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EFFECTS OF DIVERSITY IN GLOBAL TEAMS

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Abstract

In today's globalizing world where the workforce is increasingly diverse and the themes of equality and anti-discrimination are drawing attention, it is essential for managers of multinational enterprises (MNEs) to understand the effects and functioning mechanisms of diversity. This thesis studies the effects of diversity in the context of global teams. Global teams are globally distributed work groups that often play a strategically important role in MNEs. Thus, maximizing their performance is an essential source of sustainable competitive advantage. The previous literature has indicated inconsistent results on the effects of diversity and lacks research focusing on the context of global teams. To narrow this research gap, this thesis examines the mechanisms of different diversity attributes and their effects on the performance of global teams, as well as the implementation of diversity and inclusion (D&I) practices at the team level.

The topic is examined by means of a qualitative case study of a Finnish-based MNE in which semi-structured interviews are conducted to members of a global product management team. The empirical results of this study indicate that in the special context of global teams characterized by a dispersed location of team members, communication is significantly more task-oriented than in conventional teams. This has a significant effect on the functioning of diversity attributes as communication is a key mediator of the effects of diversity. The results also indicate that the social-categorization and similarity-attraction processes are weaker in global teams than in conventional teams which is found to prevent discriminatory behavior. Based on the results of this study, a new categorization of diversity attributes is presented where the special interactional context of global teams is accounted for. This categorization is based on the attributes' effects on work-related outcomes as well as their functioning mechanisms in virtual channels of communication.

This thesis makes a contribution to the diversity literature with two significant findings. First, it sheds light on the functioning mechanisms of diversity attributes in the context where virtual communication is the dominating way of communication between team members. Secondly, this thesis advances knowledge on the self-categorization and similarity-attraction processes by revealing that they are significantly weaker in in global teams than conventional teams. The primary purpose of this thesis is to provide insight into how to maximize the positive and minimize the negative effects of diversity in the special context of global teams in order to improve team performance.

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1   INTRODUCTION

This chapter introduces the topic and purpose of this thesis. After a brief overview of the subject and its significance, the key concepts are defined. This is followed by introduction of the research gap and research questions. Finally, the research methods are described and the structure of the thesis presented.

1.1   Introduction to the topic

Over the past decades, macro shifts in demography have reflected in the workforce structure of organizations. Global phenomena, such as increasing immigration, the globalization of firms, population ageing, increasing presence of women in the workforce (Mor Barak, 2016, p. 1–5) as well as increasing attention on equality concerning personal characteristics such as ethnicity, age, religion, gender, and disabilities (Theodorakopoulos & Budhwar, 2015) have made the workforce of organizations considerably more diverse, especially in multinational enterprises (MNEs). Combined with rapidly changing and highly competitive environment, these trends have increased a need for organizational leaders to understand the effects of diversity (Roberson, Holmes & Perry, 2017) such as satisfaction, creativity, and turnover (Milliken & Martins, 1996) on organizational outcomes. The diversity of workforce has thus become a considerable management concern. As a result, many firms have created chief diversity officer (CDO) positions (Shi, Pathak, Song & Hoskisson, 2017) and it is increasingly common to have whole departments that oversee diversity policies and practices aligned with the strategic goals of the organization (Mor Barak, 2016, p. 16). Also in the academic world, the field of organizational diversity is constantly gaining more attention and is increasingly regarded as a key to the strategic agenda of organizations (Theodorakopoulos & Budhwar, 2015).

Teams in MNEs increasingly consist of people of different nationalities, ages, genders, and functional backgrounds (Bodla, Tang, Jiang & Tian, 2018). The impacts of diversity on organizational performance happen through its impact on team functioning (Roberson et al., 2017). Diversity broadens the knowledge, perspectives and other cognitive resources of work groups, which leads to enhances problem-

solving and decision-making performance (Cox, Lobel & McLeod, 1991). Thus, in today's world where companies operate in increasingly multinational context, where teams are increasingly diverse, and where the topics of equality, anti-discrimination, and inclusion are increasingly timely, it is crucial for every company, especially for MNEs, to understand diversity in its whole range as well as its manifold effects. Workforce diversity is not a transient phenomenon that can be ignored – it is today's reality and it is here to stay (Mor Barak, 2016, p. 2). When managed correctly and efficiently in organizations, diversity of workforce can be turned into a source of sustainable competitive advantage in rapidly changing markets.

1.2   Key concepts

For some, the term 'diversity' may provoke negative emotional reactions when associated with ideas such as "affirmative action" and "hiring quotas" (Milliken & Martins, 1996). However, diversity as a term is much more extensive. There is a variety of terms that are often used interchangeably to refer to diversity. Five of them, *diversity*, *demography, composition, heterogeneity,* and *dissimilarity,* have primarily been used by researchers to refer to diversity as a contextual property of organizations. (Roberson et al., 2017.) However, these terms are by no means interchangeable. *Demographic dissimilarity* refers to the differences between individuals in terms of demographic characteristics such as ethnicity, gender or age (Chattopadhyay, 1999). By contrast, against a common misconception, diversity is not restricted to demography. American Heritage Dictionary of the English Language (2019) defines diversity as "the condition of having or including people from different ethnicities and social backgrounds" or more broadly as "the quality or condition of being diverse". In this thesis, diversity is understood according to the latter definition of American Heritage Dictionary of the English Language as it reflects the comprehensiveness of diversity; it is not only demographical but also functional and psychological. ¨

Another key term in this thesis which is strongly related to diversity of workforce is *inclusion*. In this thesis, it is understood as the Oxford English Dictionary (2019) defines it: "the action, practice, or policy of including any person in an activity, system, organization, or process, irrespective of race, gender, religion, age, ability, etc." It is important for individuals' self-identity and psychological empowerment to perceive

inclusion in a diverse group. An inclusive climate is defined as the overall perception of diverse team members of fair treatment, integration of differences, and inclusion in decision making in a team. It has been found that individuals from diverse backgrounds will outperform, if they are fairly treated, valued for who they are, and included in core decision making. (Nishii, 2013.) An inclusive climate makes diverse team members feel less discrimination, facilitates their interpersonal relationships and knowledge sharing, and thus has a direct influence on behavior and performance. (Bodla, Tang, Jiang & Tian, 2016.)

Global teams are internationally distributed groups of people within organizations. They are typically assigned strategically important and highly complex tasks (Maznevski & Chudoba, 2000) and the recruitment decisions are thus based on the specialized expertise of individuals regardless of their location (Hinds, Liu, & Lyon, 2011). The term *global team* is largely interchangeable with the term *global virtual team (GVT)*. Maznevski and Chudoba define GVTs more specifically as "rarely meeting in person, conducting almost all of their interaction and decision making using information and communication technologies (ICT)". However, that is how all global teams function due to their dispersed location. The usage of these terms varies between organizations – sometimes both terms may be used for different teams to describe their different levels of face-to-face interaction. This is also the case in the case company of this research – the interviewed team is referred to as a *global team* inside the organization in order to separate it from completely virtual teams. Following this definition, the term *global team* is also used in this thesis.

1.3 Research gap and research questions

As a consequence of the increasing use and influence of the internet, corporate web sites have become a significant forum for organizational leaders to communicate their corporate values, policies and practices to the stakeholders. Serving as "electronic storefronts," corporate web sites are often the first point of contact that people have with an organization. The content on corporate websites serves several purposes, some of which are literal representations of the company's current practices whereas others are rather symbolic descriptions of goals and values (Doerer, Stewart, & Long, 2015). On the corporate websites and other public statements, companies usually view

diversity as a solely positive force in the organization. Even if some internal issues concerning diversity existed, they are rarely communicated to external stakeholders. Such issues concern human resources and may therefore be very delicate. Also, excluding flagrant misdemeanors, they are not amongst the things that external stakeholders are entitled to have detailed information about.

In public discussion, it is often suggested that teams within organizations should be composed of diverse members. However, a considerable number of researchers in the field (see e.g. Jackson & Joshi, 2011; Milliken & Martins, 1996) state, that in fact diversity appears to be a double-edged sword that offers organizations great opportunities but also challenges. Jackson and Joshi argue, that diversity may weaken teamwork capabilities by causing interpersonal conflict and loss of social cohesion. According to Milliken and Martins, high diversity may increase the likelihood that group members fail to identify with the group. Dessler (2012, p. 66) suggests that diversity can cause stereotyping, discrimination and ethnocentrism, which undermine work team cooperation. However, diversity also brings more creativity to problem solving and product development (Jackson & Joshi) and a diverse set of workers is shown to increase firm performance when diversity provides capabilities that support the firm strategy (Ali & Konrad, 2017). Due to the manifold effects of diversity, Ancona & Caldwell (1992) argue, that merely increasing diversity of teams will not improve performance. Effective diversity management means both maximizing diversity's potential advantages while minimizing its potential barriers that can undermine the functioning of a diverse workforce (Dessler, 2012, p. 67).

The sugar-coated image of diversity that organizations paint to the public raises a question – can any negative sides to diversity be identified in MNEs? As research identifies both positive and negative effects for diversity, it can be expected that also in the organizational reality some challenges exist. And only by addressing the possible negative effects it is possible to turn diversity into a source of sustainable competitive advantage. Another interesting question is, how well companies succeed to implement their strategic diversity initiatives. This reflects the extent to which the rhetoric for diversity and inclusion (D&I) management meets reality (Theodorakopoulos & Budhwar, 2015). Firm-level diversity research views diversity as a valuable resource and a potential source of competitive advantage, yet few studies

have considered the ways in which it might be deployed to achieve such an advantage (Roberson et al., 2017). This raises a further question – What are the underlying reasons behind a possible failure of D&I initiatives and what can be done to overcome these barriers?

One of the key questions in diversity research is, how differences between work group members affect group processes and performance (van Knippenberg & Schippers, 2007). Diversity research has been dominated by studies that focus on "main effects", testing relationships between dimensions of diversity and outcomes without taking potentially moderating variables into account (Jackson & Joshi, 2011). The focus on moderators is important not only to identify when diversity may be expected to have positive or negative effects, but also because it reveals information about the processes underlying the influence of work group performance (van Knippenberg & Schippers, 2007). The purpose of this thesis is to find out the real effects of different diversity attributes on team performance in the special context of global teams. By conducting a qualitative case study, the thesis aims to deepen the insight on the accuracy of current theoretical knowledge of diversity in the reality of organizations.

The primary research question:

What effects does diversity have on the performance of global teams?

The secondary research question:

How are the D&I policies of the case company implemented at the team level?

1.4 Methods and structure of the research

The research will be conducted as a qualitative case study of a Finnish-based MNE that operates in the technology sector. The qualitative research methods can be found to be the most suitable way to find answers to the research questions of this thesis as they enable studying processes and meanings that cannot be measured in numerical terms (Klenke, Wallace & Martin, 2015). Semi-structured interviews will be conducted for a demographically diverse group of employees working in the same

global team. The interview data will be organized in order to discover patterns, themes, and qualities based on which conclusions can be drawn. Qualitative analysis seeks to capture people's experience in their own terms (Klenke et al., 2015). This enables the interviewer to explore new and unexpected information and causal relationships. In addition to the primary data, also existing scientific literature will be reviewed and used as a foundation for theory-building and a deeper-level analysis of the topic.

The structure of the thesis is as follows. In the next two chapters the existing literature on workforce diversity and global teams is reviewed. In the fourth chapter the methodology, data collection process and data analysis are described. In the fifth chapter the empirical findings are presented. In the sixth chapter the findings are reflected to the existing literature. In the final chapter of this thesis, theoretical conclusions and managerial implications are presented, the research is evaluated, and the suggestions for future research are made.

2 THE TYPES OF DIVERSITY

This chapter reviews and discusses the existing literature on diversity. The chapter begins with an overview on the history and development of diversity research over the past three decades. After that the existing categorizations of diversity attributes are discussed and the choice of categorization in this thesis is rationalized. The eight diversity attributes chosen to be examined are then discussed reflecting to the existing literature. Different viewpoints and partly contradictory results of the attributes' effects on team performance are presented in order to create an objective foundation for the empirical study of this thesis.

2.1 Overview of diversity literature

Over the past decades, the effects of diversity on group performance have been studied by researchers in many domains – psychology, economics, sociology, anthropology, communication and organizational studies (Williams & O'Reilly, 1998). For decades, the majority of research viewed diversity as an unfortunate by-product of immigration and birth rates. However, at the end of the 1980s the attitudes started to shift. In the year 1987, based on the development that had already begun, researchers predicted that in the "Workforce 2000" world, competitive differentiation would be largely based on diversity. This report written by Johnston and Packer (1987) predicted that the US demographics were rapidly changing and this change would lead to a shifting demographic in the workplace. Even though focused on the US, the report was to reflect the whole world.

The report also predicted that businesses would realize that diversity is a golden opportunity to be utilized and consequently develop comprehensive managing diversity strategies, establish processes for creating a corporate culture that recognizes the value of all diverse employees, and develop an organizational structure that relies on diverse work teams (Lattimer, 1998). Two decades after this prediction it can be seen both in the corporate world and in the academia that the prediction was largely accurate - at least at the rhetoric level. In organizations, the focus is increasingly on managing diversity rather than on simply justifying it (Dessler, p.67, 2012). Managers have increasingly started to view diversity as an advantage and D&I policies have

become a nearly self-evident part of corporate images (Mor Barak, 2016, p. 3). Furthermore, researchers are increasingly seeking mechanisms that help to take advantage of diversity (Theodorakopoulos & Budhwar, 2015).

Many researchers suggest a wide range of effects for successful D&I management (Theodorakopoulos & Budhwar, 2015). For instance, Cox and Blake (1991) present a value-in-diversity hypothesis, based on which they argue that diverse resources and perspectives in organizations and teams provide firms with a greater capacity for creativity and innovation. The underlying assumption of the value-in-diversity hypothesis is that diversity in team members' attributes will result in more informed decisions by promoting creativity, innovation, and alternative problem solving. As team members share information from a greater variety of perspectives, it leads to higher quality analysis of tasks, which in turn promotes higher quality results. The differences thus create an opportunity for team members to examine issues at a deeper level of analysis. (Woehr, et al., 2013.) However, not all scholars are unanimous about the conclusiveness of these evidence due to the many unanswered questions concerning the effects of diversity on firm-level outcomes (Roberson et al., 2017).

Theodorakopoulos & Budhwar list some major problems of diversity research. First, programs and instruments used in different researches vary. Second, many studies focus on single-nation cases or are taken from a one-dimensional Anglo-Saxon perspective, and are thus not always applicable to other national settings. The Anlgo-Saxon, or often more precisely US-centric perspective, may not work effectively in other national cultures without some level of localization (Forstenlechner, Lettice & Özbilgin, 2011). Third, the extent to which diversity policies materialize and lead to practical changes is questioned by many scholars. The group-level research articulates the processes through which diversity affects performance outcomes. However, the understanding of how such processes and outcomes become manifested in the macro domain, is limited. (Theodorakopoulos & Budhwar.) Firm-level diversity research largely views cultural diversity as a unique and valuable resource that can be a source of competitive advantage for firms, yet few studies have considered the ways in which it might be developed or deployed to achieve such an advantage. Thus, there are many questions to be answered regarding the true value of diversity in organizations. (Roberson et al., 2017.)

2.2 Categorization

Diversity is an umbrella term for the extent to which members of a team are heterogeneous with respect to individual-level characteristics (Jackson, May & Whitney, 1995). Researchers have suggested various ways of categorizing different types of diversity. One widely used distinction, which is also adopted in this thesis, is between surface-level and deep-level attributes. Different researchers use different terms for these categories and may have slightly different emphasis on the included attributes. However, these terms are generally used quite interchangeably as their primary role is to reflect the different natures of these two categories. The surface-level (Harrison et al., 2002) – or in other words observable (Milliken & Martins, 1996) or readily detectable (Jackson et al., 1995) – attributes include characteristics such as ethnicity, age, and gender. These attributes are often reflected in physical features (Milliken & Martins, 1996) and can be easily observed or measured (Harrison et al., 2002).

