained it important not to directly give answers to team members but instead allow them find solutions by themselves. Indeed, in all the interviews, the interpersonal skills of a leader were considered to be a highly important factor in order to succeed in leadership.

In my point of view, leadership is about enabling your team to work in the best possible way. You are more of a facilitator or enabler instead of telling what should be done and how. Or you possibly tell what should be done but not

necessarily how. I also think that it's much about acting as a role model. Being present and such things.

A leader gives people responsibilities and tasks but also enough power for them to complete their tasks, so it's not about only telling what to do. It is about leading by example and giving each person frames within which they need to be able to do their work. Thus, it's like coaching. You just have to give some room for a person to complete his tasks, and in fact, the best results usually come when people can solve problems by themselves so that they are not provided with ready-made solutions.

I think that leadership requires some kind of social skills and knowledge of human nature in order to be able to read people and work with different kinds of people.

When defining leadership as certain kind of activities at different organizational levels, Antonakis et al. (2004) provide two levels for the analysis: superior and strategic. Based on them, top managers are the ones engaging in leadership at the strategic level. Thus, leadership at this level includes activities, such as defining vision, and strategy planning and cascading (Yukl 1989, 2010; Ayoko & Härtel 2006). Only a few interviewees thought that only the top managers are the ones engaging in leadership. These interviewees indeed defined leadership to be something more of a strategic nature instead of mere daily activities with teams.

It's the company's CEO whose task leadership is. Of course, the higher you go in a big, global company, the more important it is.

In my opinion, of course CEO of a company should be the first one engaging in leadership but also other top managers. Then again, middle managers should be responsible for management.

Thus, leadership was seen as top managers' activity and management as middle managers' activity. Nevertheless, most of the interviewees thought that also middle managers have a leadership role within their own teams. This refers to the superior level of leadership. It means that every superior engages in leadership, for example, by motivating and supporting subordinates. (Antonakis et al. 2004.)

All the manager levels, that is people who have subordinates, should in my opinion engage in leadership. Thus, not only the top management. Everyone who has subordinates and a team.

As can be seen, leadership is viewed as a top-down activity and a specialized role at both of these levels (Antonakis et al. 2004). However, according to organic leadership paradigm, leadership is not tied to certain positions but leaders may instead emerge in teams (Avery 2004). In fact, a couple of the interviewees thought that anyone can be a leader regardless of

their position in the organizational hierarchy. This supports the arguments of Pearce and Manz (2005) on self-leadership.

There may be someone in a team who is automatically taking some kind of responsibility. I think that anyone can engage in leadership if willing to. Of course, in certain positions you have to take responsibility for leadership so it belongs to certain positions. And then there is leadership that anyone can engage in by their own presence.

Everyone has to take responsibility for leadership.

Therefore, it can be seen that leadership is a challenging concept to define. This is reflected in the fact that it was easily defined by separating it from the term management which has commonly been more straightforward to define. To the interviewees leadership meant different things, such as different activities, positions, and roles.

The challenge of definition was also shown in a way the interviewees tried to describe how they lead their teams in everyday working life. The descriptions were diverse. It certainly seemed that leadership was easier to define than to explain how it can be applied to practice.

It all starts from communication. A leader has to communicate the right direction and the purpose of tasks for his subordinates. Of course, one has to give feedback, both positive and negative, tell when things are not going well, and if something is not going as expected, tell how it could be done better. And one tries to inspire subordinates to take initiative... To independently complete tasks and participate.

It's important that you give responsibility. That means that you have to understand that people are different and they need different kind of support. -- I think it's important that you show interest and that you show respect to people. You always have to support them [team members], if they have a problem or if they raise an issue, then you have to show that you want to solve that.

Thus, in everyday working life leadership seems to be about communicating, giving feedback, motivating, building personal relationships, and supporting. In terms of these influential activities based on which several interviewees described leadership, it indeed seems to be a social influence process. This supports the view of Antonakis et al. (2004) on the process theory of leadership.

All in all, the viewpoints of the interviewees support most of the definitions presented in the theoretical framework on leadership. However, they still seem to have quite traditional, hierarchical views on leadership as a top-down process tied to certain positions. One reason for this could be the rather hierarchical organizational culture of Matrix Inc. due to which the

interviewees may have learned to understand leadership in this way. This may be changing in the future as a couple of the interviewees did not perceive leadership as a top-down process.

4.1.4 Middle Managers as Leaders of Multicultural Teams

The role of middle managers was a theme that raised a lot of discussion in the interviews. All the interviewees had rather similar perceptions on the definition of middle management. They understood middle managers as employees in superior roles between a strategic management and operational staff. This supports Stoker's (2006) definition. However, the definition varied depending on the context, for example, which part of a multinational corporation was under examination. Thus, when thinking about a multinational corporation as a whole, middle managers were considered to be different employees than when thinking about part of a multinational corporation, such as its regional business unit.

Definition of middle management is context-dependent. For example, in [Matrix Inc.] they are section managers and managers who aren't responsible for departments but have teams and some kind of managerial responsibility. Of course, in a larger context, when thinking about [the case corporation] globally, middle managers would be those one step higher in the hierarchy. In this case, they would be general managers and managers a step higher than that, given the global scale. But anyway, here I think that everyone who has some kind of a manager role is a middle manager.

Most of the interviewees argued that middle managers have to have subordinates and managerial responsibility in order to be defined as middle managers.

Middle management is in between, if there are top managers above and people without managerial responsibility below, in between them.

Middle managers have to have a team in which there are more than one subordinate.

However, in contrast to these perceptions, some interviewees mentioned that in Matrix Inc. there are also managers who do not have subordinates but are classified as middle managers.

Here you can be a middle manager even if you don't have subordinates.

There are many different roles, you actually have managers like me; section managers, and you also have managers who don't have any subordinates. They have maybe more specialized roles... But most of course have some subordinates.

According to Hales (2006) and Stoker (2006), middle managers are only employees who both give and receive direction. Therefore, the definition of middle managers in Matrix Inc. differs from the theoretical framework even though most of the interviewees concluded that in their viewpoints middle managers ought to have subordinates. After all, it can be inferred that middle managers have quite operative tasks in Matrix Inc. due to the fact that some of them do not have subordinates, and thus, there is quite a few middle managers in Matrix Inc.

There's quite a large number of various types of managers in [Matrix Inc.]... It may be a bit difficult at times to find out or understand what's the role of middle management and what's the role of, for example, someone a more junior employee. They may be quite similar to each other.

Based on the citation above, it seems that the only difference between the middle managers and the operational staff in Matrix Inc. is indeed the managerial responsibility of middle managers.

Based on the interviewees' rich and diverse stories and experiences, I was able to come up with a number of roles of middle management in Matrix Inc., which I will present next. These were very similar to the roles suggested by Keys and Bell (1982) in the theoretical framework. According to them, middle managers are “followers, the backbone of the organization, interpolators of top management objectives, buffers of top and lower levels, funnels through which the intentions of top management flow down and information flows up, integrators, boundary spanners, and playing coaches” (Keys & Bell 1982: 59).

First, middle managers could be described as translators of top management plans and objectives, and experts who with their teams assess the feasibility of these plans. In this role, they convey messages of the top management to their teams, implement plans of the top management, and share information coming from their subordinates to the top management. This finding gives support to the research of Den Hartog (2004) and Lassen et al. (2009), as they argue that middle managers are the ones translating the strategy of a company into action. The interviewees experienced that even though objectives of the top management may be simple, the organizational complexity makes their implementation difficult.

I think it's often a translation process. If you analyze the language being used at the very bottom of the organization and at the very top of the organization, message is very short. But if you move to middle, they get longer, they get more technical, there are more words used. Simply, I think the middle management is a level of management which has to be able to interface with the executives or with directors in the organization, take a simple direction, and then do the interpretation. -- We have to put into practice the steps necessary to achieve

that relatively simple objective but then we have to look in the organizational complexity, and decide how we do it. So we are taking a direction of bringing it to practice. It's a translation process, often we're making the translation between what might not be a pleasant thing to do, people don't necessarily want to do it, but we have to find the way, so we have to reinterpret the direction, share it with the team in a way that they understand how they can contribute, what does it mean for them and also to make the environment, or change the environment for them, so it makes it more appealing. Make it achievable.

In my opinion, middle managers are expected to delegate tasks coming from the top management. But often the details are missing in the guidelines of the top management. Then, lower level of hierarchy comes to ask us "yeah good, but what about this, this, and this?" Then, it's the middle managers' task to dig into the details and clarify how to proceed with things.

According to the interviewees, turning strategies into practice therefore requires middle managers to think about tactics and short-term objectives that are needed in order to achieve long-term goals. These objectives and tasks are then delegated to their teams. Delegating is often challenging as it may require middle managers to delegate their team members to do something that is unpleasant.

I personally feel that it is very challenging if my superior wants us to do something; he has decided so and I can't of course say anything about it. I've already said that I disagree with him but still I have to cascade that to my team. They may see from my presence that I'm not happy to ask them to do it. And they may often agree with me. So the fact that I have to ask them to do something that I know that they don't want to do and I don't want them to do is very challenging. It's very challenging to explain them that it just has to be done.

Of course, it is a bit like balancing. -- Perhaps the most difficult thing is to explain things, if there are, for example, certain limits within which things must be done, it's my responsibility to explain to my team members that something cannot be done because of the reason X which is out of our hands. Although it would be, in our opinion, wiser to do in a certain way, it may not be possible because somebody somewhere else has decided that it has to be done in another way. My team members might not see the whole situation, and thus, not understand it, which is why it is my job to translate the message to them.

Furthermore, sometimes the requests that middle managers receive from, for example, the global headquarters or the European headquarters, are not realistic, which makes it even more challenging for them to explain these requirements to their team members and to motivate them to meet the demands. Middle managers must thus be able to challenge the top management on their decisions.

We may receive tasks from Europe that we have to sell [our product] to a certain country and the top management [of Matrix Inc.] comes to tell us that "Okay, now we have to sell, let's say [X-amount] of this [product] to Finland".

Then, it's the middle managers' job to tell to their teams that "My friends, now we have to sell [X-amount] of this product in Finland". However, team members will very quickly ask some counter-questions, such as "If the whole market of the product is [six times less], to whom should this [X-amount] be sold?" Then, first of all, middle managers have to challenge the decision of the top management and ask them how the task is possible to complete if there are no markets to which the product could be sold. If they answer that the product just have to be sold somewhere, then it's the middle managers' job to try to argue it to their teams and tell that this is just a task that has to be done. Thus, middle managers often find themselves in situations where they have to solve quite challenging problems.

