

Subgroup Dynamics in Internationally 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 & 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.