At the end of the 20th century, the widespread adoption of training programs intended to improve relationships between employees with diverse backgrounds led to an expanded understanding of the concept of diversity – employers started to realize that visible attributes were not the only attributes with a significant influence in the workplace. The concept of diversity thus broadened to include a wide range of physical, cultural, psychological and behavioral differences of employees. (Jackson & Joshi, 2011.) The deep-level (Harrison et al., 2002) – or in other words non-observable (Milliken & Martins, 1996) or underlying (Jackson et al., 1995) – attributes include for instance education, technical abilities, functional background, tenure in the organization, socioeconomic background and values.

The main reason for the categorization to deep-level and surface-level attributes is their supposedly different responses. Visibly attributes are more likely to evoke responses that are based on stereotypes and biases. These biases are often connected to non-observable assumptions, such as the connection of the ethnic background to education level or the connection of gender to technical abilities. Deep-level attributes function with a different mechanism. Differences in these attributes can create major differences in orientations toward issues and in preferred interaction styles. (Milliken

& Martins, 1996.) These attributes are not easily detectable but reveal themselves over time in interactions between co-workers. They are expressed in behavior patterns, verbal and nonverbal communication, and exchanges of personal information. (Harrison et al., 2002.) Whereas the management literature has focused on the impact of surface-level diversity on team performance, the psychology literature has primarily studied deep-level diversity attributes as predictors of team processes and outcomes (Mohammed & Angell, 2004).

The main reason for distinguishing between different types of diversity is to better understand its manifold effects (van Knippenberg & Schippers, 2007). That is why categorization is also done in this thesis. The categorization to deep-level and surface-level diversity attributes is chosen as the distinguishing method of this thesis as it is considered to enable deeper analysis of the effects and mechanisms of the different types of diversity. Surface-level diversity attributes supposedly have more indirect effects via biases and prejudices whereas deep-level diversity supposedly have more direct effects on interaction between team members. Harrison et al. (2002) also propose based on their empirical results that as time passes, increasing collaboration weakens the effects of surface-level diversity on team outcomes but strengthens those of deep-level diversity. Therefore, it can be supposed that surface-level diversity and deep-level diversity have differentially salient consequences for team social integration over time as team members collaborate and learn more about each other.

The terminology of Harrison et al. (2002) is adopted in this thesis as it is found to describe the nature of deep-level and surface-level attributes better than the alternative terms. It must be remarked that psychological features, such as personality attributes, attitudes, beliefs and values are central in the categorization of Harrison et al. However, they are perceived to require a depth of individual-level analysis that is not reasonable in this thesis as the purpose is to study the effects of multiple diversity attributes on team performance. Only beliefs and values were chosen as examined psychological features as they were expected to be connected to religion, which is a somewhat demographic attribute. Furthermore, education, technical abilities, functional background and tenure, which can be found to be essential elements of group performance, are largely ignored in the categorization of Harrison et al. In this thesis, the categorization is made as a combination of the ideas of Milliken and Martins

(1996), Harrison et al. and Jackson et al. (1995), considering the broadness of demographic, psychological and functional diversity. When looking at the wide picture of diversity research, it seems that researchers have been unable to reliably link the positive and negative effects of diversity to types of diversity (van Knippenberg et al., 2004). Therefore, the categories are used in this thesis merely to predict the mechanism of influence of the attributes instead of using them to predict positivity or negativity of the attributes' effects.

In this thesis, the diversity attributes chosen to be studied are nationality and ethnicity, gender, age, disabilities, values and beliefs, sexual orientation and gender identity, functional and educational background, and organizational tenure. These attributes were chosen based on their presence in organizations' diversity programs and/or their assumed significance. Also their observability by the chosen research methods was used as a criterion. It must be remarked that there is no perfect categorization method but they all have deficiencies. It can be argued that many of the diversity attributes have features of both surface-level and deep-level attributes. For instance, it can be argued whether gender identity should be put in the same, surface-level category with gender or understood as a deep-level attribute. Because of its deep-level and psychological nature as well as implication in LGBT policies, gender identity was put in the same deep-level category with sexual orientation. Other tricky attributes are educational background and religion. On the other hand, they can be understood as demographic factors and therefore surface-level attributes. However, as they are in this study not observed statistically but by their effects - religion's effects on beliefs and values and educational background's effects on task-related knowledge – they were put in the deep-level category. It can also be questioned whether disability is a surface-level attribute as it often is not. However, because of its influence mechanism and connectedness to prejudices, it was put in the surface-level category. To summarize, the diversity attributes in this thesis are categorized and studied based on their expected influence mechanisms, expecting that the empirical research will either confirm or challenge them. The categorization of diversity attributes in this thesis is demonstrated in table 1.

Table 1. Categorization of diversity attributes.

Surface-level	Deep-level
Nationality and ethnicity	Beliefs and values
Gender	Sexual orientation and gender identity
Age	Functional and educational background
Disabilities	Organizational and group tenure

2.3 Surface-level diversity attributes

Surface-level diversity attributes are often expected to function via biases and prejudices. However, some demographic differences have also been associated with idea generation, group task performance, and organizational performance. (Cunningham, 2011). In the following subchapters, existing literature on the effects and functioning mechanisms of surface-level diversity attributes is reviewed.

2.3.1 Nationality

In MNEs, especially in the context of global teams, national background with its cultural features can considered as a significant diversity attribute. National differences within teams have manifold effects – both positive and negative (Williams & O'Reilly III, 1998). Oxford English Dictionary (2019) defines culture in multiple ways, one of which is "the ideas, customs, and social behavior of a particular people or society". This definition is adopted in this thesis, referring to national cultures. Furthermore, following the definition of Fernández & Fogli (2009), cultural differences are in this thesis understood as systematic differences in preferences and beliefs across geographically differentiated groups. A national culture often affects deep-level diversity attributes, such as beliefs, values, and communicational habits, which may have direct effects on work performance.

One of the most used framework in the field of intercultural research is the cultural dimensions paradigm by Geert Hofstede. In 1991, Hofstede published a comprehensive study *Cultures and organizations: Software of the mind,* where 50 countries around the world and their various cultural aspects were examined. The results show clear differences between national cultures. Hofstede defines the term dimension as "an aspect of culture that can be measured relative to other cultures". In his original study, Hofstede uses four dimensions to categorize the differences between national cultures - power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance. The cultural dimensions paradigm is not extensively discussed in this thesis but due to its significance in the field of intercultural research it was chosen to be utilized. In the chapter five, the empirical results on cultural diversity are reflected to the cultural dimension paradigm.

Research on national diversity suggests manifold effects. The processes that align the team around common objectives, commitment and conclusions are called convergent processes. Cultural diversity is found to decrease these processes. Some convergent processes, such as communication, social integration, and the development of group cohesion, commitment, and identity have a positive effect on group performance. Other convergent processes, such as groupthink or the premature concurrence-seeking tendency, have a negative effect on group performance as they interfere with effective group decision-making and achieving high quality decisions. (Stahl, Maznevski, Voigt & Jonsen, 2010.) This is consistent with the findings of many researchers (e.g. Ali et al., 2018; Milliken & Martins, 1996) that cultural diversity improves decision making and quality of the decisions but decreases social integration and group cohesion. In diversity research, national differences are often studied in a context of an organizational group where one nationality is dominant. In such context, national and cultural diversity are often studied in relation to the dominant culture. However, in the context of global teams the perspective on national diversity is quite different. Namely, the dynamics of global teams are different in the sense that there is no set-up of a dominant nationality and other nationalities but essentially an equal group of different nationalities. It can thus be assumed that in a global team results of cultural diversity is different than in conventional teams.

Ethnicity as a diversity attribute has a different mechanism than nationality and culture – it can create prejudices about deep-level diversity attributes, such as skills, knowledge and values. These prejudices may not be correct but can affect other people's attitudes towards those who come from a different ethnic background. In previous studies, the reported consequences of national and ethnic diversity are somewhat inconsistent (Williams & O'Reilly, 1998) and sometimes non-linear. Lower performance ratings, diminished communication, and reduced commitment among majority of members have been related to within-team differences in ethnicity. (Harrison et al., 2002.) However, ethnic diversity is also shown to have positive effects on firm performance. An ethnically diverse employee base brings insight and cultural sensitivity, which helps in reaching and having a deeper understanding of a broader range of customer segments (Richard, 2000). It has also been shown in empirical studies that an ethnically diverse groups make more cooperative choices and produces more unique ideas than ethnically homogenous groups (Milliken & Martins, 1996).

2.3.2   Gender

Workforce gender diversity is increasing globally (International Labour Office, 2017). Equal opportunity laws have pushed organizations to employ women resulting in enhanced levels of gender diversity. Even though discrimination based on gender is illegal in most countries and often banned by corporate policies, gender discrimination may take other, more subtle forms. It is often argued that a "glass ceiling" enforced by male-dominated networks effectively prevents women from reaching top management. Women may also face gender-role stereotypes – the tendency to associate women with certain, frequently non-managerial jobs. (Dessler, 2012, p. 66.)

Empirical findings on the link between gender diversity in an organization and its performance have been inconsistent (Ali, Kulik, & Metz, 2011). Researchers have reported negative outcomes, such as feelings of isolation, dissatisfaction, and lack of attachment in some sex-dissimilar situations for females, and reduced organizational attachment for some males (Harrison et al., 2002). However, recent studies have begun to establish a positive link between gender diversity and firm performance. For instance, Lincoln and Adedoyin (2012) find in their study, that women have unique characteristics that positively influence the strategic direction of a corporation and

contribute to firm growth. Frink et al. (2003) find in their empirical study that an organization's performance is the greatest when gender diversity is maximized. Ali et al. (2011) suggest that a positive linear gender diversity–performance relationship can be derived from the resource-based view of the firm because according to the resource-based view by Barney (1991), valuable, rare, inimitable, and non-substitutable resources of a firm can be turned into sustainable competitive advantage. It has also been found in empirical research that intangible and socially complex resources are a better source of competitive advantage than tangible resources. Organizational gender diversity has found to be a source of intangible and socially complex resources, such as improved problem-solving, market insight, creativity and innovation, which drive business growth and are largely inimitable. (Barney, 1991.) Thus, there is a growing number of evidence that gender diversity in organizations is a significant source of sustainable competitive advantage.

2.3.3   Age

Within each level of the organizational hierarchy, age diversity is replacing the homogeneity associated with traditional age-based stratification. The decreasing labor pool is pushing employers to hire at both extremes of the age distribution – from student interns to older workers. (Jackson, May & Whitney, 1995.) The term "older worker" is a term that is defined depending on the purpose and field. Usually researchers have used the term to refer to workers varying from the age of 40 to those aged over 75. In studies concerning labor market participation, the term usually refers to workers aged 50 or 55 and above because the participation rate in the labor market declines within this age range in many countries. (Kooij, Lange & Dikkers, 2007.) The number of workers aged 55-64 is growing faster than any other demographic group. Many people belonging to this group are looking for jobs, for instance because of getting laid off for the reason of downsizing, or just for wanting a change just like any other employees. There are also many early retired workers who want to re-enter the workforce. (Dessler, 2012, p. 126.) Even though it is increasingly widely acknowledged that discrimination based on age, especially in recruitment, should be avoided, job seekers of more than 55 years may find it hard to find a job despite of having a required education background and much more experience than younger candidates. Recruiters may have stereotypes of older candidates, such as "older people

can't work hard" (Dessler, 2012, p.66). Such stereotyping discriminates older professionals and is rarely based on facts.

As organizations allow high education of younger employees substitute for the job experience, relatively young employees are found increasingly often in high-level jobs. These young employees may also face discrimination by older colleagues based on the assumption of a lack of knowledge as the older colleagues may be used to a culture of employees having to accrue in order to be promoted. (Jackson et al., 1995.) Although some researchers have reported null or asymmetrical effects, differences in age have often been found negatively related to aspects of individual or team functioning. These aspects include e.g. social isolation, reduced cohesion and lowered communication. (Harrison et al., 2002.) Consequently, it has been found in some studies that teams with high age diversity have higher turnover rates. It is indeed the people who are different from their group members in terms of age that are more likely to turn over, be absent more frequently, and receive lower performance ratings than their team members that are more similar to each other in age. (Milliken & Martins, 1996.)

When examining age as a surface-level and demographic characteristic, the distinction between older and younger workers is based on calendar age. Many organizations use calendar age to define older workers. HRM policies for older workers are generally collectively designed for workers in a specified age-group. They often include targeted accommodations such as additional leaves and reduced workload. Moreover, companies may reduce investments in the training of older workers. Such policies are likely to reduce motivation of older workers which presumably reflects in work results and efficiency. However, age can also be understood in different ways, such as subjective age (self-perception), social age (others' perception), relative age (compared with the employee's work group) or organizational age which refers to career stage, skill obsolescence and age norms within the company. (Kooji et al., 2007.)

The different conceptualizations of age have been found to have distinct effects on work-related attitudes. Cleveland and McFarlane Shore (1992) suggest that the employee's calendar age, subjective age, social age and relative age have different

effects on job satisfaction, job involvement, and organizational commitment. The internal work motivation is strongly dependent on the chosen categorization of age. For instance, according to Cleveland and McFarlane Shore, employees who perceive themselves to be older than most of the people in their work group are more involved in, more satisfied with, and more committed to the job and the organization. Rabl, Triana and Del Carmen (2014) stress the importance of considering individual attitudes toward age diversity when assessing the effectiveness of an organization's age diversity and related management practices. Based on empirical findings they suggest that age diversity and age diversity management practices in the organization are positively related to organizational attractiveness and negatively related to expected age discrimination.

2.3.4 Disabilities

Participation in competitive and meaningful employment is fundamental to the physical and psychological well-being of all people while unemployment is linked with higher prevalence of depression and anxiety and lower quality of life (Lindsay, Cagliostro, Albarico, Mortaji & Karon, 2018). Lack of knowledge and negative attitudes toward disability contribute to lower employment rates among people with disabilities (Phillips, Deiches, Morrison, Chan, & Bezyak, 2016). In most countries employees with disabilities are protected by legalization. Such laws determine the basic conditions for the equal treatment of disabled people in employment settings. (Hernandez, Keys, & Balcazar, 2000.) However, companies often exclude persons with disabilities in their definition of diversity and thus also diversity policies (Ball, Monaco, Schmeling, Schartz, & Blanck, 2005). Employers also often view applicants with disabilities problematic (Phillips et al., 2016). The attitudes are less positive towards psychiatric or intellectual disabilities than towards physical disabilities. Overall, employers' expressed, theoretical willingness to hire people with disabilities seems to exceed their actual hiring. (Hernandez et al., 2000.) People with disabilities benefit when employers view disability positively as a form of diversity rather than just a disadvantaged group in the workplace. Furthermore, employers that elaborately include disability in their diversity programs are more likely to recruit individuals with disabilities. (Phillips et al., 2016.)

