SUBGROUP DYNAMICS IN INTERNATIONALY DISTRIBUTED TEAMS: ETHNOCENTRISM OR CROSS-NATIONAL LEARNING?

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ABSTRACT

Internationally distributed teams are an ideal context in which to understand the formation, dynamics, and effects of subgroups within work teams. Although the members are interdependent, these teams frequently are composed of two or more collocated subgroups. Researchers have observed a tendency for tensions in such teams to coalesce—and escalate—between these subgroups. In this paper, we identify factors likely to promote and mitigate fracturing between subgroups and consider the impact of subgroup formation on task effectiveness. We build on Lau and Murnighan’s (1998) conceptualization of “faultlines,” which suggests that alignment of team members’ demographic attributes increases the likelihood of subgroup dynamics. We extend this work into the domain of internationally distributed teams by showing how differences in location also can heighten subgroup dynamics. The most likely consequence is ethnocentrism, although we show that intergroup learning also is possible. Our analysis highlights conditions under which teams that encounter subgroup differences will be able to overcome the tendency toward ethnocentrism. Teams with an attitude
of mutual positive distinctiveness, we argue, will more likely learn from subgroup differences, becoming more sophisticated in their understanding of cross-national relationships and competent in their management of them.

Throughout history, people have sought to achieve economic and social goods through international collaborations. Although such collaborations were transacted historically by travel and post (King & Frost, 2002), recent advances in telecommunications and information technologies have offered new means by which globe-spanning work can be carried out. Businesses assemble teams comprised of members from multiple countries as a means of establishing a presence in distant markets, securing essential but scarce expertise, enabling localization of products, and tapping into low cost pools of expertise in developing countries. In a recent study, respondent firms reported that 63% of their new product development teams would be geographically distributed within the next few years, with 22% expected to be globally distributed (McDonough, Kahn & Barczak, 2001). In this paper, we examine subgroup dynamics in such internationally distributed teams, and their impact on team effectiveness and potential to foster cross-national learning.

Subgroup dynamics within work teams, particularly internationally distributed work teams, is an area of research that remains largely unexplored. There is, however, increasing evidence that internationally distributed teams are prone to subgroup dynamics characterized by an us-versus-them attitude across sites (Armstrong & Cole, 1995; Cramton, 2001; Hinds & Bailey, 2003). Research over the last decade has begun to explore the ramifications of distributed work arrangements on the dynamics of the teams involved (see Gibson & Cohen, 2003; Hinds & Kiesler, 2002). Although some of this work has alluded to subgroups coalescing based on geographic location, little work has yet considered the dynamics and effects of within-team subgroups on distributed, particularly internationally distributed, teams.

Recent theoretical work offers a new perspective on subgroup phenomena in teams. Lau and Murnighan (1998) suggest that, contrary to previous work, it is not the total amount of diversity in a group that threatens social integration. Rather, it is the extent to which key attributes of members are correlated rather than cutting across membership. They call this alignment of attributes faultlines and propose that the presence of faultlines increases the likelihood of subgroup formation and conflict. We build on and extend Lau and Murnighan’s work, inspired by its implications for internationally distributed teams that carry out interdependent tasks despite members being located in two or more countries. Our goals for this paper are threefold: (1) to develop a theoretical framework for understanding the