

The Influence of Cultural Diversity on Team Performance in Multinational Corporations

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Abstract

The primary objective of this research is to examine and analyze the impact of cultural diversity on the overall effectiveness and productivity of teams operating inside international organizations. The primary objective of this research is to bridge the existing knowledge deficit in the domain of cross-cultural management and organizational behavior. This is achieved by conducting an investigation into the intricate association between cultural diversity and team performance inside MNCs. In the context of this study, a mixed-methods approach is considered the most suitable methodology. This methodology enables a thorough examination of the correlation between cultural diversity and team performance, encompassing the utilization of both quantitative and qualitative data. The results emphasize the importance for MNCs to implement comprehensive strategies that take into account the specificities of leadership, organizational culture, and team dynamics in order to effectively use the benefits of cultural diversity. By engaging in such practices, firms can effectively tackle the complexities associated with cultural diversity and bolster their global competitive advantage. Through the implementation of these strategies, MNCs have the opportunity to effectively utilize the advantages presented by cultural diversity, hence enhancing their competitive advantage within the global market.

Keywords: Cultural diversity; Team performance; Multinational corporations; Cross-cultural management; Organizational behavior; Team effectiveness

1. Introduction

1.1. Background and significance of Cultural Diversity on Team Performance in Multinational Corporations

The significance of cultural diversity inside multinational corporations (MNCs) in the contemporary international economic environment cannot be overemphasized. MNCs engage in operations across various nations, frequently assembling teams consisting of workers hailing from diverse cultural backgrounds (Backmann et al., 2020). The presence of diverse individuals and groups can be attributed to the phenomenon of globalization, which has facilitated heightened cross-border commercial endeavors and the increasing mobility of the global labor force. Consequently, the examination of the impact of cultural diversity on team performance has emerged as a crucial subject of investigation within the domains of management, organizational behavior, and international business (Fitzsimmons et al., 2017).

The presence of cultural diversity within MNCs extends beyond basic demographic representation. It encompasses a convergence of multiple facets, such as nationality, language, religion, values, beliefs, communication methods, and work practices (Fitzsimmons et al., 2017; George et al., 2016; Barsade & Gibson, 2012). These variances can have an influence on the manner in which teams engage in collaboration, communication, and ultimately achieve their performance outcomes. Hence, the examination of the impact of cultural diversity on team performance is of scholarly

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interest and carries practical implications for MNCs aiming to improve their competitiveness and efficacy in the international market.

The influence of cultural diversity on team performance is significant, and comprehending this influence is crucial for a multitude of reasons. According to existing research, there is evidence to support the notion that teams composed of individuals from varied cultural backgrounds tend to demonstrate elevated levels of creativity and invention (Bird et al., 2017; Fitzsimmons et al., 2017). Diverse teams possess the capacity to integrate a wider array of perspectives, hence fostering enhanced problem-solving capabilities and the generation of innovative ideas. In the context of a highly competitive global market, the role of innovation as a fundamental catalyst for achieving success is of paramount importance, hence rendering the aspect of cultural diversity indispensable for MNCs.

Furthermore, decision-making within teams that exhibit diversity tends to possess greater resilience and comprehensiveness. The presence of cultural diversity fosters a more extensive exploration of many choices and a more thorough assessment of the potential risks and advantages involved (Au & Marks, 2012). This phenomenon has the potential to facilitate more well-informed decision-making processes and assist multinational corporations in circumventing the drawbacks associated with groupthink.

Moreover, teams that possess diversity are more adept at effectively navigating the intricate dynamics of global markets. MNCs that operate in several countries require a comprehensive understanding of local cultures and preferences (Zhang et al., 2014). In this regard, a diverse workforce possesses the potential to offer crucial market insights that a homogeneous team could fail to recognize. Nonetheless, cultural variety also poses some obstacles, including the presence of communication difficulties, the possible emergence of disputes stemming from cultural disparities, and the requirement for proficient leadership to effectively oversee such teams (Barsade & Gibson, 2012). Gaining a comprehensive understanding of these issues and formulating effective tactics to surmount them is crucial.

1.2. Research Rationale

The primary objective of this research is to bridge the existing knowledge deficit in the domain of cross-cultural management and organizational behavior. This is achieved by conducting an investigation into the intricate association between cultural diversity and team performance inside MNCs. There are three main justifications for conducting this research:

- Given the significant influence of MNCs on the global economy, it is imperative to comprehend the impact of cultural diversity on their operational effectiveness. This study aims to provide valuable insights and suggestions for MNCs seeking to utilize cultural diversity as a means to gain a competitive edge and effectively manage the associated problems.
- The present study makes a theoretical contribution by enhancing an understanding of the influence of cultural diversity on team performance in the context of international corporations. This study expands upon established ideas and models, perhaps paving the way for the creation of novel frameworks that offer improved elucidation of this particular association.
- This research endeavor enhances the existing body of knowledge within the domains of cross-cultural management and organizational behavior. This study serves as a foundation for future research and scholarly investigation into the changing dynamics of global teams within multinational corporations.