Disability accommodations are often provided in workplaces for persons with disabilities in order to provide them with the same opportunities as other employees. However, the other employees may perceive such accommodations as unfair treatment. If the accommodations concern for instance considerable improvements in duties, valuable commodities, tools of work, or a location, they may seem unfair – especially if affecting other employees' work conditions in a negative way. Accommodations may be perceived unfair by other employees especially if the employee receiving accommodations is reluctant to disclose their disabilities, which is often the case. (Colella, 2001.) Therefore, disability of a team member can cause conflicts within the team. Accommodations, misinformation and negative attitudes may cause discrimination toward employees with disabilities, were they visible or not. The HR managers may find themselves in a tough spot balancing between providing everyone equal opportunities and ensuring that no employee gets unfairly good treatment in comparison to others. Diversity training may be one way to improve intergroup relations and reduce prejudices toward disability. (Phillips et al., 2016)

In the academic world, reviews focusing on the employment of people with disabilities often emphasize the challenges of hiring them. Due to the emphasis on challenges, a false conception may be made that disabilities are nothing but a burden in organizations. (Lindsay et al., 2018.) However, hiring people with disabilities is shown to have several benefits. In their systematic review of academic literature and peer-reviewed evidence, Lindsay et al. report for instance increased profits (e.g. Kalargyrou V & Volis, 2014), improvements in productivity (e.g. Graffam, Smith, Shinkfield & Polzin, 2002), cost-effectiveness (e.g. Cimera & Burgess, 2011), improved retention and reduced turnover of employees (e.g. Hernandez & McDonald, 2010) as well as improved company image (e.g. Hartnett, Stuart, Thurman, Loy & Batiste, 2011) to have a positive causal relationship with hiring people with disabilities. However, Lindsay et al. remark that the reviewed studies are rather heterogeneous in types of disability and job roles, which could affect the perceived benefits of hiring people with disabilities.

2.4   Deep-level diversity attributes

Unlike surface-level diversity attributes, deep-level diversity attributes are underlying and thus more difficult to observe and especially measure. However, researchers have found different ways to examine these attributes. Woehr et al. (2013) studied value diversity with a sample of 306 participants. The participants were randomly assigned to teams to perform a complex and practical task, which demanded high interdependence among team members and enabled observing values and team processes. Dahlin, Weingart and Hinds (2005) studied the effects of functional and educational diversity by assigning participants with varying backgrounds to teams with a task to complete four case analysis involving organizational problems. As deep-level attributes can generally only be observed in interaction (Harrison et al., 2002), the researchers have indeed created interactive situations to enable observation.

2.4.1   Beliefs and values

Belief is a broad concept. Oxford English Dictionary (2019) defines it as "an acceptance that something exists or is true, especially one without proof." According to the Oxford English Dictionary, the term can be further divided into two categories: a "firmly held opinion" or a "religious conviction". Belief as understood in the former definition can in organizations and other aspects of life be understood very broadly. Another sense for belief is religion. Religious differences in a workplace is an important but insufficiently studied topic in diversity research (King, Bell, & Lawrence, 2009). Gebert, Boerner, Kearney, King, Zhang and Song (2014) argue, that public expression of diverse religious identities in a workplace has a risk of engendering relational conflicts. These may be caused by perceivers' experiences of proselytizing attempts and identity threats, as well as religious minorities' experiences of religious discrimination. Religious fundamentalism, perceivers' identity salience, and minorities' attributions of religious fundamental claims act as strengthening moderators in these processes.

Gebert et al. (2014) find in their empirical research that social categorization processes primarily arise as a response to the content of the expressed surface-level religious identity. By contrast, dysfunctional attributions of intentions are mainly the response

to the (usually voluntary) expression of a deep-level attribute. Due to the possible unfavorable effects of public expression of diverse religious identities, it is necessary for management to acknowledge the religious differences within an organization. Hennekam, Peterson, Tahssain-Gay and Dumazert (2018) identify three different strategies for dealing with the religious differences. In a "flexibility within the rules" strategy, managers aim to accommodate religious practices by making allowances and creating mutual understanding. In a "separation strategy" managers keep work and religion clearly separated. In a "common-ground" strategy, managers emphasize the commonalities between individual workers, lessen their differences and aim to create a strong, mutually relatable corporate culture.

The Oxford English Dictionary defines *values* as "principles or standards of behavior; one's judgement of what is important in life". Personal values are a highly deep-level attribute that only reveal itself in interaction – if even there. Woehr et al. (2013) studied value diversity within a comprehensive framework where all components of basic human values were examined. Results of the study indicated that value diversity among team members did not have significant impact on task performance. However, diversity with consideration of several value dimensions had a significant effect on team processes. Specifically, value diversity influenced the team so that less diversity was positively related to process outcomes (i.e., more similarity resulted in more team cohesion and efficacy and less conflict). Klein et al. (2011) suggest that team leader style moderates the relationship between team values diversity and team conflict. They propose that leaders who are task-focused, create a strong team setting which constrains the influence of team members' values. The low visibility of values in the team may thus also be partly due to task-orientated leadership.

2.4.2 Sexual orientation and gender identity

There is a global movement toward an increasing support of equal rights policies for sexual and gender minorities, such as gay marriage and a possibility for same sex couples to adopt children (Everly & Schwarz, 2015). Also, an increasing number of companies include lesbian, gay, bisexual, and transgender (LGBT) people in their D&I policies (Mor Barak, 2016, p. 32). However, LGBT individuals still experience discrimination in workplaces. In addition to the D&I policies, an increasing number of

organizations are voluntarily establishing other LGBT-friendly HR policies, such as providing domestic partner benefits, sponsoring affinity groups, and adding sexual orientation and gender identity to their nondiscrimination statements. (Everly & Schwarz, 2015.)

There is a dearth of studies exploring the effects of sexual orientation and transgender diversity in the workplace. However, some studies with reliable empirical results of benefits of sexual orientation and transgender diversity in the workplace can be found. Existing literature suggests that LGBT employees are likely to have unique and varied experiences, viewpoints, and perspectives relative to their heterosexual counterparts. As such, sexual orientation diversity is likely to be associated with a greater elaboration of information and decision making comprehensiveness (Cunningham, 2011.) Although many workplaces are opposing toward LGBT employees, there is evidence that differences among employees can improve organizational performance (van Knippenberg & Schippers, 2007). Based on this notion, it can Cunningham (2011) proposes that heterosexism and discrimination may in fact be impeding organizational performance. Based on his empirical results, Cunningham proposes sexual orientation diversity to have a significant effect on proactive diversity strategy interaction. In a comprehensive study of athletic organizations, he found that organizations with high sexual orientation diversity outperformed their peers in objective measures of performance.

Badgett, Durso, Mallory and Kastanis (2013) propose that LGBT-supportive policies have a positive influence on relationships, job commitment, job satisfaction and health of employees but also on business-related outcomes. The proposed business-related outcomes include lower health insurance costs, lower legal costs from litigation related to discrimination, greater access to individual consumers who place value on social responsibility, greater access to business customers that require antidiscrimination policies, more effective recruiting of employees who want to work for a company that values diversity, increased creativity among employees with possible effect of better ideas and innovations, and greater demand for company stock because of the expected benefits of diversity policies. These effects are proposed to improve profits both through lower costs and higher revenue. (Badgett et al., 2013.)

2.4.3 Functional and educational background

Milliken and Martins (1996) remark, that the trend toward using teams to coordinate and manage work in organizations is increasing the amount of time that employees spend with people outside their particular functional or product groups. Functional areas are distinct units with associated concerns and goals to which an employee belongs. In functional areas, category labels are clear, people are easily matched with their functions, and goals and values are easily transferred from the group to the group member. (Dahlin, Weingart & Hinds, 2005.) Cross-functional teams do not only bring employees together with people with different training, skills, and functional and educational backgrounds but often also with different values. Functional and educational diversity have been studied extensively in a variety of research fields (e.g. organizational behavior and management science) and their effects have been proven manifold (Gevers et al., 2015).

Functional diversity has been shown to have a substantial positive effect on team performance (Joshi & Roh, 2009). It promotes team effectiveness for instance by broadening the range of expertise available in a team (Gevers et al.). The existing studies also predict higher team creativity when team members are diverse in terms of task-relevant perspectives and knowledge (Hoever et al., 2012). Such diversity can promote team creativity through cross-fertilization of ideas which can lead to innovative solutions and better decision making (Bodla et al., 2016). Milliken and Martins (1996) suggest that more functionally diverse teams may be better linked into external networks, allowing them greater access to information. On the other hand, functional diversity has also been shown to have negative effects on team performance. For instance, differences of opinion and perspectives between members from different functional backgrounds hamper internal team processes and cohesiveness (van Knippenberg et al., 2004) Nonetheless, functionally diverse teams may suffer from larger "process losses" than less functionally diverse teams (Milliken & Martins, 1996). Functional diversity can be further specified to *dominant functional diversity* which means the team members' dominant skills, knowledge, and abilities (Dahlin et al., 2005). In addition to the dominant functional diversity, team members may also have other skills, knowledge and abilities.

Educational diversity relates to the various task-relevant skills, knowledge, and abilities that team members possess as a result of their educational backgrounds. Also education diversity can be further specified to *dominant educational diversity,* following the definition of dominant functional diversity. In terms of education, the term refers the major subject of studies. Education is one of several sources of knowledge that contribute to one's expertise. Expertise provides team members a framework for evaluating the importance of certain information to the team's tasks, which in turn influences what information is chosen to be incorporated into decisions. (Dahlin et al., 2005.) Being different from one's colleagues in terms of level or type of education is found to increase the probability of turnover in work groups (Milliken & Martins, 1996). On the other hand, Dahlin et al. find that educational diversity has a positive influence on the range and depth of information use.

2.4.4 Organizational and group tenure

Results of the effects of tenure diversity are somewhat mixed (Ely, 2004). Ancona & Caldwell (1992) propose that diversity in organizational tenure has a direct positive effect on task-related group processes such as the ability to define goals, develop plans, and prioritize work. They also find that diversity in organizational tenure has an indirect positive effect through group processes on team-rated performance and a direct negative impact on adherence to budgets and schedules. Arguments for cohort effects are based on the assumption that individuals identify with those who enter an organization or a department at the same time and that this identification influences behavior (Milliken & Martins, 1996). In terms of tenure diversity, research largely supports the social categorization prediction that greater diversity is associated with less social integration, more conflict, and less cohesion in groups. However, tenure diversity has been shown to have positive effects on performance when properly managed. This is consistent with the aforementioned proposition of Milliken and Martins (1996) that diversity is a double-edged sword that increases the opportunity for creativity but also the likelihood that group members will be dissatisfied and fail to identify with the group. (Ely, 2004.) Ely finds in his empirical study that the direct effects of tenure diversity are largely negative. However, they are moderated by quality of team processes, which suggests that cooperation and teamwork can help to overcome differences associated with these aspects of diversity.

Also diversity in group tenure is found to have manifold effects. Arguments for the impact of team tenure heterogeneity on organizational actions are based on the idea that tenure heterogeneity reduces groupthink and increases creativity. Heterogeneity in members' group tenure has no effect on an individual's likelihood of turning over directly but it has been found to have an indirect effect through turnover's relationship with group-level integration. Diversity in group tenure has been found to be negatively related to group-level social integration as well as to individual integration. (Milliken & Martins, 1996.) There seems to be variety in the effects of tenure diversity based on the functions of the team. Harrison et al. (2002) propose that the teams in which people are rewarded for team performance, are more collaborative which may diminish potentially disabling effects of tenure diversity. Williams and O'Reilly (1998) suggest that teams that interact with customers may benefit from tenure diversity among team members.

3   DIVERSITY IN GLOBAL TEAMS

In this chapter, diversity is discussed in the specific context of global teams. First, the characteristics of global teams are presented, focusing of their important strategic role in MNEs. After that, the connection between diversity and team creativity is discussed reflecting on the empirical results of existing research. Also the legal foundation for protecting diversity in organizations is presented. Finally, the functioning mechanisms of discrimination are discussed.

3.1   Special features of global teams

Work teams are primary units for maximizing problem-solving and decision-making in organizations that seek to attain and sustain high performance. In a competitive environment, team performance and the effects of diversity on it have become matters of high priority for both researchers and top management (Lattimer, 1998) as the impacts of diversity on organizational performance happen through its impact on team functioning (Roberson et al., 2017). It is common in MNEs to recruit people with specialized expertise and creative potential beyond national borders. These geographically distributed work groups are called global teams. According to Maznevski and Chudoba (2000), a team fulfills the criteria of a global team if it is (a) identified as a team by the organization and members; (b) responsible for making and/or implementing decisions that are important to the organization's global strategy; (c) using technology-supported communication substantially more than face-to-face communication; and (d) consisting of members working and living in different countries.

The trend toward using teams to coordinate and manage work in organizations is increasing the amount of time that employees spend with people outside their functional groups, thereby bringing them into contact with people who may have very different skills, training, and functional backgrounds (Milliken & Martins, 1996). Organizations are also increasingly adopting team compositions that incorporate differences in functional or educational background, such as cross-functional project teams. Moreover, mergers, acquisitions, and joint ventures also contribute to increasing diversity in organizations and teams. (van Knippenberg & Schippers, 2007.)

The concept of global teams has emerged during the last two decades. There are two major reasons for this. The first is globalization – the number of MNEs has increased rapidly since the 1980s and as said, global teams are often an essential part of MNEs' functions. Their purpose to secure essential but scarce expertise as well as integrate business and organizational resources. The second reason for the emergence of global teams is the development of technology. Working on the internet on a broad scale started in the 1990s, which supported the creation of globally distributed work groups. The globally distributed teams are supported and enabled by ICT, without which remote work would be nearly impossible. (Hinds et al., 2011.) Today, global teams are an essential part of most MNEs' operations and their amount is constantly increasing (Lipnack & Stamps, 2008, p.14).

3.2   Team communication

Communication within the team is a significant determinant of team performance (Lin, Standing & Liu, 2008). As mentioned in the previous chapter, ICT is an essential tool for global teams. The ICT-mediated communication channels, such as e-mails and conference calls, provide team members with the possibility to co-operate across national borders. However, these channels also set special challenges for team communication. Face-to-face communication exchanges inform most of our collective experience, tools, techniques and traditions (Lipnack & Stamps, 2008, p.28). Even though ICT-mediated communication has existed for more than two decades, it is still far from the efficiency and the degree of personal touch of face-to-face communication.

In global teams, the workers are not only culturally diverse, but also geographically distant from one another. This has significant practical effects for interaction and it also means that the team members are embedded in different national cultures and contexts. (Hinds et al., 2011.) The nature of culture is profound. Culture touches all aspects of life – the way people think, how they act in certain situations, how they show their emotions, how their personalities are formed, and how the governmental and political systems are built. Culture also has a significant impact on how written and unwritten rules are formed in the nation. (Hall, 1989, p.16.)

Geert Hofstede, the developer of the cultural dimensions theory, defines cultural distance as "the collective programming of the mind distinguishing the members of one group or category of people from another" (1991, p.5). This definition reflects the same profound nature of culture as the thoughts of Hall. Due to the profound nature of culture, the distance between cultures can increase the risk of conflicts significantly, and even contribute to relationship dissolution (Vaaland, Haugland & Purchase (2004). In global teams, challenges associated with cultural distance are presumably significantly more present than in conventional teams. When communicating between different national backgrounds, the risk of misunderstandings and conflicts is always present because of divergent goals and cross-cultural differences (Akrout, 2014). Group members with significant cultural distance between them may hear the same message but screen it very differently according to their own cultural norms. This can lead to unconsciously ignoring or increasing the importance of various parts of the message. (Rosenbloom & Larsen, 2001.) Therefore, the cultural distance between national backgrounds of team members must be acknowledged in global teams in order to prevent conflicts associated with them.

3.3 Team creativity

Diversity broadens the knowledge, perspectives and other cognitive resources of work groups, which leads to enhanced problem-solving and decision-making performance (Cox, Lobel & McLeod, 1991). Hoever, van Knippenberg, van Ginkel and Barkema (2012) define team creativity as "the joint novelty and usefulness of a final idea developed by a group of people". Due to the complexity of issues organizations face and increasingly specialized work roles, creative work is frequently carried out in teams (Hoever et al. 2012). Team creativity is crucial for organizational performance and the survival of MNEs in the global market. Consequently, many firms recruit people with specialized expertise and creative potential beyond national borders in order to develop unique and superior products. Hence, the need to examine the relationship between team diversity and team creativity is essential. (Ali et al., 2018.)