Therefore, it is ordinary in the context of a multinational corporation for requests to come from another office of the corporation in which corporation-wide strategies and targets have been centrally planned (Luo & Shenkar 2006). Middle managers are responsible for turning these strategies into action in the host locations.

As having global strategy, they at [the global headquarters of Matrix Inc.] decide, for example, that tons of [certain products] must be sold. Then someone just writes down how many of them must be sold in which locations. Thus, they don't necessarily think if there's enough demand in each location, and it's just given as a task. And that's a typical challenge, as before the task is given, they should listen to host locations and take their ways of doing things into account. Host locations may have points that make sense, for example, in Finland we don't have markets for [these certain products] as there aren't incentives to sell or buy these products. Thus, host locations may have logical reasons on why some tasks are impossible to complete.

To reflect the findings on the strategy of the case corporation presented in chapter 4.1.1, several interviewees thought that the strategy of the ultimate parent company of Matrix Inc. is global based on Bartlett and Ghoshal's (2002) three dimensions of the core strategies of multinational corporations. In fact, it seems that a strategy of a multinational corporation is closely intertwined with the role of middle management in multinational corporations as it is visible for them in the everyday working life, for example, in the form of requests coming from their superiors and other corporate locations. Furthermore, even though the middle managers would be expected to share information on challenges with the top managers of the ultimate parent company or the regional headquarters (Lassen et al. 2009), it seems to be difficult for the middle managers to justify the much needed changes to the top managers. Several interviewees pointed out this being challenging in the real organizational life due to the reluctance of the top management to change their plans.

Whenever there's something challenging, it's important to try to convey the message back to where it came from, so tell the top managers what doesn't work

and what should be changed. – – Justification, of course, may be difficult to the top managers as they have with their great wisdom decided that this is our strategy and it must be implemented as planned, and that's it. Thus, getting the change may be sometimes challenging.

In addition to acting as the “conveyors” of their subordinates’ messages to the top management, the interviewees felt that their subordinates expect them to be very experts in their areas.

Surely my team expects many things of me. Often they expect me to have the right answer to everything. But perhaps it's my role in there again. I'm in between there so first of all, I have discussions on different kinds of cooperation projects with my own manager, departments inside the company, and other stakeholders in order to decide how to proceed with things. That's maybe my biggest role to discuss with different people on many projects on behalf of my team members.

Thus, the role of middle managers indeed seems to be about balancing between the expectations of top managers and team members.

Second, middle managers could be described as driving forces of change and executors of operative tasks. The interviewees had some experiences in trying to drive change and develop the company by identifying weaknesses in their specialization areas and brainstorming areas for development.

In my opinion, middle management is in fact extremely... It's perhaps the most like a driving force. You, for example, generate ideas. – – I think that it's an important part of middle managers' role to highlight those areas that need development or weaknesses of your own area in such a way that you'll draw top management's attention. You have to get the top management committed in order to receive their support; whether it is a change in strategy, budget matter, or whatever. But you have to actively work in your own area and to present development ideas and challenging areas to the top management. Whether it is by reporting or by walking into his room... And then actively drive change of that weakness.

This supports the arguments of Den Hartog (2004) and Lassen et al. (2009) on middle managers acting as change agents in their organizations. Nevertheless, as mentioned above, bringing changes through may be difficult in Matrix Inc. In order to draw top managers’ attention, middle managers need to be active and justify their viewpoints. However, even if middle managers would have the opportunities to influence their own specialization areas, it seems that their role is mainly about execution in Matrix Inc.

Middle management; in my opinion it's pretty much the executing body in our organization. That's actually quite comprehensively said.

This is also a challenge for middle managers because, as argued by Todd (2002), they have several other initiatives to deal with on top of their operative tasks.

Maybe it's just the fact that we don't anymore have this kind of old-world structure meaning that there's middle management and they have assistants, assistants' assistants, and such. Nowadays everyone does pretty much everything. And in my opinion, this is quite challenging as you not only have to be an expert in your own field but at the same time you also have to be able to do, for example, finance related tasks or purchase orders and IT related tasks. Maybe that's in fact the challenge. There are too many operative tasks which impedes us to use the time to do more significant things. Sometimes we just have too much of these nonsense tasks to do, but it's just part of our role as we don't have people who would do these operational tasks on behalf of others. Thus, everybody does pretty much everything, and that's the thing of today's working life.

Therefore, going back to more specialized roles would make the role of middle managers more straightforward as they could concentrate on their expertise areas. On the other hand, it would probably also result in organizations having more hierarchical structures and cultures.

Third, based on the interviewees' experiences, middle managers seemed to act as buffers, "shock absorbers", and motivators in the direction of their team members in order to protect them from harmful information that could decrease their motivation.

From my point of view, middle management is like a buffer, such as the oil in the engine. -- We soften and filter and wonder and try to find out what it means when someone has got an idea somewhere. And then we filter it before it goes to our teams who implement these ideas. This is how I see the middle management; as a buffer, filter, and shock absorber there in between.

Thus, middle managers have an important role in providing their team members an atmosphere where they are able to implement these ideas and excel. Based on the interviews, it seemed to be vital to create a positive atmosphere in order to motivate subordinates. However, this was considered quite challenging by the interviewees, especially, if messages of top management were negative.

The challenge is that how you prevent the bad news from reaching your team. It's very, very challenging. -- If you get a message that everything is going badly, these and these things are going badly, then how do you explain to your team members that everything is just fine. It's really difficult. Some people know how to do it very well; I mean that some people are able to act very well as filters there. For me it's very hard.

Nonetheless, motivating their team members is one of the most important tasks of middle managers in order to bring out the best in them and deliver satisfactory results (Jackson & Humble 1994; Den Hartog 2004). This was also evident in the interviews.

We have to motivate. -- Maybe change the story a little bit. -- To motivate the individuals to move in the company direction by reshaping the context or explaining it in a slightly different way, making it relevant for them or what that means and how they should start to think about it without instantly having issues or problems about what they've been asked to do. -- Getting people to come to that direction is maybe easier said than done, actually.

As stated in the citation above, motivating is not always easy in practice. In addition, due to the fact that the middle managers do not have enough time for the actual leadership work, motivating is even more difficult.

Middle managers do not have enough time; middle managers have way too many normal operational tasks to do. -- Teams are also way too small which is why you don't have enough time to really focus on your team members.

Furthermore, the context of a multinational corporation seemed to make motivating even more challenging as the role of a leader is more difficult to perceive due to a matrix structure. It is more complex to lead a team in a multinational matrix organization as each employee has two superiors (Luo & Shenkar 2006).

This matrix structure makes it challenging to perceive what the role of a functional manager is if an employee already has a direct manager. So that's also difficult. It hasn't been determined in any way how the communication should take place as, in any case, the direct and the functional manager should somehow be in line with each other so that the employee wouldn't be all messed up when something comes from one direction and something else from another.

Therefore, subordinates having more than one superior can find themselves in situations where the interests of the leaders are not aligned. This may affect their motivation in a negative way. It also influences how leaders experience leading their teams. Thus, it can be concluded that also a structure of a company has an effect on how leadership of multicultural teams is experienced in multinational corporations.

All in all, the role of middle managers in between the top managers and subordinates is aptly described in the following citation:

It's indeed the most challenging thing, being a middle manager, that you are there in the middle. You have to be able to react quickly to things coming from your own team, or you can keep them by yourself, and soon you'll no longer survive. Then, at the same time, you will face pressures coming from the top

relating to things that you have to do in a given schedule. – – In fact, the challenge is the pressure coming from the top management and the subordinates, as they also expect various things from their manager. And if things accumulate and don't progress, the pressure just increases. Thus, you have to be able to cope with that stress coming from the top, so you are a bit like squeezed there in between.

Therefore, supporting the theoretical framework, it can be concluded that the position of a middle manager in the middle of an organization is challenging. High expectations and pressures from both the upper and lower levels of the hierarchy and lack of time aptly describe the nature of their everyday work. In Matrix Inc., the manifold role of middle managers includes, for example, acting as translators of top management plans, experts who with their teams assess the feasibility of these plans, being driving forces of change, executors of operative tasks, buffers and shock absorbers who prevent their team members from receiving harmful information from the top of the organization, and motivators of their team members. The context of a multinational corporation brings additional challenges on their role regarding, for example, strategy, structure, and multiculturalism. Global strategy of the ultimate parent company of Matrix Inc. seems to strengthen the operational role of the middle managers and weaken their role as change agents. Furthermore, strategy seems to reinforce their role of acting as buffers and shock absorbers, as plans and objectives come from the top of the organization and they may not always be positively perceived. Still, middle managers have to be able to create a positive atmosphere to their team members in order to motivate them successfully. Matrix structure, in turn, seems to make their role more complex as their team members have another superior in addition to them. Different cultural backgrounds of team members further complicate the role of middle managers, even though the strong organizational culture of Matrix Inc. may mitigate these differences.

Next, I will take the cultural factor of leadership into consideration as I am going to discuss how the interviewees experience leading their multicultural teams in their challenging role as middle managers.

4.2 Leadership of Multicultural Teams

Having presented the interviewees' perceptions on the context of a multinational corporation, culture and multiculturalism, leadership and their role as middle managers in Matrix Inc., I will now move on to discuss the everyday leadership challenges that the interviewees have faced when leading their multicultural teams. In the theoretical framework I presented six

areas which, in previous research, are considered challenging in multicultural team leadership. By analyzing the experiences of the interviewees and thematizing them in relation to these six areas, I argue that the interviewees' experiences support the theoretical framework in relation to at least four areas considered challenging in multicultural team leadership. These areas are: 1) cultural sensitivity, 2) cross-cultural communication, 3) team cohesion and trust, and 4) motivation. Figure 5 illustrates these four areas whose prevalence and importance in the interviews rose above others, meaning that they were mentioned in the majority of the interviews. However, this is not to disclaim that the other areas, such as *power and hierarchy*, would not have been addressed in the interviews, but rather it indicates the four most prevalent ones according to the 10 interviewees.

Leadership of Multicultural Teams					
Cultural sensitivity	Team cohesion and trust	Motivation	Cross-cultural communication	Power and hierarchy	Decision-making

Figure 5 – Leadership of Multicultural Teams Based on the Theoretical Framework

In the following chapters I will take a closer look at these four areas and illustrate by examples how the interviewees experienced leading their multicultural teams in everyday working life and what challenges they had faced when leading their teams. The areas are presented in order of appearance starting from cultural sensitivity.