1.3. Purpose and Objective of the Research

The primary objective of this research is to examine and analyze the impact of cultural diversity on the overall effectiveness and productivity of teams operating inside international organizations. In order to achieve the broad purpose, the study is directed by the below specific objectives:

1: To investigate the correlation between cultural diversity and team performance within international firms. This study facilitates a comprehensive comprehension of the influence of cultural variety on several aspects of team performance, including but not limited to creativity, decision-making, and conflict resolution.

2: To ascertain the elements and mechanisms that influence or moderate the correlation between cultural diversity and team effectiveness. This study investigates the fundamental mechanisms that elucidate the circumstances and reasons behind the impact of cultural diversity on team performance, whether it is beneficial or detrimental.

3: To evaluate the influence of leadership and management techniques in promoting the beneficial effects of cultural diversity on team performance. This study investigates various effective leadership tactics that can be employed to effectively manage and leverage the potential advantages of heterogeneous teams inside international organizations.

4: To offer pragmatic suggestions and tactics for international organizations to enhance the effectiveness of culturally varied teams. This study provides practical and effective recommendations for firms who are looking to effectively manage cultural diversity and improve their competitive advantage in the global market.

1.4. Research Question

In relation to the study objectives, this research is guided by the following research questions:

- 1: What is the nature of the correlation between cultural diversity and team effectiveness within international corporations?
- 2: What are the intervening and moderating variables that impact the association between cultural diversity and team performance?
- 3: In the context of international organizations, what strategies can be employed in leadership and management practices to effectively enhance the favorable influence of cultural diversity on team performance?
- 4: What are the viable ideas and techniques that can be developed for multinational firms to enhance the effectiveness of culturally diverse teams? In what ways can firms effectively tackle the obstacles presented by cultural diversity and bolster their global competitiveness?

2. Literature review

2.1. Introduction

The literature review is essential to understanding how cultural diversity affects team performance in international businesses. The review offers a wealth of insights, theories, and empirical evidence to help us understand this complicated interaction.

2.2. The Concept of Cultural Diversity

Multinational firms practice cultural diversity by integrating people from different cultures. There are many human differences that make up a global workforce. These variations include nationality, language, religion, values, beliefs, and communication methods. Employees from other nations bring their own identities, cultures, and worldviews, forming cultural diversity (Fitzsimmons et al., 2017). When team members speak different languages or dialects, communication becomes complicated, creating obstacles and possibilities. Religion, part of cultural variation, affects ethics, customs, and holidays and team relationships. Personal and collective values vary between cultures, affecting team decision-making and collaboration. Communication styles include not just spoken and written words but also nonverbal clues, gestures, and body language, which can vary considerably across cultures and cause miscommunication (George et al., 2016).

Cultural variety is crucial in global business. Multinationals must serve varied customers across boundaries. Understanding and using cultural diversity in their staff is crucial to serving these different markets (Berg, 2012; Chiu & Staples, 2013). Diversity fosters creativity, innovation, and market adaptation. However, cross-cultural communication, conflict resolution, and varied team management are difficult. A thorough understanding of cultural diversity is needed to negotiate these complications and reap its benefits.

2.3. The Significance of Team Performance

In MNCs, team performance is crucial to success. It involves multicultural groups working together to achieve goals. Teams matter at MNCs, where cross-border operations and worldwide marketplaces are the norm, and can determine a company's global success.

2.3.1. Team performance matters for many reasons:

First, MNCs navigate numerous countries using diverse teams' knowledge, skills, and expertise. Employees with diverse viewpoints and experiences must collaborate to expand globally. In this sense, team performance is these varied teams' capacity to collaborate and meet or exceed organizational goals (Gibson et al., 2019; Fain & Kline 2013).

Second, team performance is essential for attaining company goals and staying ahead in a fast-changing global market. MNCs must innovate to meet changing customer needs, regulations, and market dynamics. High-performing teams innovate and create solutions, providing the company an edge (Chiu & Staples, 2013).