Plenty of research has been made on the relationship between diversity and creativity but the mechanism between them has not been studied sufficiently. The notion of a consistent effect of diversity on team creativity is not backed by reliable and

generalizable evidence, which raises the question of how to realize diversity's benefits for team creativity (Hoever, et al., 2012). Surface-level characteristics have been found to be associated with outcomes related to intergroup relations, such as group attachment and social integration, while deep-level characteristics tend to evoke responses related to information processing, including communication and task conflict (Roberson et al., 2017).

Harrison et al. (2002) suggest that as time passes, increasing collaboration weakens the effects of surface-level diversity on team outcomes but strengthens those of deep-level diversity. Based on this notion, it can be assumed that the more mature a team is, the more positive the overall effects of diversity are. Existing theories predict higher creativity when the members of a team differ in their task-relevant perspectives and knowledge - i.e. the psychological diversity attributes. However, diverse perspectives do not automatically entail higher elaboration and team performance but this requires that the members of the diverse team invest cognitive energy in understanding the other team members´ approaches to the tasks. (Hoever et al., 2012.)

3.4   Prejudices and discrimination

There are certain mechanisms that are usually behind discriminatory behavior. In the following subchapters, these mechanisms are presented and discussed. Before that, on overview of legalization and policies concerning equality and discrimination is presented.

3.4.1   Legalization and policies

Global legislative trends banning discrimination against immigrants, women, minorities, and other diverse groups in the labor force have required organizations all over the world to institute policies that establish fair treatment for all employees. Disregarding these trends can result in devastating consequences for business organizations. They may for instance experience intergroup conflicts, miss potentially talented employees and lose important business alliances. Such organizations may also be vulnerable to expensive lawsuits or government sanctions resulting in serious financial and reputational damage. (Mor Barak, 2016, p. 4 – 5.) In the global economy,

providing applicants and employees with equal opportunities is thus a common concern. (Finney, Finney & Parry, 2014.)

A global trend in general antidiscrimination and EEO legislation started in the halfway of the 20ᵗʰ century with the United Nations Universal Declaration of Human Rights in 1948. In the 1960s, the equal opportunity movement begun in the United States and Western Europe. (Mor Barak, 2016, p. 14.) The equal employment opportunity (EEO) initiatives have a common goal: Everyone should receive the same treatment from employers regardless of their individual characteristics, such as age, disability, sex, religion, color, race and national origin (Finney et al., 2014.). Forms of equal employment acts exist in most countries, such as Age Discrimination Employment Act in the United States, The General Equal Treatment Act in Netherlands, the Gender Equality Act in Norway, and The Equality Act in the United Kingdom, just to name a few. (Mor Barak, 2016, p. 23–31.)

Many countries also allow some form of affirmative action (AA) in which employers fix past discriminatory practices against people in protected classes (Finney et al., 2014). AA goes beyond the EEO principal by requiring the employer to hire and promote those in a protected group (Dessler, 2012, p.69). In the 1980s and 1990s, constitutional revisions and a multitude of laws protecting the rights of diverse individuals were established around the world and the development has continued to the 21ˢᵗ century (Mor Barak, 2016, p. 14). For instance, the number of Fortune 500 corporations offering same-sex partner health benefits rose from 2 in 1992 to 218 in 2003 (Chuang, Church & Ophir, 2011).

3.4.2   Mechanisms of discrimination

Inclusion is an important policy in today's organizations. Its opposite, *exclusion,* is by contrast a significant problem that many diverse organizations face. In the workplace context, exclusion reveals itself as a perception by certain individuals that they are not regarded as an integral part of the organization. These individuals may for instance be excluded from job opportunities or information networks because of their actual or employer-perceived membership in a minority or a disfavored identity group (Mor Barak, 2016, p. 5.) At the employee level, the preference to spend time with people

who are similar by their demographic and/or psychological attributes creates a basis for prejudices and discrimination. The self-categorization theory by Turner (1982) explains such behavior. It suggests that individuals pursue a positive social identity through self-categorization. Self-categorization is a process where individuals classify themselves and others into social categories based on demographic characteristics with a purpose to derive social identities. Consequently, two perceived groups are created. An *in-group* consists of individuals and their perceived similar others. An *out-group* consists of the individuals that are perceived as the dissimilar others. (Tajfel & Turner, 1986)

Another theory that explains a preference to spend time with similar people is a similarity-attraction paradigm by Byrne (1971). According to this theory, people prefer the company of their similar others because they perceive it to reinforce their own values and beliefs. According to the self-categorization theory and the similarity-attraction paradigm, the team members thus have a tendency to have a less positive attitude toward, and form less close social attachments with those whom they perceive to be less similar to themselves (Harrison et al., 2002). However, it must be considered that at the time of the current study, the studies that these theories are based on, are more than three decades old. It can be supposed that during the past decades the accuracy of these theories has dissolved as a consequence of globalization, increasing immigration and subsequently increased diversity in organizations. However, the self-categorization theory and the similarity-attraction paradigm can still be considered largely relevant as they are based on deep-rooted psychological and behavioral patterns.

The self-categorization theory is more focused on surface-level characteristics whereas the similarity-attraction is based on deep-level attributes. Harrison et al. (2002) argue that as time passes, increasing collaboration weakens the effects of surface-level diversity on team outcomes but strengthens those of deep-level diversity. Therefore, it can be assumed that in long-term, the similarity-attraction paradigm is more relevant in explaining the negative effects of team diversity. Diversity within teams is found to be beneficial when members differ in knowledge and task-relevant perspectives and engage in information elaboration. Hoever et al. (2012) argue that elaboration is one of the core team processes underlying the benefits of diversity. Van Knippenberg et

al. (2004) define elaboration as the exchange, discussion, and integration of ideas, knowledge, and insights relevant to the team's tasks. Social categorization and intergroup bias may harm the functioning of diverse teams by disrupting elaboration (Hoever et al., 2012). It is thus important to acknowledge the possible existence of similarity-attraction and self-categorization processes in order to prevent them and the risks they bring to the dynamics and performance of teams.

4   DATA AND RESEARCH METHODS

This chapter presents the methodology of the empirical study of this thesis. First, the case organization and studied team are described. Then the data collection process and qualitative methods are presented. Finally, the data analysis is described in detail and the data structure illustrated.

4.1   Methodology

The research is conducted as a qualitative case study of a Finnish-based MNE. The case company operates in the technology sector and has operations in several countries and continents. As is with many corporations today, also in the case company diversity policies are a visible part of the strategy and the public image. According to their publications, such as annual and responsibility reports, the company promotes a globally diverse organizational culture and embraces a diverse workforce. However, despite of the clearly stated D&I policies, the organization faces the conditions of the technology field where the gender distribution persists male-dominated. It is a major structural challenge that has roots in universities where a vast majority of the students starting in technology-related fields are men (Mangan, 2012). Despite of the efforts of the case company to increase gender diversity of its employees, the gender distribution of employees is still male-dominated both in the case company and the studied team.

The qualitative research methods can be found to be the most suitable way to find answers to the research questions of this thesis as they enable studying processes and meanings that cannot be measured in numerical terms (Klenke et al., 2015). Semi-structured interviews (Appendix 1) were conducted for members of a global team. A single team was chosen as a target of the research because the focus of the study is not only on individual characteristics and experiences of the team members but also on the dynamics and functionality of the team. Choosing the interviewees from the same organization also enables studying how the policies and actions of the case company are perceived by employees in different locations. For these reasons, studying a single team was perceived as the optimal option in this research instead of interviewing employees from several teams or several organizations. Furthermore, the team was found by its demographic characteristics to be relatively representative of the case

organization and the technology industry. After conducting the interviews, the interview data was organized in order to discover patterns, themes, and qualities based on which conclusions can be drawn. In addition to primary data, also secondary data, such as reports and statistics published by the case company, were used. Due to confidentiality reasons, they are not reviewed in detail but only to describe the D&I policies of the organization on a general level. Also existing scientific literature is reviewed and used as a foundation for deeper-level analysis of the topic.

4.2 Data collection

The data collection process started with contacting the representatives of the case company. The next steps were finding the right people inside the company, getting a permission to research the company, and coming to agreement of the definition of the topic. After that, a company representative contacted the supervisor of a product management team who agreed that the team could be studied. The product management team was found optimal for the research because the locations of the team members are dispersed which makes it a global team. Furthermore, the functions of the team are highly knowledge intensive and play an important role in the global strategy of the organization, which is also typical for global teams. This aspect further strengthened the team as an optimal target of the research. The team consists of 20 people who are located in four different countries – Finland, Poland, United Kingdom (UK) and China. Their age range is between 30 and 60 years and of the 20 members, 19 are males and one is female. The demographics of the team are presented in more detail in the table 2.

Table 2. Demographics of the case team.

Nationality	Age	Gender
Finnish: 12	30–40 years: 4	Male: 19
Chinese: 5	40-50 years: 8	Female: 1
British: 2	50-60 years: 8	
Polish: 1		

Finally, 11 out of 20 team members were interviewed. Due to confidentiality reasons, the interviewees are in this thesis referred to with letters A-K. The interviewees were chosen using a purposive sampling approach. In this approach, interviewees are chosen because they have particular features or characteristics that enable detailed exploration and understanding of the studied subject (Maruster & Gijsenberg, 2012). In this study, the interviewees were chosen based on three demographic characteristics: nationality, gender and age. This criteria was used in order to ensure that the key constituencies of relevance to surface-level diversity would be covered (Maruster & Gijsenberg, 2012). The selection was made based on the surface-level diversity attributes of which there was clear data available (see table 2). Reflecting the overall composition of the team, the interviewees were located in four different countries – China, UK, Poland and Finland. Different geographical locations of the interviewees enabled acquiring a comprehensive understanding of the experienced effects of the dispersed location of the members. The interviewees were also representatives of their national cultures, which provided an opportunity to examine effects of national and cultural differences within the team. The gender and age attributes were also taken into account when selecting the interviewees. The deep-level diversity attributes (beliefs and values, sexual orientation, gender identity, functional and educational background, educational background and tenure) as well as disabilities could not be used as selection criteria as they are not easily observable and there was no clear data available about them. Thus, the interview questions were designed in a way to reveal them.

Qualitative analysis seeks to capture people's experience in their own terms (Klenke et al., 2015). The interviews were conducted in a semi-structured manner, following the principles of Gioia methodology. Gioia metholodogy has two major assumptions that affected the design of the interviews – first, the people in organizations are knowledgeable agents, who are able to explain their thoughts, intentions, and actions. Second, the informants in the early stages of data gathering and analysis should not be imposed with prior constructs or theories but rather be given a chance to describe their experiences in their own words. (Gioia, Corley & Hamilton, 2013.) Following these principals enabled gaining valuable information from the interviewees also outside the pre-designed interview questions. Seven of the interviews were conducted by phone and four were conducted face-to-face. The interviews lasted from half an hour to one hour and included answers to all the necessary questions but also other information revealed by the interviewees. The quantity of the interviews was found adequate as the last two interviews largely repeated the responses of other interviewees, which indicated that all the necessary information had been gathered.

4.3 Data analysis

The interviews were recorded and transcribed, after which they were analyzed according to the principals of Gioia methodology. The data analysis included an initial data coding where Microsoft Excel was used as a tool. Next, the findings were categorized to first order concepts. After finding connections among the first order concepts they were further combined into second order themes, which were gathered under aggregate dimensions. (Gioia et al., 2013.) This process enabled finding significant connections among the data, which led to both theoretical and practical conclusions. The data structure is illustrated in the figure 1. In the following chapter, the results of the interviews are presented in detail, arranged according to the second order themes found in the data analysis.

First order concepts	Second-order themes	Aggregate dimensions
Presence of D&I themes D&I trainings in the organization D&I policies of the organization Firm values Equal opportunities Handling of misdemeanors	D&I practices in the organization	
R&D functions Innovative mindset Competitive advantage Future vision of the company Requirements of stakeholders	Creativity	Building competitive advantage
Virtual communication Face-to-face interaction Dispersed location of team members Efficiency of communication Protocols Communication styles Task-oriented communication	Communication	
Ethnic diversity in the team Barriers for discrimination National diversity in the team Local knowledge Time differences Differences in working hours Cultural diversity in the team Hierarchy levels Level of bureaucracy Conception of time Diversity of perspectives Work habits Language barrier	Nationality	Direct effects of diversity on work performance
Age distribution of the team Experience-levels Enthusiasm and courage Knowledge of recent developments in the field Approaching retirement age	Age and tenure	
Diversity of functional backgrounds in the team Areas of expertise Differences in knowledge Differences in skills Educational background	Skills and functional background	
Gender distribution of the team Gender distribution of the industry Special features of female employees Equal opportunities Gender-related debate in the organization Importance of LGBT discussion LGBT policies of the organization Anti-discrimination policies	Gender and gender identity	Inclusive environment and a variety of perspectives
Physical disabilities Mental disabilities Adjustments Capability to work	Disabilities	
Visibility of religion Effects of beliefs and values in spare time Invisibility of beliefs and values in work Calendars and holidays	Beliefs and values	

Figure 1. Data structure (adapted from Corley & Gioia, 2004).

5 RESULTS

## 5.1 D&I practices in the organization

According to their published reports and policies, the case company puts extensive effort on promoting diversity and inclusion both inside and outside of the organization. All of the interviewees indeed perceived that the themes of diversity and inclusion are present in the organization (see figure 1). However, many interviewees stated that the presence comes more evident through the practice of working with diverse people than as clearly communicated practices or policies. The interviewees mentioned five channels where the themes of diversity and inclusion have been clearly communicated; e-mails from management, the internal social media platform of the organization, the general firm values, public statements, and trainings. All of the received communication mentioned by the interviewees happens at the organization-level. At the team level, they mentioned the communication to be mostly focused around the work but that occasionally they discuss D&I issues. However, these conversations are usually initiated by some communication from senior management and concern the themes in the organization on a general level. Figure 1 illustrates the perceived presence of D&I teams at the organization and team levels.
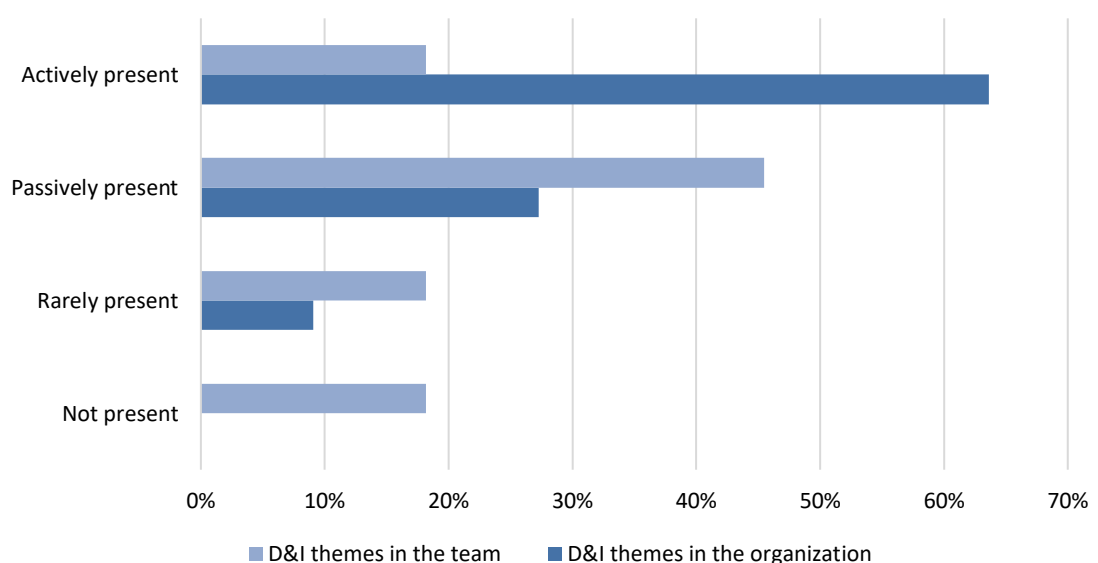
Figure 2. Perceived presence of D&I themes.