4.2.1 Cultural Sensitivity

Interviewees' experiences seemed to reflect first and foremost the challenge of cultural sensitivity in their teams. According to Miller et al. (2000), Hajro and Pudelko (2010), and Zander et al. (2012), knowledge in others' cultural backgrounds is key for being culturally sensitive and leading multicultural teams successfully. Indeed, the importance of recognizing and accepting other alternative ways of doing things than one's own was acknowledged by the interviewees. This communicates that achieving cultural sensitivity should not be a major challenge for at least the interviewees themselves.

The leadership should start from a leader's understanding of where this person [team member] comes from and what his values are like, and you also have to understand what he knows about your culture and your background. -- When

I'm leading, I don't try to force my team members to do things in a similar, certain way. Instead, I think that the actions can vary as long as they lead to the desired result. Thus, the most important thing is to know what you want to achieve.

Of course, if you are an intolerant manager in general, if you don't tolerate people who have different, let's say different religions or beliefs or colors or whatever then of course it would be a problem. -- I think it's much more important that you actually understand that people are just different. And you also have to make the team aware.

Thus, based on the interviewees' experiences, it is important to have knowledge in cultural backgrounds of team members and to allow team members to have their own approaches to complete their tasks. In fact, Matveev and Nelson (2004) and Hajro and Pudelko (2010) conclude that a culturally sensitive person is able to view different cultural approaches as not inferior but simply as different. One of the interviewees pointed out that if a team leader is not familiar with different cultural backgrounds of team members and does not take them into account when leading a team it may cause conflicts.

If you don't lead people with different cultural backgrounds in different ways, you'll face conflict and end up in a situation in which team members misunderstand each other and cannot reach consensus as they don't speak the same language, so to say. I've seen many times here that people try to force their decisions through and it has still been done here but I've noticed that it doesn't really work.

Furthermore, some interviewees also mentioned it being important not to highlight their own cultures when leading their teams. Instead, they felt that they need to adjust their own behavior to their team members' cultures in order to lead them successfully.

You can't really bring out certain views of your own culture. I've never seen any sense in a situation in which someone brings his own culture out very strongly.

However, understanding others' cultural backgrounds is not always straightforward. As Miller et al. (2000) state, it is easier to deal with cultures that are close to one's own. However, being a leader of a multicultural team seems to require one to familiarize oneself with working approaches of team members and to lead each person in a different way:

Surely I've noticed that there are certain cultures which are easier for me to comprehend. And then it's maybe easier to understand that it isn't always that unambiguous, meaning that maybe some country or culture is just more challenging to understand.

When leading a multicultural team, you have to work in somewhat different ways with different people. When you both find common ground, then there won't be any problems anymore. It won't always work but in most cases, however, the common ground can be found.

If thinking about a multicultural team, its leadership certainly requires some kind of empathy to understand others, to understand different situations, different backgrounds, and strong problem-solving skills in a certain way so that you are able to throw yourself in different kinds of situations and understand. It requires some kind of flexibility.

Even though most of the interviewees experienced that cultural sensitivity is important in leadership of multicultural teams, they still, to some extent, seemed to resort to using stereotypes.

Surely they [citizens of different countries] are very easily stereotyped, that the Swedish are like this and Danes are like that. -- Yeah, it really quickly goes into it.

Based on the theoretical framework (Choy et al. 2009), the idea of universal cultural values of societies should be de-constructed in order to be genuinely sensitive. Most of the interviewees recognized the importance of avoiding generalization.

It's a bit tricky; if you start to reflect on a person's culture too much, then you almost always start to reflect on stereotypes, and it doesn't necessarily always work.

Indeed, cultural stereotypes are a real challenge in multicultural team leadership if they are used in generalizing or regarding one's cultural way of doing things as more superior to others'.

If we talk about stereotypes meaning that citizens of a particular country are like this, it should be a tool that can be used in adjusting one's own behavior in order to achieve a desired result. But, unfortunately, it's often used as bashing or as a negative thing... That they don't understand anything because... Instead of really adjusting [one's own behavior]. -- Some people naturally know how to do it, that they are able to adjust their behavior but many would definitely need more training on it, and more advice on how to act within a multicultural team; something more practical.

This citation provides a good basis on which to reflect the findings of Northouse (2013) on ethnocentrism. He pointed out that ethnocentrism can hinder effective leadership of multicultural teams because it prevents a leader and team members from being fully culturally sensitive. Instead, it places one's own cultural group at the center resulting in a person perceiving different approaches of others in a negative way (Northouse 2013).

A couple of the interviewees mentioned being a superior for an employee whose cultural background was completely different to their own. These experiences were not always positive.

Chinese subordinates are interesting, if I don't have to take Chinese subordinates, I wouldn't, given that I'd have the possibility to choose. But that was an interesting experience too. -- I had two Chinese subordinates for about a year and when I told them about a task that had to be done and ensured if they had understood it, both said "Yeah, yeah". Then, the next day, when I asked them about that task and whether they got it done, both were like "What? No." They hadn't even started with it because they hadn't understood it. Thus, I had to check every hour that they had understood correctly what they had been asked to do. All because they have a culture in which you always say yes. -- Then I realized that they hadn't got used to a leadership style in which they are not closely guided. That people are different which is partly due to the cultural background and partly due to something else, of course.

In this example, the leader could not lead his subordinates as they would have preferred due to having completely different cultural background. In fact, in order to be culturally sensitive, the interviewees highlighted the importance of familiarizing themselves with cultures of their team members. First, some of them mentioned this being possible by learning about some general, widely-known cultural traits. However, at the same time they were aware of the disadvantages of generalizing and stereotyping, and warned about resorting to them, as exceptions always exist.

It's quite important, of course, to have some kind of knowledge, for example, on stereotypes of different nationalities or working cultures or so, in order to have a hunch how things are done in different countries. Although it might often be a bit too generalizing but there's usually some kind of a grain of truth in stereotypes.

It's also difficult to put people in the box or in the square because, let's say, stereotypical Finnish person is very quiet, sitting and hiding in the back but you also have Finnish people who are extremely extrovert and screaming and yelling and so forth. You just have to say that, okay, as a general rule, people are so and so, but there are always exceptions.

Second, some interviewees mentioned that familiarizing themselves with the cultures of their team members is possible by spending time with them. Some also pointed out the role of international experience in helping to understand how things are done in different parts of the world. All in all, most of them argued that cultural sensitivity increases by gaining experience in and working together with different kinds of people.

Of course, my experience has given me skills that after watching some time how people work, I'll find out how I should be working with each one of them. -- Thus, through experience it's possible to find out each team member's unique style as you have been working with different kinds of people.

When you're daily interacting with someone face-to-face, it's like cultural differences somehow disappear.

Just more contact and more activities together so that you learn to know the situations.

To summarize, cultural sensitivity is a challenging area of multicultural team leadership. It requires a leader to be able to recognize and approve alternative ways of doing things than one's own. This is possible by, for example, accumulating knowledge in team members' cultural backgrounds, avoiding ethnocentrism, exposing oneself in a variety of situations, and avoiding generalizing and stereotyping. Regarding the interviewees' own cultural sensitivity, biases seemed to exist to some extent. They occurred, for example, in the example in which the Finnish interviewee described one's Chinese subordinates as always saying yes to everything, or when non-Finnish interviewees described their Finnish subordinates or colleagues as quiet or introvert. However, biases are quite likely to exist at least to some extent in any multinational corporation, such as the case company. In addition to the above mentioned comments, any notable examples of prejudices or racism deriving from cultural backgrounds of others were not discovered. Furthermore, even though the interviewees found that it is challenging to be culturally sensitive, it was positive to note that a majority of them were genuinely interested in learning more about their team members' cultures and ways to prepare themselves to leading their teams.

4.2.2 Cross-cultural Communication

While cultural sensitivity was reflected as the foundation of successful leadership of multicultural teams, cross-cultural communication was the second most prevailing area discussed in the interviews. All the interviewees recognized the importance of efficient communication in order to lead their teams successfully. At the same time, they agreed that communication cross-culturally makes multicultural team leadership difficult, which supports the arguments of, for example, Matveev and Nelson (2004) and Von Glinow et al. (2004).

According to Adler and Graham (1989), cross-cultural communication challenges can relate to, for example, languages and nonverbal behavior. The interviewees had faced only minor language related challenges when leading their teams.

Sometimes the language might not be the best, I mean English, but normally it's understandable. So I think we don't have [language related difficulties] because we all use English so much. Sometimes it might be so that you say sentences that are like mumbo-jumbo but otherwise normally quite okay.

More specifically, only a couple of the interviewees shared their experiences in language challenges. Based on the stories of the interviewees, Matrix Inc. seems to employ people with highly fluent English skills. This might be due to the fact that the company requires interviews with all job applicants to be conducted in English. International experience is also appreciated in order for a person to be hired to Matrix Inc. Nevertheless, minor language related challenges that some of the interviewees had faced regarded usually the lack of fluency and parlance of non-native team members of English (Brett et al. 2006).

The language itself [is a challenge] but perhaps also the parlance, I mean word choices and such things, even though you wouldn't really think about them. I've noticed that sometimes someone may react strongly, if I express myself in some particular way. Or if you command, or these kinds of basic rules of behavior, which may be okay in one's own country and culture, and you don't consider them in any way threatening but someone else may misunderstand them, which is a challenge. Thus, language itself [is a challenge] but also such behavior rules. It may sound a bit silly but sometimes I find myself in a situation, even though I haven't strived for it, that I have said something in a wrong way somehow, or behaved in the wrong way, or flailed my hands in the wrong way.

Even though the interviewees had only faced minor language related challenges, they recognized the importance of having a common language with their team members. Similar to Hajro and Pudelko's (2010) view, they argued that a shared language is the core of successful communication as it enables trust, a common team identity, and an efficient information sharing. Therefore, some interviewees argued that being fluent in many languages is beneficial when leading a multicultural, and thus perhaps a multilingual, team.

By speaking many languages, it's easier to be on the same wavelength with more team members, as the shared language is important. So if you speak many languages, it helps. Bonding is then easier.

One example of a situation in which the language barrier became problematic relates to a situation where most of the team members were Finnish speaking. Similar to Hajro and

Pudelko's (2010) finding, language is a big part of group identity and the lack of a shared language can thus lead to an in-group and out-group formation.