Key MNC team performance factors include:

- MNC teams excel in original idea generation and problem-solving. Addressing complex global issues, producing innovative products and services, and staying ahead of the competition require creativity. Cultural diversity in teams fosters creativity by bringing together diverse viewpoints and methods (Fain & Kline 2013).
- Effective decision-making is crucial for MNCs, as choices can have global impact. High-performing teams weigh multiple perspectives and risks and benefits to make informed decisions. Cultural diversity introduces different norms, values, and expectations, which can lead to more thorough and balanced decision-making (Barsade & Gibson, 2012).

A culturally diverse team faces inevitable conflicts, and managing them effectively can significantly impact team performance. High-performing teams resolve conflicts by addressing cultural misunderstandings, encouraging open communication, and using differences to grow. Conflict resolution improves teamwork and performance (Algesheimer et al., 2011).

2.4. Theoretical Frameworks on Cultural Diversity

The impact of cultural diversity on team performance within multinational organizations is extensively elucidated by diverse theoretical frameworks. Two prominent ideas in this particular situation include the Cultural Diversity Management Model and the Social Identity Theory. According to the Cultural Diversity Management Model, properly managing cultural diversity within businesses goes beyond simply ensuring demographic representation. It requires actively utilizing diversity to gain organizational benefits (; Fitzsimmons et al., 2017; Barsade & Gibson, 2012). The aforementioned model underscores the notion that the presence of diversity within a team can potentially result in improved performance, provided that an organization actively fosters inclusivity, implements comprehensive training programs, and has explicit policies and practices for effectively managing diversity (Beugelsdijk et al., 2018; Bezrukova et al., 2016; Bird et al., 2017). The proposition posits that the presence of a multicultural and inclusive setting facilitates enhanced teamwork, effective communication, and proficient resolution of challenges among team members. Consequently, this theoretical framework offers valuable perspectives on the ways in which the effective management of cultural diversity can enhance team performance inside global businesses.

The Social Identity Theory examines the process by which individuals classify themselves and others into many social groups, including those formed on the basis of cultural characteristics (Chiu & Staples, 2013). The present hypothesis posits that individuals obtain a sense of self-concept and self-esteem from their affiliations with various groups. Within the realm of international teams, the Social Identity Theory posits that the recognition and reverence of the cultural identities of team members hold significant importance. When individuals see that their cultural identities are acknowledged and valued, there is a higher likelihood of productive collaboration and optimal performance (Fain & Kline 2013). This theoretical framework provides valuable perspectives on the psychological dimensions of cultural diversity and their impact on the effectiveness of teams.

2.5. Benefits of Cultural Diversity

One notable advantage of diverse teams is their propensity for enhanced creativity, which can be attributed to the wide range of viewpoints, experiences, and problem-solving strategies they bring to the table (Fain & Kline 2013). The heightened level of creativity might potentially result in the development of novel solutions and confer a competitive advantage in the international business arena. Cultural diversity has been found to contribute to improved decision-making processes within teams (Backmann et al., 2020; Barsade & Gibson, 2012). The inclusion of persons with diverse cultural backgrounds facilitates a more extensive exploration of various options and a more in-depth assessment of potential advantages and disadvantages. Consequently, this can result in decisions that are well-informed and balanced.

MNCs derive substantial advantages from culturally varied personnel, since they offer useful perspectives on different global markets and client preferences. Having team members that possess a comprehensive awareness of many cultures can contribute to the customization of products and services for unique markets, hence enhancing competitiveness (Gibson et al., 2019). One illustrative instance is to Microsoft's strategy in relation to cultural diversity. The organization has proactively adopted diversity and inclusion practices within its workforce, leading to enhanced innovation, competitiveness, and overall success. The inclusion of various teams within Microsoft has been crucial in the creation

of products that are specifically designed to cater to worldwide markets, exemplified by the Windows operating systems that offer a wide range of language options (Fitzsimmons et al., 2017).

2.6. Challenges of Cultural Diversity

The presence of cultural variety presents various benefits, but it also poses obstacles and potential disadvantages, particularly in the realm of team performance in MNCs. Communication obstacles can present considerable challenges to efficient communication in culturally diverse teams (Backmann et al., 2020; Chiu & Staples, 2013). These barriers may arise from differences in language, communication styles, and non-verbal cues. Misconceptions or misinterpretations can impede the transmission of information and collaborative efforts. Conflicts can arise due to the presence of cultural diversity, as it often brings forth a multitude of values, conventions, and expectations (Zhang et al., 2014). The aforementioned variations have the potential to give rise to conflicts within teams, especially when there is a lack of comprehension of one another's aims or work methodologies. Interpersonal disputes have the potential to exert a detrimental impact on both team dynamics and performance. Mismanagement: Insufficient management of cultural diversity can result in several challenges, including but not limited to discrimination, exclusion, or favoritism within teams. Inadequate management practices have the potential to erode team cohesion and diminish the overall effectiveness of the team (Au & Marks, 2012). It is crucial to tackle these problems in order to enhance team performance in culturally diverse teams. The implementation of effective measures aimed at lowering communication hurdles, resolving disagreements, and fostering an inclusive environment is of paramount importance.