"Diversity as a topic is not discussed much because there are rarely problems that would make it necessary. But diversity as a circumstance is constantly present and is part of general knowledge. In my opinion it is a self-evident part of the organization." (interviewee J).

The interviewee J summarizes the common perception of diversity that appeared in many other interviews as well – diversity is present as a circumstance but rarely discussed at the team level unless there is a specific reason to do so. Seven out of the eleven interviewees considered their team diverse, rationalizing their opinion with the diversity of nationalities and cultures. The four interviewees who did not perceive the team to be diverse argued that the gender distribution, age distribution, and educational backgrounds within the team are not diverse at all. A management-level presentative of the company told that the company has organized education and workshops concerning the themes of diversity and inclusion in order to improve the knowledge and inclusivity of the organization culture. Seven out of eleven interviewees had participated D&I training in the company, either in real life or online. Of the participants, one perceived the training very helpful and effective, four perceived the trainings to have had only a little effect, and two did not perceive the trainings to have any significant effect (see figure 2).
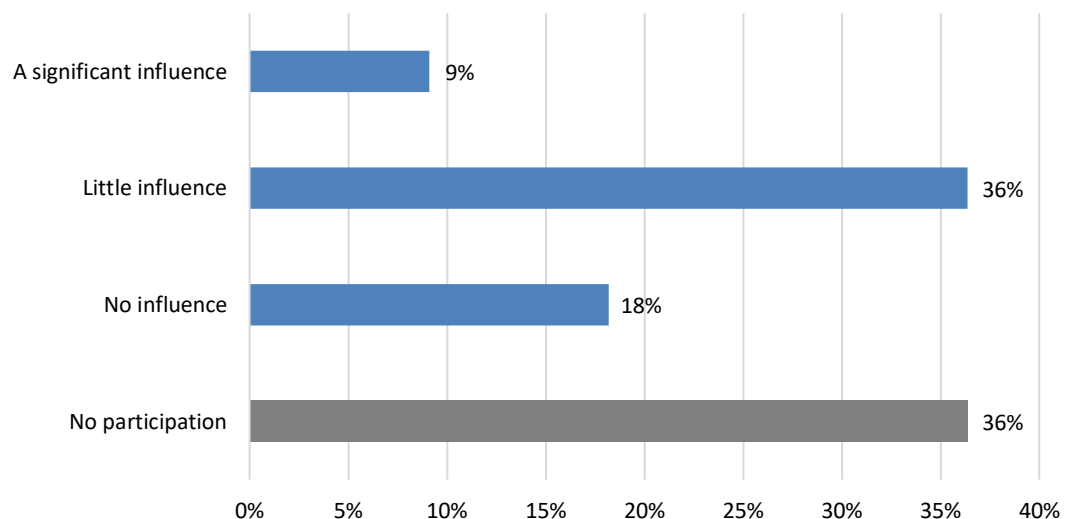
Figure 3. Perceived influence of D&I trainings.

The interviewees who perceived the trainings to have little or no effect, stated that their level of understanding and attitudes on diversity and inclusion were already good so the trainings did not offer much new information or insight. The interviewee K mentioned that it decreases the credibility of diversity workshops that there are usually only women discussing gender equality. The interviewee K also experienced that the one-time training was not enough as the discussion remained superficial and was soon forgotten by the participants as they were not reminded of these issues again.

"The trainings and workshops tend to raise the issues to the discussion for a brief moment but if they are not maintained as a daily topic they are easily forgotten. It seems that the trainings and workshops are often just momentary bursts of excitement." (interviewee K).

The interviewee A, who perceived the training to be very helpful, attended a several days long course, which was the longest of the mentioned trainings. Based on this notion, it can be argued that the length and intensity of the training may have a significant effect on the efficiency of trainings. Ten of the eleven interviewees found diversity and inclusion in the workplace important or very important. The high level of internationalization of the company was mentioned as one of the reasons highlighting the importance of promoting diversity and inclusion as it can help improve the efficiency and smoothen the functions of the global company. Ensuring equal opportunities for men and women was also considered an important reason for promoting these themes. Only one interviewee, the interviewee F, felt that the D&I themes are not critical for the core functions and should therefore not be focused too much on unless there are specific problems or misdemeanors to address. However, all of the interviewees told that they would be willing to use their time and effort to promote these themes in the workplace, at least if it would be assigned as one of their work duties by their supervisor. Many of them felt that the best way to promote diversity and inclusion at the team level is to treat each other with understanding and respect.

5.2   Nationality, culture and language

Ethnicity of other team members was not considered important by the interviewees. Furthermore, none of the interviewees reported discrimination from other team members based on their ethnicity or any other personal characteristic. On the contrary, the interviewees considered nationality to have significant effects. Every interviewee perceived the diversity of nationalities in the team to be mainly a positive thing, although some also acknowledged negative effects. The positive aspects mentioned include for instance practical things, such as having local knowledge of different markets and customers and always having someone ready for client support because of different time zones of the team members. However, time differences were also mentioned as a negative aspect because at times some team members must work outside office hours to be able to have meetings with the whole team.

Eight of the eleven interviewees reported to have experienced some kind of cultural differences – positive, negative or both (see figure 3). In addition to the differences in work ethic and the length of work days, some interviewees had also remarked differences in the attitudes towards fact-based knowledge and the basis for decision-making between different countries. Also differences in hierarchy levels and ways of communication were experienced to be a problem by some interviewees; they reported that the Chinese colleagues often have challenges in giving negative feedback, especially to a higher hierarchy level. One mentioned difference was bureaucracy – the interviewees experienced that in some countries things move forward slowly because of all the bureaucracy, whereas in some countries things move forward very fast. Differences in the conception of time were also experienced to be a challenge – for instance the strictness of deadlines and whereas the task should be put in a chronological or some other kind of order were mentioned as challenges in the work practices of the team.
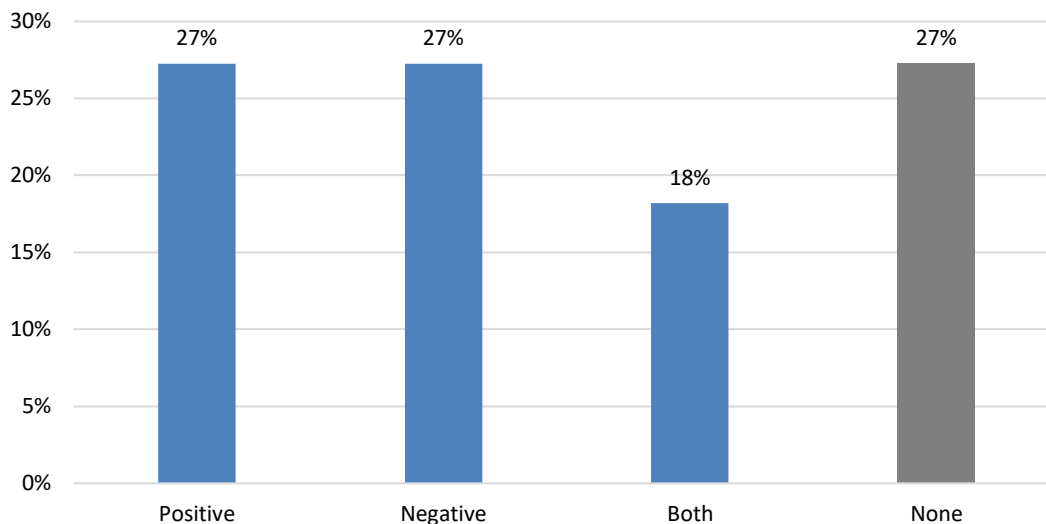
Figure 4. Perceived effects of cultural differences.

The most significant positive effect of cultural difference was perceived to be the diversity of perspectives and ideas. Several interviewees also mentioned differences in ways of working, which were perceived mostly positive. It came up that such differences can open team members' eyes for new, better ways of working. For instance, interviewee F told that he had learned a lot from the Chinese colleagues who focused on getting the result instead of the way of getting it.

"*From my perspective, the Chinese are very practical people which is a good thing. Myself, I pay a lot of attention to certain policies and structures whereas the Chinese colleagues focus more on getting the result – the way of getting it is not so relevant. --- And the truth is, the best solution is somewhat a compromise. It is good to see that many ways can be good and to learn by doing. (interviewee F).*

On the other hand, some differences in work habits, such as the expected length of work days, were experienced challenging. Whereas the European employees perceived that they want to find an optimal balance between work and spare time, they experienced that in China the employees work extremely long hours. This would become a challenge for the European employees when travelling to China for longer periods of time as they experienced the long hours stressful. It appeared that the common organization culture is perceived to diminish the cultural differences. Two major things were mentioned that facilitate dealing with cultural differences: The first

is spending time face-to-face and consequently learning the ways of working and communication of the other team members, which makes it easier to work remotely. The second is time – as it passes, the team members' ways of working turn increasingly similar.

Seven out of eleven interviewees reported to have experienced some kind of language problems with other team members. The challenges were experienced especially in the discussions where specific technical terminology was needed. Such challenges were reported to concern especially Chinese team members, both by the Europeans and the Chinese themselves. Several interviewees told that they must sometimes verify by email that they understood the discussion right. It also appeared to happen the other way around – Interviewee E told that he must sometimes verify by phone in their native language what the colleagues working in the same country had meant in their email written in English as the language was not correct. Different accents were also experienced somewhat problematic, as well as the speech rate of native English speakers. However, the interviewees also remarked that these problems have decreased with time as they have got used to how different team members communicate. The ones that experienced the biggest challenges to be their own English skills told that different types of translators were a big help. An interesting remark was that four interviewees had not experienced any language issues at all and told that all of the team members have excellent English skills. Maybe the general-level experience depends on the bilateral interactions – some team members communicate more with individuals with weaker English skills than the others. It might also be that the individuals with weaker English skills are likely to experience the rest of the team to have excellent skills, which might explain the differences in the experiences of the team members.

5.3   Age and organizational tenure

The age distribution of the team was perceived somewhat skewed by the interviewees. In the team, there are four members between the ages of 30 and 40, eight members between the ages of 40 and 50 and eight members between the ages of 50 and 60. The average age of the team is found to be higher than in the organization overall, where the largest age group is 30-40. Some interviewees could not tell their opinion about the age distribution as they had never met a major part of the team members face-to-

face and thus had no knowledge of their age. Eight out of the eleven interviewees believed that age matters. Most of the interviewees stated that the average age of the team is too high and that there should be more young members.

The age itself was not considered important by the interviewees but its expected effects were – it came up in several interviews that older people are assumed to have more experience and knowledge whereas younger people are assumed to have fresher ideas and possibly stronger knowledge of recent development in science as they have recently graduated. According to the interviewees, the young people are also assumed to have more enthusiasm to learn and try new things, which the older employees are often lacking. There seemed to be a strong consensus among the interviewees that in the optimal situation the team is a balanced mix of people of different ages. Namely, team members with long experience in the team and organization are needed to tell whether the new ideas are applicable. As interviewee F remarked, the experienced employees are likely to have tried the "new" idea already and proved that it does not work so they and prevent the younger employee from doing pointless work. Interviewee E remarked that because of the lack of experience the younger employees naturally do mistakes which is why it is important to have more experienced employees supervising them. Interviewee D summarized the importance of a balanced age distribution in a following way:

"It is important to have people with different ages and experience levels in the team. Older employees often have long experience which brings deep knowledge, comprehensive understanding and problem solving ability. Then again, younger employees often have more enthusiasm and willingness to explore and find new solutions." (interviewee D).

There are no members in the team under the age 30. Several interviewees stated that there should be more young members in the team to have an optimal balance. Also a practical reason for this was mentioned – a major part of team members are starting to approach the retirement age. However, one practical reason for the lack of young team members was mentioned by several interviewees – namely, the nature of the job. The work that the team does requires strong understanding of the products and a certain level of technical expertise – in other words, organizational tenure. Therefore, people

often end up to the team from an R&D team. However, this is not enough for an explanation as 80% of the team members are more than 40 years old. At least the team members seemed quite unanimous that there should be more young talent in the team to bring fresh ideas which are an essential competitive advantage in the field.

5.4 Functional and educational background

Eight out of the eleven interviewees perceived that there is functional diversity in their team, whereas three of the interviewees perceived that the team lacks functional diversity. The team was perceived to be quite diverse by the areas of expertise. However, several interviewees perceived that even wider variety of expertise areas would be needed in the team because of the major benefits of such variety. It was argued by the interviewees that variety of expertise areas enables an effective division of responsibilities in the team and makes it easier to ask help from other team members when there is common knowledge of everyone's specialization areas. It was also argued that people with unusual experience and knowledge often make a positive difference for perspective. Interviewee C stated that diversity in expertise areas is very important:

"I think that there is a danger with a team that is expertized in a specific area to get a bit blind in terms of perspective. --- I think that in our team we have quite a nice balance as everyone has a technical background but some are more business oriented than others." (interviewee C).

The interviewees were quite divided on the opinion of the knowledge and skill levels within the team. Some stated that the knowledge and skill levels of the team members vary quite a lot whereas some perceived that the team is very homogenous in terms of skills and knowledge. Interviewee D who perceived there to be variance between skills stated that it causes extra work to do different materials for different skill levels. The team was perceived to lack diversity in educational backgrounds. However, there was a consensus among the interviewees that the similar education is important as it ensures that every team member has a certain level of technical expertise. The similar educational background was also perceived to facilitate communication.

5.5   Gender, gender identity and sexual orientation

The gender distribution of the team is rather skewed – of the 20 members 19 are males and one is female. Seven out of the eleven interviewees stated that there should be more women in the team. They argued that having more gender diversity would likely bring different ideas, new perspective and new approaches. The benefits of more equal gender distribution were also justified by the general need for balance which also came up with many other attributes. It was also stated that women often have distinctive features that make them especially valuable for the team, such as precision and scrupulousness in tasks. The need to have more women in the team was also justified by equal opportunity principals – any barriers that women may have to get or end up to the team should be actively removed. Four of the interviewees disagreed on this as they argued that gender does not matter but only the proficiency of the person should be considered in recruiting. Therefore, they argued that the gender distribution of the team does not have significant influence. None of the interviewees had anything against having more women in the team, some simply did not see the gender distribution having any influence as long as the team members have the right skills and personality. Interviewee F was one of them.

"I have got used to the gender distribution because that is just how this industry looks like – there is obviously a majority of men. And in this particular team, the difference is very noticeable as there is only one woman. Do I feel like it is a problem? I don't think so. In other teams, I have worked with women and I did not find the gender to make any difference. It's the background, knowledge and personality of individuals that matters – not their gender." (interviewee F).

Several interviewees brought up the ongoing discussion about the topic in the organization where two sides could be identified – some think that an equal gender distribution in the organization should be actively enabled for instance by using quotas in recruiting whereas others criticize making recruiting decisions based on gender. The interviews indicate that some resistance exists in the organization towards quotas as it was told that in the organization-level discussion many people, especially women, have been offended by the claim that women need quotas to get recruited to the company.