If you have a team with five Finnish persons and one person of another nationality, the Finnish language is easily the used language. Like in every situation. And the one person who doesn't speak Finnish may be forgotten. But if you have a team with many different nationalities, everyone understands subconsciously that there is some common language to be used. -- Thus, the manager should be a role model and behave in a way that nobody feels oneself outsider. The manager shouldn't, in any case, if he's, for example, Finnish himself, speak Finnish if there are people speaking other languages in a room.

Thus, a common language has a strong influence on team cohesion, which is why it is extremely important for leaders to bridge the language gap in order to avoid discrimination (Ogbonna & Harris 2006; Hajro & Pudelko 2010). Another example was described by the interviewee who had discovered that a common language is very important especially in conflict situations.

Communication of emotions and such, it's always easier in one's own language instead of trying to communicate them in English. Let's say that there's some kind of a conflict situation. It is much more important in these situations what you say in order to be understood, but it's always challenging. It's obvious for everyone that the importance of clear communication is emphasized in a conflict situation, so that you don't say something in a wrong way even though you would mean it the other way around.

Regarding other than language related communication challenges, the evidence from the interviews supports the findings of Zander et al. (2012) who argue that nonverbal and indirect communication are major challenges for multicultural team leadership. Leaders of multicultural teams may thus encounter difficulties in interpreting the underlying behavior of their team members (Zander et al. 2012). One interviewee felicitously remarked this core challenge of cross-cultural communication as follows:

One should be somehow sensitive to read what's between the lines. That's the difficulty. For others it may be easier but not always for me. Thus, I have to tune my ear in order to hear these kinds of cracked voices, so to say.

The interviewees had also faced conflicts related to nonverbal communication. For instance, a couple of the interviewees had encountered situations in which their team members found themselves in a conflict with one another due to having misinterpreted their nonverbal behavior. In these events, the leader was needed to calm the situation and resolve the conflict.

People talk and behave in different ways. A representative of some country or culture may be very plain-spoken and say things directly and maybe even in a bit offensive manner, which may lead to a situation where the other person gets hurt or, well not maybe scared, but takes it personally. I have been in situations in which I've had to soothe or calm the situation. Even if the plain-spoken person hasn't meant it in an offensive way, his behavior can be interpreted in so many ways. -- In some parts of the world people increase volume of their voice even though they wouldn't be mad or angry, it's just a habit. Then again, it can be interpreted in a different way somewhere else.

One challenging situation was when two of them [team members] had a dispute and another got hurt on what the other said, and he came to ask me if he's a bad employee as the other had told him so. Then I was like, "Well, what am I about to say to that", as the other one was a bit right. But then you can't tell that "the other one is right, you should do a little bit better", so you can't say that either... So it was a bit... And I didn't expect that, and then you are like "Okay, I wasn't prepared for this". Thus, I just told him that the other one wasn't entirely right and he shouldn't have used such a tone... -- And you are not hopeless.

Furthermore, one interviewee had learned the hard way that the lack of clear guidance to her team members may lead to unexpected consequences. He gave an example of a situation in which he had given money to his team members and assumed that they would split the money evenly without expressing his expectation. Team members did not act as expected but instead some of them took the money quickly.

I assumed that they [team members] talk a little with each other and agree on things but it went a bit differently. -- Some of those people are just somehow more competitive and see an opportunity. And as it wasn't written down literally that try to share this [money] with each other, the others just were left behind. -- Then you can't do anything about it anymore. You can just think that I have to write down the rules more accurately next time. Thus, it's all about communication.

This example provides a basis on which to reflect the findings of Thomas and Osland (2004). As Thomas and Osland (2004) pointed out, sharing a common ground with team members helps a leader to interpret and understand their nonverbal behavior. This can be achieved by gathering knowledge of team members' cultural backgrounds. Based on these backgrounds communication habits which team members use to guide their behavior in different settings are formed. Thus, knowledge of these communication practices of other team members helps to predict and grasp others' behavior more easily. (Thomas & Osland 2004.) Therefore, the interviewees noted that in order to communicate successfully they have to acknowledge differences in the communicative styles of team members, work in a flexible manner, and

even change their own behavior on the basis of with whom they are working. However, they had found this quite challenging at times.

It requires game sense in the sense that you are able to behave in different ways with people from different cultures. It comes through experience.

Some interviewees felt that they had insufficient knowledge on cultural communication preferences of their team members, and thus, were not succeeding in cross-cultural communication situations as well as they would have desired. However, the majority was interested in learning more about communication with their team members having different cultural backgrounds.

The fact that I'd be better at communication would make leadership easier. -- After all, communication is so important but it's really not my strength. If I was better, then everything would be better.

To conclude, the interviewees had various experiences related to cross-cultural communication. Only a couple of them had faced challenges regarding languages and language behavior. As mentioned, this might be due to the fact Matrix Inc. requires interviews with new employee candidates in English in order to ensure fluent language skills. Instead, nonverbal and indirect communication challenges occurred more in the interviewees' everyday working life. Based on their stories, it is challenging to interpret their team members' behavior and resolve communication related conflicts between team members, especially as the situations are usually unexpected. However, sharing a common ground with team members helps, which is why it is important to build personal relationships with team members and spend time with them.

4.2.3 Team Cohesion and Trust

The third most prevailing area in the interviews was team cohesion and trust. Based on the research findings of Miller et al. (2000), time and energy dedicated for creating cohesion and building trust within multicultural teams is of high importance for leaders. It is especially through cohesion and trust that multicultural teams are able to overcome stereotypes and prejudices towards team members with different cultural backgrounds. Furthermore, cohesion and trust help to avoid misunderstandings and conflicts. The experiences of the interviewees reflected these arguments consistently. Creating a cohesive team was, however, regarded as

challenging. Despite that, it was mentioned that acting in such a way as if differences were not a problem, is helpful.

It's quite challenging to create a cohesive team. -- It's more about chemistry; I mean how you get along with others. If a leader himself behaves in a way that differences are not a problem, then, in my opinion, the team understands it too, given that no one has weird prejudices.

Furthermore, personal relationships with each team member seemed to play a crucial part in establishing mutual trust in a team. Thus, several interviewees mentioned that it is important for a leader to create personal relationships with team members and provide an atmosphere in which team members feel that can freely contact their superior. Moreover, they pointed out the importance of learning about their team members' cultures. According to the interviewees, this is possible simply by showing interest towards team members' backgrounds and cultures. In fact, knowing something about personal lives of team members seemed to help in building relationships.

What's very important in multicultural teams is that you create such relationships with your team members that they can contact you any time. -- [Having] a personal relationship with each of your team members, then it's easier to proceed with things. I also talk about other than work related issues with all of them so I know about their hobbies and interests. Sometimes they also ask me how I'm doing in my domestic life.

I greet and ask them if everything is alright, and always keep the door open so that they can come to me and ask things.

I give them feedback and I try to be positive, and if they have any issues I try to support them as much as possible, so I think that's really the best I can do, that if they at least feel that I'm on their side and if there are some problems I try to solve them. -- I've told them several times that it's my job to support them and it's my job to make it easier for them to do their job, so I always tell them that if you have any kinds of issues, then let me know.

However, according to Miller et al. (2000), achieving team cohesion can be rather problematic in multicultural teams as team members differ from their cultural backgrounds, and thus, are more prone to culture-based misunderstandings and conflicts. People prefer to associate with those who share the same beliefs, values and language because it creates a sense of comfortability (Miller et al. 2000; Wright & Drewery 2002). Some interviewees had experiences in this with their own teams, for example, in situations where a team member had problems adapting to a team due to his/her different cultural background. In fact, one interviewee had a team in which one person's culture was significantly different than others:

It's clearly the challenge that the dynamics of my team are certain kind, and there's one [person with a completely different culture], and he's very resistant to change. It appears daily. -- He retorts and sulks and is always on a bad mood, earbuds on, and is a bit nervous... And always when we are having a new member in our team, his behavior changes. It's very strange but this person performs much worse and his share of the team reduces. Always when we're having a new team member. -- I must say that as he has been working here longer than I, I haven't tried to change him. -- Rather I expect the [other] ones to understand him than I'd try to change him.

Thus, one person in a team with a different cultural background compared to others can significantly deteriorate team cohesion and make leadership more challenging. As suggested by Behfar et al. (2006), creating common ground could be beneficial in these kinds of situations as it decreases in-group and out-group differentiation.

Most of the interviewees considered it important to spend time together with their teams in order to create team spirit and be acquainted with each other, and thus, create cohesion and build trust. This supports the findings of Wright and Drewery (2002), Levi (2007), and Hajro and Pudelko (2010), as they state that team cohesion can be improved by engaging the team in social activities. This helps team members to become more emotionally attached to each other. Emotional attachment, in turn, creates opportunities to deepen common ground and develop mutual interests. (Wright & Drewery 2002; Levi 2007; Hajro & Pudelko 2010.) However, only one interviewee mentioned having organized a weekend together with his team in order for them to know each other better.

One weekend we drove to my summer cottage on Thursday evening and first held a short meeting there, and did some barbeque, and watched fish by the lake. So if we could arrange something like this more often. There are, of course, small budgets for these kinds of activities here, but still.

Furthermore, humor was considered to be an important factor in creating cohesion and building trust. According to the interviewees, humor binds a team together and helps to overcome difficult situations and conflicts.

Actually I made a little stage last time we had a team meeting. When we had our Christmas party we had this Bollywood theme. When we had our latest team meeting a month ago, I wanted to trick them [team members], just you know, to ease up the atmosphere. So I asked them all to stand up and make a few of those [Bollywood dance] moves and they thought that I was crazy but it was quite funny. So it was just to get them to relax a little bit. -- It gives a spirit of like we are a team or something like that.

Humor is a surprisingly driving force. -- We really face some kind of challenges every day, so if you can't take something as humor, the burden will

just keep growing. You just have to be able to laugh at things, and if something is going badly, it just goes badly, so we are trying to maintain that [humor] a lot.

To conclude, the interviewees considered it quite challenging to create cohesive teams and build trust in their teams. However, it was positive to note that only some of them had faced conflicts regarding these areas. They mentioned that acting in a way that differences are not a problem, building personal relationships with team members, learning about team members' cultures, spending time together with their teams, and using humor as a driving force are helpful in creating cohesion and building trust. Nevertheless, it seems that the more different and unknown the cultural background of a team member is compared to one's own, the more important it is to build a personal relationship with one another in order not to risk anyone feeling like an outsider, as an in-group and out-group differentiation may be fateful to a team.