The interviewees did not have any clear idea of the reason for the gender distribution of the team. However, many pointed out that the situation is common in the organization as well as in the other organizations operating in the technology sector. However, they also acknowledged that the gender distribution also seems to be related to job functions and therefore varies between teams. For some reason, which the interviewees could not figure, the particular product management team just does not seem to attract women. By contrast, they told that there are more women in R&D teams from where employees usually come to the product management team. The interviewees did not see any barriers for women to enter the team but considered the gender distribution to reflect the male-dominant technology sector overall.

"I think the team should be whatever is best for the organization regardless of gender. My thought is, males and females in the workplace are equals. So they should be given the same opportunities. The question is, the role that we do in product management… it may not attract everyone. --- So I guess it comes down a lot to the individuals, the scoop of a role. And perhaps, for whatever reason, it attracts more men than women." (interviewee C).

Eight out of the eleven interviewees perceived that the themes of gender identity and/or sexual orientation (LGBT themes) are present in the organization. They had received information about these themes in the corporate strategy, external and internal reports, e-mails, posts in the internal communication channels, posters on the walls, trainings, and representation of new LGBT policies. However, only one of the interviewees perceived that these themes have been discussed in their team. It came clear in the interviews that as the topics are not present in their team, they do not seem relevant to discuss. However, the majority of the team members considered promoting LGBT themes important from the perspective of human rights. The ones who did not consider promoting LGBT themes important did not have anything against it but they felt that for the job, especially in their team, the topic is not relevant and should therefore not be put too much time and effort into.

"When it comes to gender, everyone usually knows who's a man or a woman. While with sexual orientation or gender identity, people usually keep it to themselves. The general topic of diversity and equality is definitely important and should be clearly stated. The company level trainings are good for this. Otherwise, I don't think that any special, intense communication or discussion are needed unless someone reports a problem." (interviewee F).

There seemed to be a consensus among the interviewees that if any misdemeanors or discrimination came up, they should be taken seriously and in that case, also general discussion about the topic would be necessary. Other than that, the interviewees felt that the occasional general trainings and reports in their current extent are enough, as the interviewee F summarized. They also perceived that promoting all kinds of equality, also in terms of sexual orientation and gender identity, is clearly stated in the company policies and therefore people are aware of the total intolerance for any kind of discrimination. They also told that there are internal channels where people can report discriminatory behavior. The interviewees did not perceive sexual orientation or gender identity to have any influence in the team as they perceived that these attributes are usually invisible. However, the general thought was that all kinds of diversity is by default a positive thing for the team.

5.6   Disabilities

None of the interviewees had noticed other members of their team having disabilities. All of them stated that if there was a situation where a team member had a permanent physical disability, all the needed adjustments should be done to enable them to work. With mental disabilities, there was more dispersion in the opinions. Some thought that people with mental disabilities should be supported in the way they need but the majority stated that with mental disabilities it should be evaluated if the person is able to do the job. In the case of demanding technical job, interviewee B stated that it might not be the most appropriate option for someone who is mentally not fully capable of doing it.

"When it comes to physical disabilities, then such a person should be allowed to work in a convenient place in the office, that's for sure. Well, mental disability, that's a question mark. Because in a technology company like this, if you're not mentally capable of solving certain problems or getting certain knowledge, is it the right place for you? I don't say that you're not allowed to work at all, but you should choose a place to work where you can really contribute." (interviewee B).

Also burn out and depression were mentioned. Interviewee J had once had a colleague in the same organization but another team, who had worked too hard and the rest of the team had finally noticed him being completely exhausted. At that point, the employee was given a vacation and came back when he was recovered. It came clear in the interviews that the organization certainly has flexibility in such situations, for instance in terms of sick leaves, part-time working or working from home. Interviewee J brought up that there is a difference between a temporary and permanent disability – if an employee got a temporary disability, mental or physical, it might, depending on the situation, be good for him/her to go on a sick leave and return to work healthy. In terms of a permanent disability the situation should be evaluated based on whether it is possible for the person to continue working or not.

Several interviewees stated clearly that they do not think it would be right to lower a barrier of work quality for someone with mental disabilities as it would be unfair for other applicants, cause challenges for other team members, and possibly affect the team performance. However, as long as the employee has no limitations to do the job right, the interviewees were very positive about making the necessary adjustments. Another point that came up in the interviews was that not all the employees with disabilities necessarily want special treatment as they might perceive it awkward or unfair to others. It might also be that a person with a disability would rather not want the disability to be pointed out but rather wants to be treated just like any other employee.

5.7 Beliefs and values

None of the interviewees perceived that beliefs and values show clearly in their work. Neither had they noticed any direct effects of religion. It came clear in the interviews

that especially when working remotely, communication is strongly task-oriented and therefore things like religion or values do not have many chances to show. However, several interviewees mentioned work-related situations where religion shows. Interviewee C told to have discussed religious differences as a part of getting to know other colleagues and perceived it to be a natural part of building relationships. However, this was not perceived to have any direct effects on work performance.

"I don't think they (religious differences) show. It is not a conversation that we would typically have. When I worked in another country there were some cultural and religious differences that we sort of talked about outside of work. You know, it's part of getting to know individuals, it's a part of building relationships. In a formal work environment, I don't recall this topic ever being discussed." (interviewee C)

It also came up that some interviewees had faced effects of religion in the work *outside* the team, especially when working with colleagues or clients that follow the Islam or Hindu religion. These religions appear as certain rules that need to be considered, such as the Muslim prayers during the work day. Another situation where these religions had been noticed are meals. In many cultures, such as the Chinese culture as it appeared in the interviews, entertainment outside of work is very important when colleagues are visiting. It is important for building relationships so getting into an awkward situation because of not considering a religious diet could be difficult for both parties as well as for their relationship. Some interviewees had had to take the religious diets into account when for instance providing dinner for their Muslim or Hindu colleagues. However, within the team, interviewees had not faced any considerable effects of religious or value differences. The only thing mentioned was differences in calendars and national holidays. It is clear in this case, that the virtual way of communication decreases the chances to show or discuss attributes that have not direct effects on work performance, such as religion.

5.8   Creativity

All of the interviewees perceived that their team does more or less creative work. Creativity in technology companies is often linked to R&D functions. Even though the studied team is not exactly an R&D team, they have an important role in defining the

product features. All of the interviewees found creativity important for the central functions of their team. One major reason for this is that creativity is an essential source of competitive advantage in the rapidly evolving technology field. According to the interviewees, creativity is necessary for differentiating from competitors. Its importance is especially high in building a future vision for the company and finding new ways to answer to customers' needs. The interviewees told that it requires certain kind of creativity to design a product to satisfy all the internal and external stakeholders, including the R&D team that must make the product function on a practical level. It came up in the interviews that creativity is needed as a general state of mind – to not stick to old and comfortable patterns but instead be open to new ideas. Interviewee B perceived that the team is creative but also remarked that it depends on how creativity is defined.

"I think that as a team we are creative but it's more around how we go about the day-to day business. It may not necessarily be around products, it may also be about how we do it, the ways of working. So I think that to degree we are creative and innovative as a team." (interviewee B).

Some of the interviewees perceived that there should be more creative work and innovativeness in the team. Interviewee D felt that the team is lacking an innovative state of mind. The interviewee had tried to bring new ideas and concepts to the team but told that it is usually difficult. By contrast, some interviewees stated that too much creativity can also affect work negatively, for instance in terms of schedules. It was also brought up that in short-term there are certain requirements by different stakeholders that must be fulfilled and the co-operation simply doesn't work if everyone suddenly wants to apply their creative ideas. However, it was also made clear that in long-term, looking into future, creativity is extremely important for building competitive advantage as staying in the same rot means staying behind from competitors. Some interviewees also mentioned that the team members have different amount of creative work depending on their responsibility area. Eight out of the eleven interviewees perceived that diversity of team members has a positive impact on team creativity. They mentioned especially national, cultural, functional and tenure diversity. Some interviewees even argued that creativity is the greatest benefit of team diversity.

5.9   Communication

Global teams have some distinct communicational challenges in comparison to so-called conventional teams. Some of the practical, nationality-related challenges were already discussed in the chapter *Nationality, culture and language.* Due to the dispersed location of the team members, the majority of communication within the team happens virtually and there is relatively little face-to-face interaction between team members that are located in different countries. The interviewees listed e-mails, voice calls, video calls and text messages to be the primary ways of communication within the team. The team members working in same countries and offices naturally have plenty of face-to-face communication but between countries it is rarer. The interviewees told that they set up workshops for some specific groups of people when face-to-face communication is needed. Some interviewees told that there are some team members that they have never met face-to-face. There was a strong agreement among the interviewees that face-to-face is the best and most effective form of communication and several interviewees stated that there should be more face-to-face time within the team. However, most of the interviewees also made clear that they understand the limited possibility to arrange face-to-face meetings because of costs and time. Therefore, there was a common understanding that the team has learned to somewhat manage the dispersed location of its members and largely adapt their working habits around the virtual channels of communication. Interviewee I stated that although they can manage the distance, it is important for project groups to meet face-to-face at least in the beginning of projects.

"I find it important that when starting a project, the group of people would meet each other in person at least in the beginning. It is important to get to know each other to get an understanding of the different personalities, cultures and ways of thinking. After that it is easier to communicate remotely." (interviewee I).

In addition to cost-efficiency and the possibility to communicate across national borders, also a third major benefit of the virtual channels of communication came up in the interviews. Namely, due to the time difference between the European countries and China, the team members must sometimes participate meetings outside of the office hours. Many of them found it convenient to be able to participate meetings in

their home and not having to go to the office after office hours. On the other hand, it must be noted that this possibility provided by the modern channels of communication may also decrease the spare time of team members.

Four out of eleven interviewees perceived the efficiency of communication in the team good, five perceived it quite good, and two stated that there is clearly room for improvement (see figure 4). The main problems mentioned were the language barrier, cultural differences and the fact that team members working in the same office exchange information in their informal discussions and often forget to share it with the team members working in different locations. The team members are not equally dispersed in different countries but most of the team members are located in Finland and China whereas in UK there is only two and in Poland there is only one team member. The team members located in UK and Poland thus felt it especially important to communicate regularly with other team members as there are no chances for casual and informal communication. They perceived it to be important for their work but also to build relationships with the other team members. It also appeared that for the Chinese team members it is especially important to meet face-to-face before starting to work together, which seems to be strongly related to the culture.
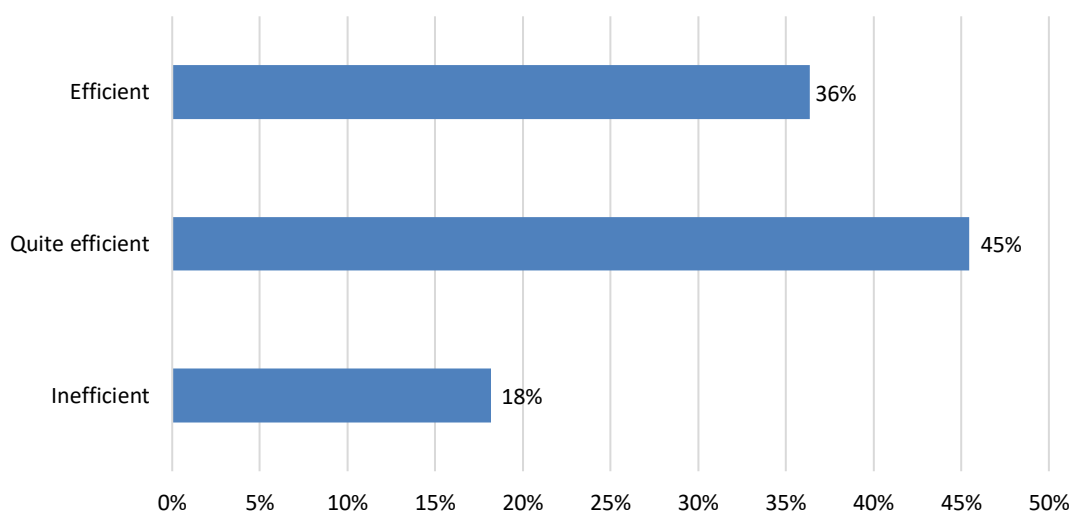
Figure 5. Perceived efficiency of communication.

Five out of the eleven interviewees told that they communicate in a different way with colleagues from a different culture (by other aspects than language). Different communication styles between national cultures was mentioned as a challenge that at times leads to things being left unclear, requiring further clarifications. Interviewee E perceived that this is clearly related to the culture – colleagues of certain nationalities tend to communicate clearly and straight to the point whereas in some cultures the main points may be left unclear and therefore even additional meetings may be needed to clarify things. It was also mentioned by interviewee I that in certain countries it is necessary to find the right people to communicate with in order to get answers. Some interviewees also mentioned that they follow certain communicational rules with people of certain nationalities in order to avoid accidentally insulting anyone. This was reported to happen both face-to-face and virtually and especially when the other person's cultural background was perceived to be very different from one's own. However, it was also pointed out that even though one needs to be careful with cultural differences at first, after knowing the person for a certain period of time it is easier to communicate and make jokes freely when getting to know the individuals – their cultural frameworks, personalities and ways of working. As members of global teams spend less face-to-face time together than members of conventional teams, this mediating effect of time is weaker. Interviewee H described the effects of increasing collaboration in a following way:

"It is easier to work with someone who you already have some history of working with. When you get to know your colleagues better you become familiar with their ways of thinking and ways of working. That makes it considerably lot easier to work together and the things go forward rapidly and easily. With new people, it always takes some time." (interviewee H).

The communicational framework is naturally very different when working in the same office compared to virtual communication. According to the interviewees the communication is freer and people know each other better personally in the same office whereas with colleagues located in different countries the communication is most often task-oriented and lacking personal aspects like joking and talking about personal lives. Some Finnish interviewees reported having challenges with the e-mail

protocol. Whereas in many countries e-mails are expected to include certain politeness phrases, in Finland they are rarely used. Interviewee J told to have learned the hard way to formulate the e-mails as a foreign colleague had given feedback about the email's unfriendly tone. The six interviewees who did not perceive cultural differences to affect communication told that the differences in communication are only related to languages, the common organizational culture is so strong that it dilutes the differences in national cultures in communication, or that the communication with team members is so task-focused that there are few possibilities for cultural differences to show. However, most of the interviewees perceived that virtual communication indeed highlights the effects of national differences.

6   DISCUSSION

The objective of this study was to examine the effects of different diversity attributes on the performance of global teams as well as the implementation of organization-level D&I practices at the team level. A review of the previous literature indicated inconsistent results on effects of diversity and there was found to be a dearth of exploring the special context of global teams in this area. To further examine the topic, an empirical study was made by conducting semi-structured interviews to members of a global product management team. The results indicated that in the special context of global teams characterized by a dispersed location of team members, communication is significantly more task-oriented than in conventional teams. This has a significant effect on the functioning of diversity attributes as communication is a key mediator of the effects of diversity. The results also indicated that the social-categorization and similarity-attraction processes are weaker in global teams than in conventional teams which was found to prevent discriminatory behavior. In this chapter, the empirical results of this study will be reflected to the previous literature and both support to the existing theories and new findings will be presented.

6.1   Interpretation of results

The D&I themes were perceived to be present in the organization as general company values, policies and occasional trainings. However, at the team level the D&I practices were not perceived visible. This appeared to be tied to the strong task-orientation of interaction which is found to be connected to the virtual communication channels. Task-oriented communication is communicative exchange focused on affectively neutral instrumental activities that are related to task accomplishment (Morand, 2010, p. 778). Dominating in virtual communication, it strengthens the effects of diversity attributes with direct effects on work performance while diluting the effects of attributes with weak or indirect effects on work performance.