4.2.4 Motivation

Fourth and finally, the research evidence from the interviews gives support to motivation being one of the main challenges faced by leaders of multicultural teams. Based on the findings of Thomas (2008), motivating team members with different cultural backgrounds is one of the most difficult tasks that leaders of multicultural teams face. Thomas (2008) argues that leaders need to motivate their team members in different ways because of their differing cultural orientations. Most of the experiences of the interviewees were in line with these arguments.

You don't get a person to do things if you aren't able to sell a task in the right way, and you aren't able to sell the task in the right way if you don't understand that person or his background.

If you lead people wrong they don't get motivated. The main focus is to get them motivated. And of course different things motivate different people. That's also very cultural. -- Some people get motivated by having very clear goals, and some people; they don't get motivated because clear goals stress them.

As the citation above shows, cultural motivational factors may vary, for example, according to whether a person prefers to have clear goals or processes according to which the work is done. Furthermore, supporting the argument of Binsiddiq and Alzahmi (2013), the interviewees mentioned that some team members may be motivated by direction and support, while others may be motivated by empowerment based on their cultural backgrounds.

You have to think about cultures when leading different people; some are used to much more direct leadership style or guiding, while some must be given much more freedom to think about the solutions by themselves. It requires a leader to be able to work with people from different cultures in different ways. So you can't work with everybody in exactly the same way.

Basically, in some particular cultures or countries it's assumed that a manager says exactly what's going to be done. Then again, in our team, it's OK for me to say that "[Team member], we need to achieve this goal, it doesn't matter for me how you reach it, as long as you tell me a bit what you are doing".

Thus, it seemed to be important for leaders of multicultural teams to familiarize themselves with team members' cultures in order to adjust their own motivating approaches to these cultures.

In addition, motivating multicultural team members seems to be successful by giving them responsibilities and engaging them in decision-making. This supports the findings of Levi (2007) on universal motivational factors, as he argues that motivation arises from meaningful tasks and increased responsibilities. In fact, it is a company policy in Matrix Inc. that all managers arrange one-to-one discussions with their subordinates preferably once a month, motivating as one of the main purposes.

I do different things, for instance, in terms of broadening their scope and getting them interested. I have regular one-to-one meetings with them. -- I think it's important because it gets people engaged and it gets a lot of discussion, and discussion is good to improve.

Furthermore, some interviewees acknowledged that motivating their team members with different cultural backgrounds succeeds by giving them tasks that align with their strengths and interests.

I try to give people tasks specifically on the basis of their strengths and also interests in order not to force them to do something they don't like. If a person, for example, enjoys working with numbers, I won't give him very creative tasks. If the other person, in turn, hates all sorts of coding and working with numbers but the other one enjoys them the most, then of course I'll preferably give those tasks to the one who likes them and can do them. So it's precisely about using their strengths and interests.

However, motivating does not always succeed as desired. One of the interviewees mentioned it as the most difficult aspect of multicultural team leadership:

The most difficult thing is when you have a person in a team who's creating some issues and you still have to be positive and supportive. If you feel that it's not going at all how you want and you are giving a lot of input and there's no

change, that's the most difficult thing. And if you don't feel that the motivation you are giving helps or they [team members] don't really see it as it was supposed to be, it's difficult.

In fact, it seemed that leaders cannot be fully responsible for their team members' motivation. They can help to improve their team members' motivation but at the end it is the responsibility of an individual to work in the field that one finds interesting and motivating.

After all, it has a huge influence on your motivation if you really like your job. So if you don't find your job interesting, it's very difficult for a manager to motivate you, if you're not interested in your job at all. An individual should have courage to either decide that this is what I do now for my living, I can choose. -- But then, if you are not satisfied with your job and can't take a stand that you've the one who have chosen your job, then do something else.

To summarize, motivating team members with different cultural backgrounds is challenging as each team member is motivated in different ways. Some may prefer to have clear goals, while others become stressed by them. Some may be motivated by direction and support, while others by empowerment. In general, motivating multicultural team members, however, seems to succeed by giving them responsibilities and engaging them in decision-making. Giving them tasks which align with their strengths and interests also seems to improve their motivation. Therefore, leaders need to familiarize themselves with team members' cultures in order to adjust their motivating approaches to these cultures.

All in all, now that I have discussed the four areas of leadership challenges that the interviewees have faced when leading their teams, it can be summarized that the interviewees had both positive and negative experiences on each area and all the areas seemed to be somewhat interrelated. For instance, without a leader's pursuit to be culturally sensitive and promote it within one's team or to improve cross-cultural communication, it is difficult to create a cohesive team and build trust within one. Motivating, in turn, seems to be challenging without a cohesive team in which team members trust each other and their leader.

4.3 Supporting Multicultural Team Leadership in "Matrix Inc."

When gathering the experiences of the interviewees, I was exposed to the organizational challenges affecting leadership of multicultural teams in Matrix Inc. Answering the subordinate research question "What could the case company do to support the leadership of its multicultural teams?" is possible by discussing these organizational challenges. I believe

these issues make an important contribution to the understanding of why the previously addressed challenges on multicultural team leadership were prevailing in the interviews. I am thus dedicating this chapter to present major organizational challenges affecting the leadership of multicultural teams in Matrix Inc., namely lack of time and power for leadership, limited resources for rewarding, and insufficiently targeted cultural trainings.

4.3.1 Lack of Time and Power for Leadership

As discussed in the empirical part, the majority of the interviewees considered that middle managers in Matrix Inc. have a highly operational role meaning that they are busy with their operative tasks and they do not have enough power to make decisions. The interviewees constantly experienced receiving requests on a variety of issues from multiple stakeholders, such as top managers and subordinates, resulting in a situation in which they did not have enough time to lead their teams. In fact, most of the interviewees regarded this lack of time for the actual leadership work stemming from their position in between the top management and their own teams as there were pressures constantly coming from both directions.

Now we are just simply having too much work. Everything is done like putting fires out in huge panic so, in my opinion, you're not able to get the best out of your team, if everyone is just doing something at full speed.

We are constantly working in a fire fighting environment, where there's not enough of stability. We are always putting fires out, always running from one priority problem to another priority problem.

They send us to all kinds of managerial trainings and try to teach that to us, but the practice doesn't correspond with the trainings, as you still have the other things to do. And no one to whom to delegate. So I don't know when you get to show your leadership skills. At midnight?

The lack of time and power for leadership were speculated to be a result of a company's global strategy and matrix structure. Adopting a strategy in which, at its extreme, decisions are made at the global headquarters and then spread to other locations was thought to result into decision-making opportunities becoming fewer in the other locations than the headquarters. Moreover, even though a matrix structure is not as centralized as, for example, departmental structure, some interviewees felt that their subordinates having also another superior resulted in a situation where the power for decision-making decreased as it had to be shared.

Overall, the interviewees' experiences indicate that lack of time and power for leadership has certainly not enhanced leadership of their multicultural teams, but rather impeded it, especially in relation to creation of cohesive teams and motivating their team members. However, cohesive teams and motivation were considered to be major issues in multicultural team leadership as presented in chapter 4.2. Poor cohesion and poor motivation were thought to affect leaders' personal relationships with their team members, formation of out-groups, and poor job satisfaction. Moreover, especially poor cohesion was thought to have a great potential to cause emotional clicks and erode an open atmosphere within teams.

Given the rather negatively turned comments and experiences related to the lack of time and power for leadership, the interviewees were asked how the case company could support them in leading their teams. As suggested by Wright and Drewery (2002), Levi (2007), and Hajro and Pudelko (2010), team cohesion can be improved by spending more time with team members. Furthermore, motivating becomes more challenging if one does not have time to find out what motivates each team member, for example, by having regular discussions with them. In fact, the company policy of one-to-one meetings between a leader and a subordinate was found useful among the interviewees. Moreover, they hoped that they could hire new members to their teams in order to distribute work more efficiently to subordinates in order to have more time to carry out their tasks, therefore also leaving more time for leaders to focus on the actual leadership work. When asking what the interviewees would do if they had more time for leadership, many of them answered they would use the time to support and motivate their team members more and organize some kind of joint activities in order to create better team spirit.

In addition, the interviewees hoped that the top management would trust them more in the sense that they would have more power to make decisions regarding their own teams and specialization areas. Currently, the interviewees felt that the top managers are overly focused on tactical things which would in fact belong to their territories and responsibilities.

It makes it challenging in this firm that the top management is so strongly focusing on tactical matters, which would, in my opinion, belong to the middle management. The middle management should take care of those tactical matters and give their recommendation on how to proceed to the top management. But in this firm the top management, the middle management, and the specialists are all involved.

In my opinion, most of these things wouldn't require the top management to be involved; in fact, the middle management should be able to do certain things

without involving the top management in everything. In this way, the middle managers should then ask their own team members what are their opinions on different matters.

We don't... What can you do in the middle management. Besides your work... We have hardly any space for leadership. Instead, in my opinion, the middle managers are more like the specialists of their own fields, so there is too much of normal work leaving you about 5% of your time to the leadership role, really.

The problem often is that the middle management has too much work and I also have too much of more detailed tasks to do. -- Thus, it is often difficult to work as a manager, and that's the challenge. Well, not maybe in theory, but in practice we are not given enough space for those manager tasks.

Our top management doesn't give the middle management the authority to make decisions. -- Many middle managers would be ready to make decisions and would be ready to assume responsibility. But that opportunity is not given here.

In fact, many interviewees experienced that at the moment there is a certain kind of micro management culture in Matrix Inc. due to which they are not given power to make decisions. Therefore, most of the interviewees seemed to long for a greater sense of trust from the top management, which could be demonstrated as a greater power to make decisions regarding their own teams and territories. This would require the top managers to find out if creating this kind of a more empowered leadership approach would be possible in the organizational context of Matrix Inc. A coaching approach of leadership would indeed seem to meet the desperate need of the middle management.

4.3.2 Limited Resources for Rewarding

Related to the lack of power for leadership, several interviewees pointed out not having enough resources to reward their team members. This was thought to stem from the high cost reduction targets of the case company. Therefore, the global strategy of the ultimate parent company seemed to have an influence also on rewarding, as the global headquarters is striving for global efficiency thus spreading this objective also to its other locations. When adopting a strategy that focuses on cost reduction and finding economies of scale, it is natural that the company tries to save in everything possible.

Nevertheless, the interviewees experienced that saving from rewarding hampers their possibilities to motivate their team members. Even though intrinsic motivation is commonly considered to be the most optimal way to be motivated and motivating is not alone the managers' responsibility, the interviewees pointed out that even small gestures to reward their

team members for the good work done would support their leadership work. After all, as also their team members' tasks are highly operative in their nature, the interviewees thought that thanking and giving feedback are not enough. After all, motivation was considered as one of the major issues in multicultural team leadership as presented in chapter 4.2.4. Poor motivation was thought to increasingly affect team members' poor job satisfaction and reduced performance. In addition, some interviewees mentioned a fairly high turnover of Matrix Inc. to derive partly from reduced motivation of employees.

Overall, the interviewees hoped that Matrix Inc. could support them in their leadership work by giving more possibilities to reward their team members in order to improve their motivation. They suggested that this could be done, for example, by giving them chances to negotiate the wages of their team members higher. However, they considered it more likely that the case company would give them opportunities to reward and motivate their team members by some kinds of small gestures, which would show their gratefulness towards team members for their contribution.

If I had more power to take care of my team and managerial aspects, more power and more time and resources to motivate them with different things... If I see that someone in my team behaves or someone's input is significantly more than I've expected or what the organization expects, the only thing I can do is to thank him, so there are no other ways to reward. That's something I long for, that we would be given more ways to reward our team members.

When asking, what kind small gestures could there be, the interviewees suggested similar ways to reward as the company's end-of-trial breakfast policy. According to this policy, each new employee is provided a free breakfast when one's trial period ends and the employment relationship with Matrix Inc. continues. Moreover, one interviewee mentioned that Matrix Inc., in fact, has a recognition program through which middle managers can reward their team members for extraordinary performance. However, in the interviewee's opinion, the program does not meet its purpose as only few recognitions are accepted.

We have a program where we can put persons into if they have done something like extraordinary but I don't think it works because now I've tried for one year to give it [recognition] to one of my team members and it got stuck in the system.

Thus, the case company could consider if the program could be run in a more effective way so that it would not require an extraordinary performance like today. Also, it has to be kept in mind that there is always a flipside in rewarding. Employees who are not rewarded may feel

themselves punished even if they had received positive feedback. Thus, it is possible that their motivation deteriorates if they feel that they are not treated fairly compared to their peers. Hence, another way to reward the entire teams could be, for example, by giving middle managers possibilities to organize joint activities with their teams when they have achieved their goals. Furthermore, the case company could also develop its performance management by setting more realistic and long-term targets to employees. As one interviewee stated in chapter 4.1.1, employees' targets are unrealistic, difficult, and they change all the time. This was speculated to be a result of the top management's inability to make decisions. If the decisions are changed also the targets must be changed so that the employees would be able to work for the right things. By changing the goals continuously seemed to result in everyday work becoming challenging as one does not inevitably take the effort to strive for targets if they are to change once again.

4.3.3 Insufficiently Targeted Cultural Trainings

Regarding the area of cultural sensitivity, cultural trainings raised a lot of discussion in the interviews. Most of the interviewees were pleased to have so many possibilities to train their team members and themselves. Some of them even hoped to have more cultural trainings. However, they also pointed out that trainings have not always been targeted in the best possible way to cover the cultures of the employees of Matrix Inc.

We've had those cultural trainings but they've been like, they haven't necessarily always been applied to these people.

Instead, they thought the nature of the trainings to be somewhat general thus not concentrating on how to work with people with different cultural backgrounds in practice. Some of them also hoped that the trainings would de-construct the universal cultural stereotypes even more. Again, they also felt that the lack of time makes it challenging to apply learned theory into practice.

The trainer is an external consultant who has a long experience in cross-cultural consulting and in the multinational corporation of which part Matrix Inc. is. She has been conducting trainings on multicultural effectiveness for both the operational staff and the managers of Matrix Inc. as well as other locations of the multinational corporation in question for years. Thus, she has a profound understanding of the corporation. Still, external consulting is external, which might be the reason why the interviewees feel that the trainings have not been

specifically targeted to the context of Matrix Inc. However, given the busy position of the middle management, it may also be that the interviewees have not had time to prepare themselves to the trainings beforehand. After all, there are usually assignments to be completed prior to trainings which aim at assisting participants in comprehending the topics more profoundly, and thus, making the best out of the trainings. However, if participants have no time to complete pre-tasks, it is possible that the training ends up only being a one-day course that will be forgotten very soon. In these cases, trainings do not meet their purpose and only take more of the busy middle managers' time.

Therefore, more time for middle managers to focus on the culture related trainings before, during, and after them would support middle managers in learning the topic. In order not to risk trainings ending up being only one-time courses, there could be some kind of continuum meaning more than one training on the same topic. Moreover, the case company could guide the trainer to conduct the trainings more practically if possible.

Furthermore, some interviewees longed for more cultural trainings for specifically newly appointed middle managers.

In my opinion, it [multiculturalism] could be brought out more, especially as we have quite many young managers. There are pretty tough challenges already in leading a team but the fact that there's also these kinds of challenges [multicultural team leadership], which may not be that familiar from before. So in my opinion, it should be in a company strategy to take these matters into consideration, and to train managers, to train everybody to understand, that there are differences.

Thus, cultural trainings targeted to newly appointed middle managers would help them to lead their multicultural teams in a better way straight from the beginning. In fact, Matrix Inc. has now arranged training related the topic *new manager coaching* to their newly appointed managers. Therefore, perhaps the area of multiculturalism and its leadership could be included as one of the topics of this training series.

In addition, one suggestion regarding the area of cultural sensitivity and its promotion was that Matrix Inc. could instruct all the new employees in cultural diversity regardless of their status in the organization at the beginning of their employment. This would orientate all the employees to consider and deal with the cultural diversity in everyday working life.

It would be good to have some kind of an instruction that people could see that "okay, we are all different". And you have to accept that different people act in different ways, and if you don't tell them, then they don't know. -- You cannot

expect that he knows and he cannot expect that you know. So I think it's important that you make this clear because many people just don't think about that [cultural diversity].

This instruction could be, for example, implemented as a cultural awareness guide, similar to the new employee handbooks that Matrix Inc. is already distributing to all the new employees.

It should be quite obvious to everybody but I think it's actually still good to have some kind of a guide that shows like some basics about cultural awareness, and something like that. Many people don't think about these differences. So maybe they don't just think, or they just think that if you're Indian, then of course you are like that.

The guide could thus include basic advice on how to work with people from different cultures and how to avoid generalizing and stereotyping. This cultural guide could be a good way to inspire employees to work with people having different cultural backgrounds and to promote cultural sensitivity right from the beginning of each employee's employment.

All in all, leadership of multicultural teams from the perspective of middle managers seems to be a complex entirety affected by various things. First, the context of a multinational corporation creates pressures for middle management in the form of less power to make decisions and difficult goals that are not always corresponding with local markets. These, in turn, make it more challenging for middle managers to influence their teams and motivate their team members. Second, multiculturalism creates challenges for team leadership as different cultures of team members make it more difficult to create cohesive teams and build trust, as both the leader and the followers may not always be culturally sensitive. Cross-cultural communication may also create misunderstandings, and taking all these things into consideration, motivating becomes challenging. Furthermore, their role as middle managers is extremely challenging due to: 1) being in between the upper and lower levels of the hierarchy, 2) the context of a multinational corporation and the global strategy of the ultimate parent company, and 3) the matrix structure as their subordinates have two superiors. The main empirical findings of the study can be seen in Table 4.

Table 4 – The Main Empirical Findings of the Study

Theme	Main Findings
The effect of an MNC context on leadership of multicultural teams	The middle managers perceived the global strategy and the matrix structure of the corporation affecting their leadership work to be more complex. They did not perceive the strategy very positively and agreed that the top-down approach in leading an MNC does not work. Due to this, they experienced that they did not have enough power to make decisions.
Multiculturalism in Matrix Inc.	The middle managers had positive experiences in multiculturalism. They experienced that it brings out new viewpoints, thoughts, and opinions, and appears mainly in different nationalities and languages. However, the strong organizational culture of Matrix Inc. stemming from the global headquarters of the corporation seemed to mitigate the appearance of cultural differences.
Leadership in everyday working life	The middle managers shared quite traditional and hierarchical views on leadership as a top-down process. Nevertheless, a couple of them thought that anyone can engage in leadership regardless of the position. Thus, leadership views may be changing in Matrix Inc. in the future.
Middle managers as leaders of multicultural teams	All the middle managers agreed on their role between the upper and lower levels of the hierarchy being challenging and complex as they receive a variety of requests from different directions. MNC context brings out additional challenges as, for example, global strategy seems to strengthen middle managers' operative role and reduce their influencing opportunities, and the matrix structure makes it challenging for them to lead their teams as their subordinates have also another superior. On top of these, multiculturalism brings out challenges even though the organizational culture seems to mitigate the appearance of cultural differences to some extent.
Leadership of multicultural teams	The four most prevailing areas of multicultural team leadership in Matrix Inc. were: 1) cultural sensitivity, 2) cross-cultural communication, 3) team cohesion and trust, and 4) motivation. The middle managers had faced challenges regarding all these areas but they were not as major that they would have risked the continuity of teamwork. Furthermore, only some conflicts were confronted and they could be resolved by discussion.
Supporting multicultural team leadership in Matrix Inc.	The main issue affecting negatively the middle managers' leadership experiences seemed to be lack of time and power for leadership. The middle managers longed for more trust from the top management, and a more coaching and empowering type of an organizational culture. Moreover, the middle managers experienced the need for greater resources for rewarding in order to be able to better motivate their team members. Finally, regarding cultural sensitivity, the middle managers suggested that the cultural trainings Matrix Inc. provides could be better targeted and more practical, and the cultural awareness guide to all the new employees could be elaborated.
Summary	Regarding multiculturalism, challenges faced were rather traditional. Surprisingly, the biggest challenges seemed to relate to the MNC context and the middle manager role, as they result middle managers in lack of time and power for leadership.

5. CONCLUSIONS

This final chapter summarizes the main findings of the study. In the first chapter I will briefly outline the structure of the study and the interdependence between the theoretical and the empirical parts, and the main empirical findings. In the second chapter I will discuss final thoughts and managerial implications, and finally, I will present my suggestions for further research.

5.1 Main Findings

The purpose of this Master's Thesis has been to examine *how middle managers experience leadership of their multicultural teams in everyday working life in the context of a multinational corporation*. In other words, what kind of experiences middle managers of the case company Matrix Inc. have in leading their multicultural teams and what kind of challenges they have faced. Furthermore, my aim has been to provide some suggestions for the case company on how it could support the leadership of its multicultural teams. The structure of the study has therefore been divided into the theoretical part, which outlines previous research on multicultural team leadership in multinational corporations, and into the empirical part, which discusses experiences and challenges that middle managers in the organizational context of Matrix Inc. have faced.