The results show that the attitudes towards hiring quotas in the organization are strongly polarized among the employees. It also appeared in the interviews that in the case organization hiring quotas have awaken negative reactions. If wanting to use them as a means to improve the demographic diversity of employees, the organization

should acknowledge this polarization when designing successful implementation of a quota system. Forstenlechner et al. (2012) present some suggestions for doing this efficiently. First, the organization needs to develop a clear justification for implementing quotas. This may require presenting perspectives of different stakeholder groups, such as government, customers and employees. However, reflecting to the current situation, internal resistance is likely. Therefore, effort should be put on clearly communicating the business incentive for quotas, comparing with those organizations that have achieved quota targets. It is also important to provide employees with an opportunity to openly discuss their worries and fears concerning quotas. (Forstenlechner et al.) Smaller face-to-face workshops might be a more effective way of doing this than the organization-wide online channels, even though they have their own role in the discussion. By simply involving employees more openly in the process and by welcoming suggestions for overcoming the barriers and problems associated with quota systems, some of the resistance and dysfunctional behavior could be mitigated (Forstenlechner et al.) Using quotas and other means to increase workforce diversity is one step forward but at the end of the day, it is easier to create a diverse organization than it is to manage a diverse organization efficiently and achieve its full potential (Jackson & Joshi, 2011).

Ethnicity of other team members was not considered important by the interviewees – it appeared that in a globalized company people are used to working in a diverse and multicultural environment. This is inconsistent with the results of Harrison et al. (2002) who suggest distinct negative effects and Richard (2000) who suggests distinct positive effects for ethnic diversity. Neither discrimination by any personal characteristics had been experienced by the interviewees. It can be rationalized that a global team consisting of people of several different nationalities does not provide breeding ground for discriminatory behavior. Discrimination is usually based on a set-up where one demographic group is dominant and the minorities that do not belong in this group start getting repelled. In a global team the dynamics are different as it consists of several nationalities and depending on the project, most of the team members are at times likely to find themselves as a national minority in a sub-group of the team. According to Turner (1982) this set up is likely to lead to self-categorization processes whereas Byrne (1971) suggests a similarity-attraction process. Both of these processes leading to discriminatory behavior are clearly

weakened in the case team which can be rationalized to be due to the specific interactional context of a global team.

The empirical results strongly imply that cultural distance between team members does exist. Due to the profound nature of culture, the distance between cultures can increase the risk of conflicts significantly (Vaaland, 2004). The cultural differences between the European countries and China were perceived by the interviewees to be the most dramatic. This can be linked to the cultural dimensions theory of Hofstede (1991). Based on the empirical results of the study of Hofstede, China differs from Finland, UK and Poland measured by many dimensions. Two major differences between their national cultures and the Chinese culture were mentioned by the interviewees – hierarchy levels and the length of work days. These two notions can be linked to two specific dimensions of Hofstede's study – power distance index and collectivism versus individualism. Power distance index (PDI) reflects the way people handle the fact that people are unequal (Hofstede, 1991, p. 24). In countries of a low PDI score, the emotional distance between superior and subordinate is small. On the contrary, in countries of a high PDI score, subordinates are unlikely to approach their bosses directly. (Hofstede, 1991, p. 27-28.) Figure x demonstrates that the PDI score of China (80/100) is higher than the score of Poland (68/100) and significantly higher than the scores of UK (35/100) and Finland (33/100) (Hofstede, Hofstede & Minkov, 2010). This may explain the experienced differences associated with hierarchy levels, which were found to emerge especially in the superior-subordinate relations.

Individualism index (IDV) measures the level of individualism of the country. The more individualist a country is, the higher IDV score it gets. In an individualist society, the ties between individuals are loose whereas in a collectivist society people are integrated into strong, cohesive groups, which they are loyal to. (Hofstede, 1991, p. 51) There are clear differences between the IDV scores of China, Finland, Poland and UK. It is especially noticeable that the IDV score of China (20/100) is significantly lower than that of Poland (60/100), Finland (63/100), and UK (89/100). This may explain the perceived differences in the work culture and working hours between China and the European countries. In China, which is a highly collectivist country (Hofstede et al., 2010), all employees are strongly tied to the expected working hours. Namely, the working hours do not only depend on legalization but also on the strength

of the collective pressures. It was suggested by interviewee C that the work days are long in China indeed because of the collective culture and expectations:

"In China, the length of work days was very long. I asked several Chinese colleagues why they come to the office at nine o'clock in the morning and leave at ten o'clock in the evening. They always answered that that's simply the culture - that's what's expected of every employee." (interviewee C.)
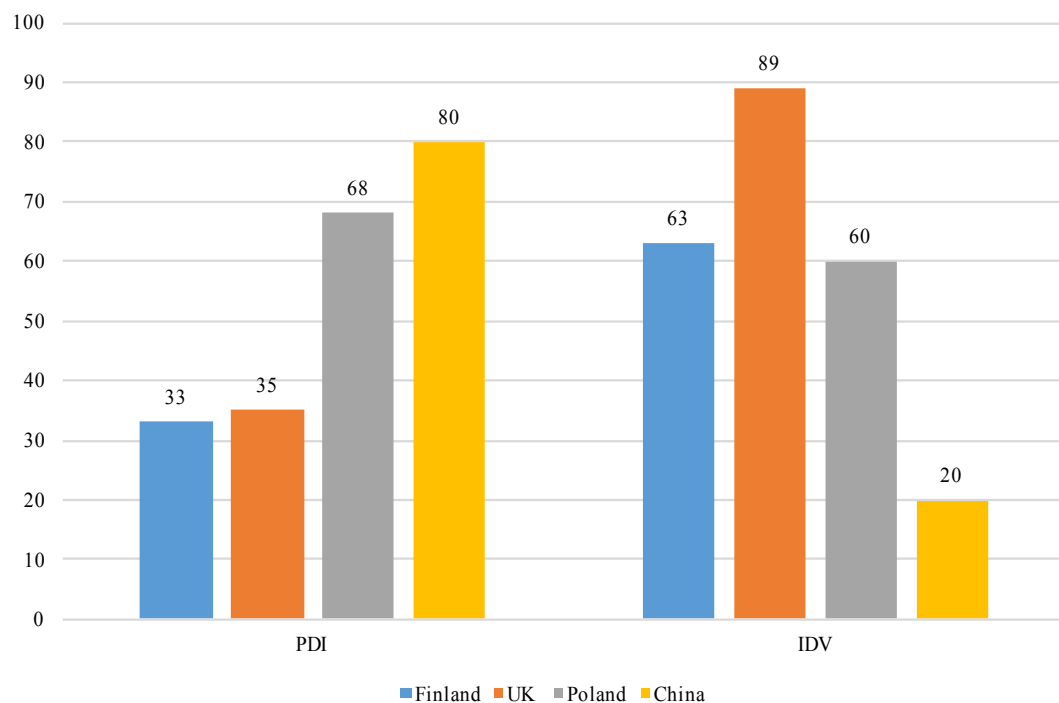
Figure 6. Power distance index and individualism index (adopted from Hofstede et al., 2010)

In terms of economics, under the central neoclassical assumptions of rational individual behavior and perfect markets, actual hours worked should be consistent with individual preferences. However, empirical evidence and theoretical research suggest that individuals are not free to choose but restricted in their choice of working hours and thus work either more or less than they would like to. (Otterbach, 2010) When choosing to work in a MNE, the working hours may be found optimal in the local setting but in a foreign posting the situation can change drastically as the length of the

working days can vary within the same enterprise because of the local culture and hours constraints. Average weekly hours per worker in the home countries of the team are: 39.9 in Poland, 36.5 in UK, 36.2 in Finland (OECD, 2016) and 46.0 in China (Statista, 2016). This difference becomes highly evident when an employee switches location within the company, which explains the experienced challenges by European workers when going to China for a longer period of time. At this point it must be remarked that one of the main challenges of any cultural analysis is how to separate the effects of culture from the effects of strictly economic factors and institutions (Fernandez & Fogli, 2009). These aspects are partly inseparable as especially between institutions and culture the effects are reciprocal.

To better understand different cultures and prevent prejudices, intercultural competence is essential. It is a strategic competence that can fundamentally influence the performance of MNEs when successfully implemented at both managerial and team-member levels. (Bartel-Radic, 2006). This is the case especially in global teams. On the other hand, too much focus on cultural differences and cultural-specific problems can also be experienced challenging in organizations as it may further reinforce prejudices and a stereotyped world-view. Managers may therefore find themselves in a contradictory situation between the importance of intercultural learning and its potentially negative effects. (Chevrier, 2000.) Fortunately, cultural diversity within organizations is itself a significant source of intercultural learning as was also demonstrated by the results of this study. It appeared clearly in the interviews that the more time team members spent with each other especially face-to-face, the less effects cultural differences had.

In the case team, the biggest perceived problem associated with age was the lack of young people which was perceived to cause lack of innovativeness. However, as emphasized by the interviewees, it is the balance between employees of different ages and experience levels that safeguards both the innovativeness and the quality of the work in the team. According to the results, the majority of older employees in the team is perceived to decrease creativity and courage in the team. However, it appeared that an excessive percentage of younger employees could jeopardize the performance of the team by making mistakes and improvident solutions. The finding of the positive effects of tenure diversity are inconsistent with the findings of Ely (2004) who found

in his empirical study that the direct effects of tenure diversity are largely negative. It appeared in the interviews that most of the team members have started in the team at the same time when the team was founded. Therefore, diversity in group tenure was minimal and no experiences related to it were reported.

Team member expertise is a significant determinant of team performance (Lin et al., 2008). The empirical results of this study imply that in addition to the expertise level, also diversity of expertise areas affects team performance positively. There was a consensus among the interviewees that the variety of expertise areas enables an effective division of responsibilities in the team and makes it easier to ask help from other team members. It was also argued that people with unusual experience and knowledge often make a positive difference for perspective. These findings are consistent with the findings of Gevert et al. (2015) who suggest functional diversity to promote team effectiveness by broadening the range of expertise available in a team. This is also connected to educational background as it is one way to gain expertise in a certain area. Even though the results suggest that the similar educational background is important in the team in terms of major studies, the results on expertise diversity suggest additional task-related major or minor studies to have a positive effect on team performance.

The existing literature suggests gender diversity to have manifold effects. The results of this study did not suggest gender to have direct effects on team performance. Neither discrimination based on gender was reported. However, these results cannot be considered reliable nor generalized even within the case organization. That is because in the context of the studied team this attribute could not be studied extensively as out of 19 members only one is a woman. Therefore, the perspective of a gender minority consists of experiences of one person and the other answers are largely based on opinions or former experiences instead of experiences of gender diversity in the current team. The attitudes of gender diversity in the team were positive or neutral - no negative attitudes appeared. Eight interviewees out of eleven suggested women to have unique characteristics or perspectives that have a positive effect on team performance. This finding is consistent with the results of Lincoln and Adedoyin (2012) who find in their study, that women have unique characteristics that positively influence the strategic direction of a corporation and contribute to firm growth.
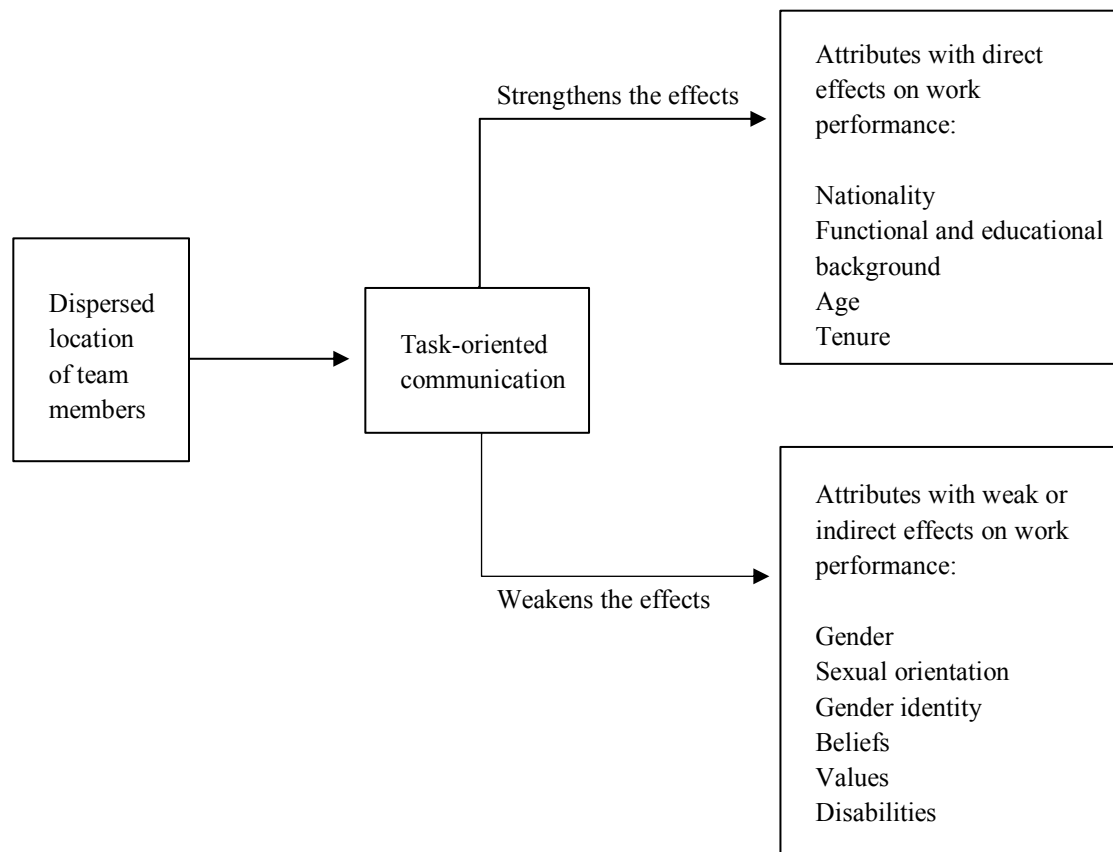
On gender diversity and disability, the results are even more deficient than on gender as diversity in these attributes was not perceived to exist at all in the team. Diversity of values and beliefs was found to exist in the team in the form of religious diversity but none of the interviewees perceived it to have any effects on work. It can be argued that this is due to the strong task-orientation of communication in the team. Gebert et al. (2014) suggest that public expression of diverse religious identities in a workplace has a risk of engendering relational conflicts, which may be caused by perceivers' experiences of proselytizing attempts and identity threats or religious minorities' experiences of religious discrimination. Due to the invisibility of religion in the work environment this effect was nonexistent. It must be considered, though, that the diversity of religions is rather narrow in the team. Three of the interviewees mentioned Islam and Hindu religions to show more clearly in everyday work due to religion-related rules and practices. Nevertheless, these religions did not appear in the case team. After all, there was a consensus among the interviewees that any kind of diversity can usually be considered to be a good thing as it brings variety of perspectives to the team. This was specifically mentioned in connection with gender identity and sexual orientation. This is consistent with the finding of Cunningham (2011) that sexual orientation diversity is likely to be associated with a greater elaboration of information and decision making comprehensiveness.

6.2　Summary of main findings

Based on the empirical results of this study, the influence mechanisms of diversity attributes can be found to be different in global teams than in so-called conventional teams. Harrison et al. (2002) propose that as time passes, increasing collaboration weakens the effects of surface-level diversity on team outcomes but strengthens those of deep-level diversity. The empirical results of this research suggest that this effect is different in global teams as collaboration increases slower due to the dispersed location of team members. Collaboration happens through communication and the major difference between global teams and conventional teams is, indeed, the channels and nature of communication. In global teams the amount of face-to-face communication is significantly lower and the amount of virtual communication significantly higher than in conventional teams. Furthermore, virtual communication was found to be more task-oriented than face-to-face communication.