The theoretical framework first presented research on multinational corporations, especially challenges, such as strategy, structure, and multiculturalism, which affect their operations. After introducing the context of multinational corporations, the rest of the theoretical framework focused on multicultural team leadership in this specific context. The chapter 2.2 presented the main focus of my study and outlined six major areas that illustrate the challenging nature of leadership of multicultural teams in everyday working life. In addition to the multinational corporation context and the leadership role of middle managers, these six areas of challenges gathered from previous literature served as the main theoretical framework on which to reflect the empirical findings.

The empirical part started with discussing the definitions provided by the interviewees on the main concepts of this Thesis, the context of a multinational corporation, and the middle managers' role as leaders of their multicultural teams. Further it focused on the examination of multicultural team leadership in Matrix Inc., and more precisely, on how the six areas

presented in the theoretical framework were experienced by the interviewees in the organizational context of Matrix Inc. By conducting the semi-structured interviews I gathered an extensive data on experiences of the middle managers. The analysis on the empirical data therefore showed that the empirical findings are in line with the theoretical framework and support the existence of particularly four of the main areas presented in theoretical framework. Hence, I argue that the interviewees had most experiences in the following four areas: 1) cultural sensitivity, 2) cross-cultural communication, 3) team cohesion and trust, and 4) motivation. It was surprising to discover that the rest two areas, namely *power and hierarchy* and *decision-making*, did not raise as much discussion in the interviews as the other areas. They were, after all, widely present in previous literature.

Regarding the most prevailing area in the interviews, namely *cultural sensitivity*, both the positive as well as the negative experiences of the interviewees showed that without a leader's cultural sensitivity and capability to promote cultural sensitivity within a team, it is difficult to foster successful teamwork in multicultural teams. This finding supports the theoretical framework, as cultural sensitivity was presented as one of the main elements of successful multicultural team leadership, for example, in the scientific articles of Hajro and Pudelko (2010) and Zander et al. (2012). The interviewees' experiences suggested that cultural sensitivity is about recognizing and accepting other alternative ways of doing things not in a negative way but simply as different. Some interviewees seemed to avoid the use of stereotypes very deliberately. However, most of the experiences related to the use of stereotypes hindering the interviewees' cultural sensitivity in leadership of their teams. They also related to the challenge of promoting cultural sensitivity within the interviewees' teams. Even though the interviewees recognized that stereotypes are often incorrect and it is important to familiarize oneself with real cultures of subordinates, they seemed to quite easily resort to using stereotypes in everyday working life. This may stem from the difficulty in understanding their team members' cultures. Stereotypes indeed seemed to make it more straightforward for them to lead their teams, especially as their position "in the middle" requires them to meet with various expectations coming from multiple directions leading them to be extremely busy. Therefore, stereotypes were viewed as a "tool" to adjust one's behavior to team members' cultures without spending too much time on familiarizing oneself with them.

Cross-cultural communication was the second most prevailing area in the interviews out of the six areas. A common language was recognized as the core of successful communication. It

was positive to note that the interviewees had faced only some challenges regarding languages. These challenges related to, for example, lack of fluency and parlance of non-native speakers of English, language as a divider of in-groups and out-groups, and the importance of a shared language in conflict situations. However, as expected, most of the interviewees' experiences and the biggest challenges related to nonverbal and indirect communication. This supports the theoretical framework, as Zander et al. (2012) recognized nonverbal and indirect communication as the greatest challenges in multicultural team leadership. In the interviewees' experiences these challenges were reflected in the difficulty of interpreting the underlying behavior of their team members in the right way. In fact, some interviewees felt that they had insufficient knowledge on their team members' cultural communication preferences leading them to being incapable of adjusting their own behavior to these communication styles. As common ground seemed to be of high importance in successful communication, it may be that the middle managers have not had enough time to build personal relationships with their team members, which is why they may not share enough common ground. Sharing a common ground, after all, makes it easier to interpret others' behavior.

Team cohesion and trust appeared as the third most prevailing area in the interviews. The research findings support the arguments of Miller et al. (2000) who state that achieving cohesion can be considerably challenging in multicultural teams as, due to team members' differing cultural backgrounds, they are more prone to culture-based misunderstandings and conflicts, which reduce cohesion and trust. In fact, the interviewees recognized the importance of building personal bonds and relationships with their multicultural team members in order to enhance cohesion and trust within their teams. Creating an open atmosphere was also considered important. However, the fact that people prefer to associate with those who have similar cultures (Miller et al. 2000; Wright & Drewery 2002) was also evident in the interviewees' experiences. The most challenging experiences related to preventing the emergence of in-group and out-group differentiation due to the minority of team members having entirely different cultural backgrounds to others. Again, spending time together in order to make the better acquaintance of one another and humor were found to bind and attach team members emotionally to each other thus improving cohesion and trust.

Finally, the fourth area of *motivation* came up in the majority of the interviews. Supporting the findings of Thomas (2008), the interviewees argued that their team members need to be motivated in different ways at least partly based on their cultural backgrounds. For example,

the interviewees recognized that some of their team members were motivated by direction and support, while others were motivated by empowerment. In fact, it seemed to take some time from the leaders to learn how their team members can be motivated. However, it was surprising to note that motivating did not seem to cause any bigger challenges to the interviewees as in the previous research it was considered very challenging. After all, it was also evident in the interviews that leaders cannot take the entire liability of their team members' motivation; instead it is also team members' own responsibility.

Therefore, to answer my research question, the empirical findings on multicultural team leadership experiences and challenges in Matrix Inc. were quite traditional indicating that leadership of multicultural teams was not perceived as challenging by the middle managers as assumed prior to conducting the study. As expected, the interviewees had a variety of experiences regarding multicultural team leadership in the context of a multinational corporation. However, the challenges faced by the middle managers regarding the aforementioned four areas did not seem to be so remarkable that they would have risked, for example, the continuity of teamwork. Spending time together and making acquaintance with team members and their cultural backgrounds seemed to help in overcoming challenges in all the most prevailing areas. Therefore, it is important for the middle managers to learn as much as possible about the cultures of their team members. Furthermore, the middle managers had faced only some minor conflicts regarding these areas, which could be resolved by discussion. Thus, in contrast to Wright and Drewery's (2002) argument on the challenge of engaging employees with multicultural backgrounds in the activities of multinational corporations being often underestimated, based on this study, it seems not to be. Instead, surprisingly, the biggest challenges seemed to relate to the multinational corporation context of Matrix Inc. and the middle manager role itself.

In fact, the empirical findings showed that the organizational context of Matrix Inc. as part of a multinational corporation has a strong influence on the middle managers' leadership role, for example, through the strategy and the structure of the corporation. Most of the interviewees experienced that the global strategy of the ultimate parent company of Matrix Inc., based on Bartlett and Ghoshal's (2002) four dimensions, resulted in their decision-making power and time for leadership being extremely limited. This may be a reason why greater challenges or conflicts were not faced by the interviewees regarding multicultural team leadership if they experienced not having time for leadership. In fact, comparable to Luo and Shenkar's (2006) description on global strategy, the interviewees experienced that the

parent company of Matrix Inc. aims at integrating its subunits and holds the power to decision-making by itself. Furthermore, the interviewees pointed out that the corporation's strong focus on cost reduction can be sensed in their role as middle managers of Matrix Inc.

Therefore, due to global strategy of the corporation, the interviewees experienced that they do not have enough power and time to lead their teams as everything comes quite readily from the global headquarters. This results in their tasks becoming more operative in their nature, at the same time weakening their leadership role. This may also indicate that their team members' task are highly operative, which is why their completion may not require as close collaboration as it would cause disagreements and conflicts. Moreover, they were confronted with situations in which the parent company had not taken regional differences sufficiently into account in its decision-making, which ended up the middle managers receiving almost impossible requests from the top. Some interviewees also talked about the impact of the corporation's structure on leadership of their teams. Of the four structures presented by Luo and Shenkar (2006) in the theoretical framework, the structure of the case company is matrix. The interviewees regarded the matrix structure influencing their leadership work to become more challenging as each of their team members had other superiors in other functions or countries in addition to them. This made it more challenging for the interviewees to comprehend what their own contribution to leadership of their teams should be.

In fact, most of the interviewees had quite traditional, hierarchical views on leadership. On the one hand, some of them considered leadership to be strategic in its nature in which only the top managers engage, while some others thought that everyone should be engaged in leadership regardless of their position in the organization. All in all, the majority of them perceived leadership being in between these views thus involving all the employees in managerial roles and including different kinds of activities, such as motivating, supporting, and helping their team members. Thus, most of their perceptions on leadership differed from the view of organic leadership prevailing in today's leadership literature meaning that leadership is not tied to certain positions but instead meaning mutual sense-making in a group (Avery 2004). These rather traditional and hierarchical views on leadership of the interviewees may derive from the quite hierarchical organizational culture of Matrix Inc. and the rest of its multinational corporation network. In other words, the middle managers may not be able to view leadership in any other ways than in the way it appears in the case company.

Furthermore, due to the rather hierarchical organizational culture of the case company, the interviewees experienced that the top managers have a huge influence on how they are able to lead their teams. In fact, it seemed that a certain kind of micro management culture is prevalent in Matrix Inc. The middle managers found that it hinders their opportunities to lead their teams. Due to this kind of micro management approach of the top managers, the interviewees felt that they do not have power to make even the smallest decisions regarding their teams and territories. This may explain the quite surprising finding that the area of *decision-making* presented in the theoretical framework did not become apparent through the interviews. In other words, if the middle managers do not have power to make decisions even on the smallest things, then they cannot really either face any major challenges regarding decision-making within their teams in more extreme cases. Thus, the top management and its leadership approach seem to have a strong influence on how middle managers experience leading their own teams. Naturally, one cannot perhaps blame the top management alone for the micro management approach since it may derive from the global strategy of the multinational corporation, as the top managers also have their own superiors from whom they receive requests.

Moreover, some interviewees thought that this strong organizational culture of Matrix Inc. stemming from its multinational corporation network results in the situation that different cultures cannot indeed be brought out in the organization. Therefore, even though some employees would have entirely different cultural backgrounds than others, they do not stand out. Instead, employees adapt to the organizational culture, which could explain why the middle managers had not faced major challenges or conflicts regarding multiculturalism in their teams. Especially, this may be the reason why the area of *power and hierarchy* presented in the theoretical framework was not apparent in the interviews; after all, the employees may quickly adapt to the rather hierarchical organizational culture of Matrix Inc. thus not showing their cultural orientations towards power and hierarchy. This is supported by Leung's et al. (2005) argument on dynamic cultures concluding that the human mind is adaptive thus making it possible for people to quickly adapt their cultures to their environment. Indeed, as one interviewee stated, perhaps cultural differences disappear in daily interaction when team members make acquaintance with each other. Consequently, cultural differences should not cause as great challenges to multinational corporations as has been previously assumed (Leung et al. 2005). Based on this study, this seems to be somewhat true in the organizational context of Matrix Inc. Of course, there may also be other reasons for why multiculturalism

did not seem to be as big of a challenge in Matrix Inc. as assumed prior to conducting this research. These reasons are discussed next.

It seems that the middle managers are not facing any major challenges or conflicts regarding multicultural team leadership in Matrix Inc., which is surprising, though positive, to note. As presented, this may be due to the rather hierarchical organizational culture of the case company stemming from the global strategy of the ultimate parent company and the micro management approach of the top management. However, this may also be due to the fact that most of the employees may indeed have quite similar cultural backgrounds. If we define culture as being at least partly shaped by nationalities and other demographic factors, then most of the employees of Matrix Inc. may have rather similar cultural backgrounds as they come from the Nordic, Baltic, and other European countries, and the majority of them being highly educated, in their 30s and 40s, and quite equally both male and female. Thus, it may be that their cultural backgrounds indeed are not different enough to cause considerable challenges and conflicts. Of course, it is only positive to note that any bigger challenges or conflicts regarding multiculturalism were not encountered by the middle managers, although it surely is always possible to learn to lead one's team in a better way. Minor challenges and conflicts faced by the middle managers could also communicate that Matrix Inc. indeed benefits from having multicultural teams.

However, a few interviewees argued that the strong, hierarchical organizational culture of Matrix Inc. does not allow cultural differences to stand out. If they would be allowed to stand out more, even greater benefits could be achieved (Cox & Blake 1991; Wright & Drewery 2002). Thus, the top management should give middle managers and their teams more power to make decisions on their own territories so that they would be more able to bring out their different culture-bound viewpoints resulting in more creative solutions. Hierarchical organizational culture and making even the smallest decisions on behalf of the middle managers and their teams does not inevitably give them opportunities to bring out their different viewpoints. Moreover, it can also be questioned if the challenge of multiculturalism in fact is as significant as has been commonly thought. On the other hand, it may also be that Matrix Inc. was not the most suitable case context for this research subject even if it seemed to be prior to conducting this study.

5.2 Final Thoughts and Managerial Implications

Having now presented the main findings of my Thesis and answers to my main research question “*How do middle managers experience leadership of their multicultural teams in everyday working life in the context of a multinational corporation?*” it is time to finalize this study by analyzing what kind of managerial implications it has for the case company, Matrix Inc. Drawing upon the previously discussed topics and findings, I am thus summarizing points which may serve as a basis for supporting middle managers’ role in multicultural team leadership.

First, even though the middle managers did not seem to face any serious challenges regarding multicultural team leadership, the case company could consider supporting them especially in the area of *cultural sensitivity* as it was the most prevailing area in the interviews. As the interviewees suggested, this could be done by compiling a cultural awareness guide to be distributed to all the new employees and developing multicultural effectiveness trainings further. Even though the case company has been striving for supporting the practice in the trainings, the interviewees experienced that the trainings often remain on a theoretical level resulting in the topics being difficult to apply in practice. In order to enable training participants to gain a more profound understanding of the topic, I would suggest Matrix Inc. to consider arranging trainings more than once and at regular intervals. Thus, the trainings would focus more profoundly on practicalities without ending up being ineffectual one-day courses. Therefore, it would be beneficial to plan the contents of the trainings in cooperation with the consultant holding the courses.

Second, similarly to the interviewees, I suggest the case company to consider giving some kind of additional opportunities for leaders to reward their team members. These opportunities would make it easier for the middle managers to motivate their team members and thus reach better results. Performance management could also be developed by setting more realistic and long-term targets to employees so that the goals would not change constantly. This would probably result in the employees becoming more motivated to strive for the goals, and it would also be more straightforward for the managers to engage their team members in reaching their targets. In addition, I would suggest Matrix Inc. to also consider rewarding the middle managers for successful leadership work done. Thus, goals regarding leadership work itself could be set for the middle managers. In this way they could also receive the company approval for spending their time on leadership, as at the moment this

tacit consent seems to be missing. After all, successful leadership improves employees' motivation and job satisfaction thus resulting in better performance and results.

Nevertheless, the biggest issue seemed to be that the middle managers do not have enough time and power for leadership. In fact, my most important development suggestion relates to this issue. Even though it may have been noted in Matrix Inc. that there is a need for a coaching and empowering type of leadership culture, this study really shows the desperate need for it. Middle managers' frustration on not having enough power and time for leadership was highly apparent in the interviews. Most of them seemed not to be satisfied with the micro management approach of the top management that seemed to strongly prevail in the organization. The top managers should have trust in the middle managers and their team members having the expertise in their own fields, and not to be afraid of giving them power to make decisions on their territories. This would most likely create a situation where the middle managers and their team members would be more willing to support and implement the decisions of the top management. Therefore, I would highly recommend Matrix Inc. to develop its prevailing leadership culture to be more coaching and empowering; namely to the direction of shared leadership (Pearce & Manz 2005). As Stoker (2006) states, the role of the middle managers should be developed to be more people-oriented reducing the amount of their operational tasks. Consequently, the middle managers would feel themselves more appreciated and motivated if the top management would trust them more. Perhaps even the different cultures of employees could be brought out more resulting in a less hierarchical organization enabling the company to benefit from these differences even more. However, achieving a lasting change requires changing the whole organizational culture and prevailing leadership attitudes, as leadership seems to be currently understood as a top-down process in Matrix Inc. at least from the perspective of the interviewees.

Furthermore, in a rather hierarchical organization, such as the case company, a change requires commitment from especially the top management but also from all the other employees. The top managers should pay special attention to their behavior and the language they use as these influence the atmosphere and the culture of the organization. Everyone should be involved in change, for example, by inquiring employees whether the change indeed is needed, motivating them to the change, for instance, by trainings and shared planning sessions in which the employees have the possibility, for example, to contribute to the choice of values of the organization, and rewarding employees for behavior that is in accordance with the pursued culture. Organizational culture change requires not only

changing the artifacts, such as processes, values, visions, strategies, and targets, of the culture but also the basic assumptions. The basic assumptions of the culture have to be made visible in order to implement change as this makes it possible to de-construct them and make room for new assumptions. Moreover, change cannot be implemented without the acceptance of the rest of the multinational corporation network. Therefore, the change process will require time and patience and perhaps even external expertise since leadership cultures have been authoritarian for decades thus seeing leadership as a top-down process. However, if successful, it may contribute to an enriched, thriving, and motivating working atmosphere.

5.3 Suggestions for Further Research

The focus of this Master's Thesis has been on learning about experiences of middle managers in leading their multicultural teams in the context of a multinational corporation. One further alternative could be to conduct the research in different kind of the case context, for example, in a multinational corporation adopting multidomestic strategy. After all, multinational corporations adopting multidomestic strategies seem to be less hierarchical thus allowing different cultures to be brought out more and giving middle managers more power for leadership. Thus, the results could be significantly different compared to the results of this study.

Moreover, this study could be broadened to the perspective of team members of multicultural teams. Therefore, it could be examined if team members in fact face more challenges and conflicts with each other than middle managers face with their teams. After all, these challenges and conflicts may not always be apparent to the middle managers. Furthermore, even if conflicts and conflict-solving are the topics that have been widely researched in the context of multicultural teams, it would be interesting to research the subject more in practice from the perspective of middle managers. More specifically, how the middle managers resolve unexpected conflicts in practice.

Finally, my final suggestion for further research would be to research increasingly important topics of remote management and virtual team leadership in the context of multicultural teams. When conducting the interviews, I could not avoid the fact that several interviewees had also subordinates in other locations than Matrix Inc. and they mentioned facing several challenges in leading their distant, multicultural team members. In fact, I would highly suggest the case company to conduct a study on this topic in the future if possible.

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APPENDIX: Interview Guide

Master's Thesis
Jaana Anttila
Aalto University School of Business
Department of Management

Interview Guide
May 30, 2014

1) Background Information about the Interviewee, and His / Her Working History

Could you start by telling a little bit about your background? In what kind of positions have you worked? What is your current position? How many years of managerial experience you have? How long have you been leading your current team? What kind of people your current team consists of?

2) Multinational Corporations and the Case Company

- How do you understand the term *multinational corporation*?
- How are multinational corporations / Matrix Inc. led?
- What kind of challenges do multinational corporations / Matrix Inc. face?

3) Leadership and Middle Management

Concept of leadership:

- How do you understand the term *leadership*?
- Who should be involved in everyday leadership?
- How do you lead your team?
 - Which activities do you include in leadership?

The role of middle managers:

- How do you understand the term *middle manager*?
- Could you describe the role of middle managers?
- What kind of a role do middle managers have in Matrix Inc.?
- What makes it challenging to be “in the middle”?

4) Culture and Multiculturalism

Concept of culture:

- How do you understand the term *culture*?

Cultures and multiculturalism in the case company:

- How is multiculturalism present at the case company?

5) Multicultural Team Leadership and Experiences in It

Leading multicultural teams in everyday working life:

- How can multicultural teams be led?
- How do you lead your own multicultural team in everyday working life?
- How do you think that leading a multicultural team differs from leading a more monocultural team?

Successful / rewarding experiences in leading a multicultural team:

- Could you please describe some situations where you felt the leadership of your multicultural team had gone well?
 - What made the situation work well?

Challenging / difficult experiences in leading a multicultural team:

- What kind of problems / challenges do multicultural team leaders encounter when leading their teams?
- Could you please describe me some situations where the leadership of your multicultural team had really gone wrong?
 - What was wrong with the situation? / What made it so challenging?
 - Why did not the leadership succeed? / What could you have done otherwise?
- How do you overcome these challenges with your team?

6) Supporting Multicultural Team Leadership

- What things would make you and your team to work even better?
- What are you ready to do in order to make your team to work even more successfully together?
- What could Matrix Inc. do to support the leadership of multicultural teams?

7) Additional Comments

- Is there something else that you would like me to ask that has not been asked?
- Other questions / comments?