As the effects and functioning mechanisms of diversity attributes are found to be different in global teams, the categorization to deep-level and surface-level attributes cannot be considered relevant in this context as it is strongly tied to the effects and functioning mechanisms. Based on the results of this study, a new categorization of diversity attributes is made in which the special context of global teams and the effects of dispersed location are accounted for. This categorization is based on the attributes' direct effects on work performance as well as the way that they are mediated by task-oriented communication as these factors were found to affect their influence in global teams considerably more than observability in face-to-face interaction.

The diversity attributes whose influence was found to be strengthened by the dispersed location of team members are functional and educational background, age and tenure. The diversity attributes whose influence was found to be weakened by the dispersed location of team members are sexual orientation, gender identity, gender, beliefs, and values. The weakened effect of beliefs and values also weakened the social categorization processes, which further weakened the influence of value diversity. A conclusion can be drawn that the diversity attributes' effects on work performance – were they direct, indirect or nonexistent – is the most significant factor determining different attributes' significance in the context of global teams. The attributes with direct effects on work performance were strengthened by a dispersed location due to task-orientation of communication. The attributes with indirect or nonexistent effects on work performance were further weakened by the dispersed location as these attributes mostly become evident in face-to-face and relationship-oriented interaction. The new categorization of diversity attributes and the effects of the dispersed location of team members is illustrated in figure 3.

Strengthens the effects

Dispersed
location
of team
members

Task-oriented
communication

Attributes with direct
effects on work
performance:

Nationality
Functional and educational
background
Age
Tenure

Weakens the effects

Attributes with weak or
indirect effects on work
performance:

Gender
Sexual orientation
Gender identity
Beliefs
Values
Disabilities

Figure 7. The effects of a dispersed location of team members.

Also the self-categorization (Turner, 1982) and similarity-attraction (Byrne, 1971) processes were found to function in a different manner in the studied team. This finding is likewise assumed to be connected to the lack of face-to-face interaction and the task-orientation of communication. The team setting where a clear ethnic minority is missing, does not provide breeding ground for discrimination, which weakens the self-categorization process. Furthermore, the low visibility of beliefs and values leads to weakening of the similarity-attraction process which is another major mechanism behind discriminatory behavior.

7   CONCLUSIONS

The research questions of this thesis presented in the first chapter are: "*What effects does diversity have on the performance of global teams?*" and "*How are the D&I policies of the case company implemented at the team level?*" This chapter answers these questions based on the empirical results of this study. First the theoretical contribution is presented and after that the managerial implications are given.

7.1   Theoretical contribution

This thesis makes a contribution to the diversity literature with too significant findings. First, it provides evidence that in the current literature there is a dearth of studying the effects of diversity in the special context of global teams. This study helps to narrow this research gap by shedding light on functioning mechanisms of diversity attributes in the context where virtual communication is the dominating way of communication between team members. Based on this finding, a new categorization of diversity attributes is presented where the special interactional context of global teams is accounted for. Second, this thesis advances knowledge on the self-categorization and similarity-attraction processes by revealing that these processes are significantly weaker in global teams than conventional teams.

The most significant finding of this study is that the common categorization of diversity attributes to surface-level and deep-level attributes is not valid in global teams as the functioning mechanisms and effects of diversity attributes are significantly different in global teams than in conventional teams due to the major differences in interaction and channels of communication. Therefore, a new categorization of diversity attributes is made that is based on their effects in the special context of global teams. In this categorization the significant factor is the effects of a given attribute on work performance. Highlighting the effects on work performance is based on the finding that communication in global teams is highly task-focused which leads to a strengthened effects of attributes with direct effects on work performance - nationality, functional and educational background, tenure and age. On the contrary, the task-orientation of interaction between team members leads to weakening of the

attributes with no direct effects on work performance - disabilities, sexual orientation, gender, gender identity, beliefs, and values.

The empirical results of this study have proven that diversity functions in a different way in global teams than in conventional ones because of the major differences in interaction between team members. It was also found that the discrimination effect of diversity suggested by previous research does not show in global teams as the dynamics are different. The team setting where a clear ethnic minority is missing, does not provide breeding ground for discrimination. In such team the self-categorization process (Turner, 1982) is considerably weakened. Furthermore, the low visibility of beliefs and values leads to weakening of the similarity-attraction process (Byrne, 1971) which is another major mechanism behind discriminatory behavior.

7.2   Managerial implications

In today's globalizing world where the workforce is increasingly diverse and themes of diversity and inclusion are drawing attention, it is essential for managers to understand the effects and functioning mechanisms of diversity profoundly. In the case of global teams which often play an essential strategic role in organizations, team efficiency is an essential source of sustainable competitive advantage. The results of this study provide insight to how to maximize the positive and minimize the negative effects of diversity in the special context of global teams in order to improve team performance. The following managerial implications are mainly targeted to the team manager but also some organization-level suggestions are presented.

The empirical results of this study demonstrate that at the team level, diversity has considerable effects on performance – both direct and indirect ones. In the interviews, it became apparent that diversity in some attributes has direct positive effects on team performance. These attributes are nationality, functional and educational background, tenure and age. Furthermore, diversity in some attributes has indirect positive effects on team performance by increasing likeliness for a greater variety and quality of ideas. These attributes are gender and sexual orientation. Based on these results it can be suggested that these attributes should be taken into consideration in recruiting, not only for individual applicants but as a comprehensive objective of a diverse team. Then

again, diversity in nationality and skills were found to have potentially negative effects on team performance in addition to the positive ones if not properly dealt with. It can be concluded that diversity can be a significant source of competitive advantage if successfully managed. The results of this study demonstrate that it is important to understand the functioning mechanisms of diversity in order to maximize its positive effects and minimize its negative effects.

Deliberately recruiting diverse employees may require taking some extraordinary steps. First, it is important to clearly communicate that the organization is a good place for diverse employees to work. (Dessler, 2012, p. 126.) The case company is already emphasizing inclusion in its policy statements and recruitment announcements, which are an important step toward reaching diverse employees. This can also have positive business-related outcomes such as greater access to business customers that require antidiscrimination policies and greater demand for company stock because of the expected benefits of diversity policies (Badgett et al., 2013). When it comes to recruiting more women, children and maternity leaves may be one factor to consider. Obviously, recruiters are not allowed to ask either male or female candidates about their plans concerning children nor use them as a factor when making hiring decisions. However, flexibility in the organization concerning working hours and parent leaves, and clearly communicating such things, may affect current or future parents' decisions when it comes to applying for a job. This is the case especially for women as they are more often the ones needing such flexibility because of maternity leaves. (Dessler, 2012, p.126–127.) Quotas are one of the central techniques of diversity management concerned with changing the demographic composition and diversity of workforce by one or more attributes. However, they have received mixed responses in the organization. For this reason, the management should develop a successful implementing system if choosing to use quotas in recruiting. This process should include justification of the benefits of quotas and open discussion throughout the organization (Forstenlechner et al., 2014).

Cultural diversity, which is constantly present in global teams, is a factor that improves itself through interaction and the resulting intercultural learning. However, the team manager should be aware of the potential negative effects of national and cultural diversity in order to properly fix the challenges. Some practical challenges, such as

different time-zones and working hours, are not fixable by the organization. Nevertheless, when team members switch locations for a longer period of time, some adjustments or at least a comprehensive training concerning the new culture should be considered in the beginning. It was mentioned that also differences in hierarchy levels, bureaucracy, conception of time and communication were experienced. The cultural differences between the European countries and China were perceived to be the most dramatic by the interviewees, which should be considered by the management both when designing the trainings but also when evaluating the need to face-to-face meetings. The results indicated that meeting team members from another culture even once can dilute the effects of cultural diversity significantly. It also appeared in the results that a common organization culture can diminish effects of diversity national cultures. Therefore, maintaining a strong organization culture is important in order to keep the team uniform in terms of work, while at the same time appreciating and making use of all the positive effects of cultural diversity. When it comes to language barrier, it would be beneficial to provide employees with chances to get language education if it seems apparent that deficiencies in an individual team member's English skills cause problems for team performance or extra work for other team members.

In addition to language training, also D&I training is essential. It is already conducted in the organization but the efficiency of the trainings should be paid special attention to. It appeared in the interviews that the gender-related D&I workshops are not perceived credible if there are only females discussing the topic. Therefore, it should be further highlighted in the organization that gender diversity is indeed beneficial for the organization – also for team performance as the results of this study demonstrate. It should also be considered whether the trainings should take place on more regular basis or be longer as it appeared in the interviews that the issues are easily forgotten after the trainings. Extensive training may not always be the answer – casual workshops every now and then could help keep the D&I themes timely also at the team level.

In the case team, the biggest problem associated with age was the lack of young people which was perceived to cause a lack of innovativeness. Deliberately aiming to recruit younger people to the team can thus be suggested. It came up in the interviews that there are younger people in the R&D teams which give a good foundation for product

management functions. One option to get younger people to join the team is active internal recruiting. This was also suggested in the case of gender distribution as there are more females in the R&D teams. Functional diversity was perceived to have significant positive effects for team performance. It was stressed by the interviewees that a certain level of technical knowledge is required due to the nature of the job, which is why educational diversity in the case of major studies is not a relevant objective. However, when it comes to specialization areas, such as extra proficiency in business, communication or some specific technical area, such diversity was perceived very important in the team. It was also perceived that there should be more diversity in specialization areas within the team. Failing to effectively manage functional diversity can lead to a functional or relational conflict. If the team members suffer from high level of task conflict or relational conflict, they will be less likely to engage in process efficiency or generating novel and ideas. (Ali et al., 2018.) Therefore, efficient leading of functional diversity is essential for team functionality and creativity.

To reduce problems associated with diversity, maintaining and improving an inclusive environment both at the organization level and at the team level is essential for the case organization. It helps to further mitigate the social categorization effect and enhance social cohesion. An inclusive climate also facilitates social capital development, particularly team-bonding social capital, which is found to improve team creativity. (Ali et al., 2016.) Most importantly, an inclusive climate gives the diverse individuals a sense of belonging and the feeling that they are valued for who they are.

7.3 Limitations of the study

Focusing on one organization and one team enables a deep insight to team-level functions. In this study, the primary goal was to study the effects of diversity in the specific context of the case organization and it must be remarked that due to the specificity of the studied group, the results cannot be reliably generalized. Every industry has its own special features that affect the conditions of teams. Even though many results specific for the dynamics and practices of global teams such as the effects of the dispersed location can be seen to be common for global teams, the results cannot be reliably generalized to every global team due to the industry-specific differences.

Also numerous organization-level characteristics, such as the functions, organizational structure, organizational culture and the level of internationalization strongly affect the teams. Even though within the technology sector the companies have many common features that also appeared in the results, the results cannot be generalized to every company even within the technology sector. Neither are the results specific for MNEs generalizable to every MNE, due to both the industry- and firm specific differences. Furthermore, every team has its own dynamics affected by many factors such as the role in the organization, location of the members, interpersonal relationships and personal characteristics of individual team members. Therefore, even within the same company all results cannot be generalized but the context must always be considered. However, it can be argued that most of the findings about the different effects of diversity in global teams compared to conventional teams are applicable to the majority of global teams.

The case team was found to lack diversity in some attributes, especially gender. Therefore, the effects of gender could not be reliably examined but the results comprised mainly of the interviewees' previous experiences and assumptions of the effects that they think gender diversity might have in the team. There were no noticeable disabilities in the team so this attribute could mainly be examined through the interviewees' previous experiences and assumptions. Furthermore, some attributes such as beliefs, values, sexual orientation and gender identity were not perceived to show in the daily work at all. On the other hand, this was also an interesting finding about the distinctive characteristics of global teams.

Validity is a measurement of the extent to which the arguments, results and suggestions represent the chosen subject. It can be further divided to internal and external validity. Internal validity means that the interpretation in the study is logical and that there is no discrepancy or internal conflict in it. (Koskinen et al. 2005, p. 224-255.) External validity means the relationship between the data and the interpretations and conclusions drawn from it. An externally valid research views the phenomenon exactly as it is and thus it reflects the extent to which the results of the study can be generalized. (Eskola & Suoranta, 2005, p. 213.) Reliability is another measurement of research quality. It measures the level of consistency of a study (Koskinen et al. 2005, p. 255).

The literature used in this research was reviewed and chosen based on scientific reliability criteria such as peer reviews and classifications of publications. These criteria were used in order to build a reliable foundation for the empirical results and conclusions drawn from them. The empirical study can be found internally valid as the presentation of discussion and conclusions are tightly interconnected and based on the objective interpretation of the interviews. The interviews were designed and conducted in order to ensure objectivity and enable the interviewees to tell their own experiences without external interference. The amount of researches can be found adequate as the two last interviews largely repeated the responses of the other interviews and new information was no longer received. External validity of this research must be questioned as the research target is very specific. This limitation is analyzed in more detail above along the limitations of the study. It must also be remarked that in qualitative research, the evaluation of validity and reliability is not as simple as in quantitative research where there are statistical and objective measurements available. In qualitative research, the evaluation is always somewhat objective and based on the existing literature, basic criteria and assumptions of qualitative research, and subjective interpretations. (Eskola & Suoranta, 2005, p. 208.)

7.4 Suggestions for future research

For future research, it is suggested that the effects of diversity in the special context of global teams would be studied in a broader scale in order to examine industry-, organization-, and team specific differences. A multi-organization or multi-industry study could give more insight on these differences. Studying multiple global teams within the same organization could provide insight to the team-specific differences as the industry- and firm variables would remain robust. Studying teams with different levels of maturity might provide interesting results on the influence of time for the effects of diversity. This could be conducted either as a comparative study between teams on different levels of maturity or as a long-term study of certain team(s) and its (their) changes over time.

A comparative study of global teams using different channels of communication could provide information about the differences in efficiency of channels. Studying teams conducting different amounts of face-to-face interaction could provide specific

information about the significance of face-to-face communication and its effects on the efficiency of communication and team performance. Finally, research on effects of different types of D&I training could provide important practical results for D&I managers.

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OUTLINE OF THE SEMI-STRUCTURED INTERVIEW

1. Do you perceive that the themes of diversity and inclusion are present in your organization?

2. Do you perceive that the themes of diversity and inclusion are present in your team and everyday work?

3. Have you participated in a training or a workshop concerning diversity in your organization?
- What was the type of the training? (face-to-face / online)
- Do you think it changed your attitudes or behavior?

4. How important do you consider the themes of diversity and inclusion?
- Would you be willing to use time and effort to promote these themes in your organization?

5. Do you consider your team diverse?
- By which characteristics?
- Have you ever experienced discrimination in your team?

6. Do you think your team does innovative and creative work?

7. Have you noticed cultural differences within your team?
- What kind of differences?
- Positive / negative?

8. What kind of communication do you have the most with the other team members? (face-to-face / virtual)
- What channels?
- How do you perceive virtual communication?
- How do you perceive the efficiency of communication in your team?

- Do you think that the dispersed location of team members has effects on the efficiency of communication in your team?

9. Have you experienced problems with a language barrier with other team members?

10. How do you perceive the gender distribution in your team?
- Do you think that gender matters?

11. How do you perceive the age distribution in your team?
- Do you think that age matters?

12. Have you faced the themes of sexual orientation and gender identity in your organization?
- Have you discussed these topics in your team?
- Do you think discussing these themes in the workplace is important?

13. In your team, do you feel like there's variety of functional backgrounds and specialization areas?
- Do you think it matters?

14. In your team, do you feel like there's variety of organizational and team tenure?
- Do you think it matters?

15. In your team, do you feel like there's variety of knowledge and skills?
- Do you think it matters?

16. Do you have experiences of colleagues with disabilities?
- In your team / other teams or organizations?
- Do you think that it's important to give such people special adjustments?

17. Have you noticed religion or value-differences in your team?
- If so, have you noticed some positive / negative effects?