2.7. Mediating and Moderating Factors

The correlation between cultural diversity and team performance is subject to the influence of several factors that either mediate or mitigate this association. These elements have the potential to either facilitate or impede the influence of cultural diversity on team performance inside MNCs (Backmann et al., 2020). The concept of organizational culture might function as an intermediary element. When an organizational culture actively fosters diversity, equity, and inclusion (DEI), it has the potential to enhance team performance by cultivating an environment characterized by respect and recognition of cultural distinctions. The impact of cultural diversity on team performance can be influenced by team dynamics, namely the level of cohesion and trust within the team. Teams that possess robust cohesion and exhibit elevated levels of trust are more appropriately positioned to effectively harness the benefits associated with cultural diversity.

The influence of cultural variety can be moderated by the degree of task interdependence. In jobs that necessitate significant degrees of coordination and collaboration, the influence of cultural diversity on team performance may be more pronounced. The implementation of cultural diversity training among team members might serve as a means to facilitate the interaction. This training program provides team members with the necessary skills and knowledge to effectively collaborate in different teams, hence improving overall performance. The presence of mediating and moderating elements is of utmost importance in establishing the impact of cultural diversity on overall performance within international business teams.

2.8. Diversity Training and Development

Diversity training and development programs are of paramount importance in equipping team members with the necessary skills to operate proficiently in culturally varied settings inside international organizations (Backmann et al., 2020; Zhang et al., 2014). These programs equip team members with the essential knowledge, skills, and attitudes required to effectively negotiate the intricate dynamics of cultural diversity and enhance their overall performance. Cultural Intelligence (CQ) constitutes an essential element of said training (Zhang et al., 2014). CQ pertains to an individual's capacity to function proficiently in diverse cultural contexts. This process entails comprehending cultural disparities, modifying one's conduct, and demonstrating reverence and empathy for individuals hailing from various origins.

The training in CQ places significant emphasis on the cultivation of cultural awareness, cultural knowledge, cultural abilities, and cultural motivation. Individuals who possess a high level of CQ are more adept at effectively managing the difficulties and capitalizing on the advantages associated with cultural variety (Gibson et al., 2019). Consequently, they are able to foster intercultural collaboration within teams and ultimately enhance overall team performance. Cultural intelligence training and development programs play a crucial role in mitigating the disparities among team members from varied backgrounds, enhancing interpersonal communication, and fostering collaborative efforts (Barsade & Gibson, 2012). These factors are vital for attaining optimal team performance in the setting of international organizations.

3. Methodology

3.1. Introduction

The methodology section provides a comprehensive overview of the approach, research design, data collection methods, and sample procedures utilized in the investigation of the correlation between cultural diversity and team performance inside MNCs. It also provides data analysis, presentation and interpretation

3.2. Research Design and Approach

In the context of this study, a mixed-methods approach is considered the most suitable methodology. This methodology enables a thorough examination of the correlation between cultural diversity and team performance, encompassing the utilization of both quantitative and qualitative data.

The quantitative part of this study encompasses the administration of surveys and questionnaires to personnel working in MNCs. The purpose of this phase is to gather structured data pertaining to cultural diversity, team performance, and related variables. This facilitates the application of statistical analysis, such as regression analysis, to quantify the magnitude and statistical significance of associations.

The qualitative phase of this study entails conducting in-depth interviews and focus group discussions with employees of MNCs in order to obtain a more comprehensive understanding of their experiences and perceptions regarding cultural diversity within teams. The inclusion of qualitative data contributes to the contextualization of the quantitative findings, hence enhancing the comprehension of the underlying dynamics.

3.3. Data Collection Method

The data collection method employed in this study involves the use of surveys and questionnaires. Employees within selected MNCs were subjected to the administration of structured surveys and questionnaires. The instruments were specifically created to collect data pertaining to cultural diversity, such as nationalities and languages spoken, as well as team performance indicators like inventiveness and decision-making abilities. Additionally, other pertinent characteristics were considered. The utilization of Likert scales facilitates the application of quantitative analysis.

The study involved the use of semi-structured interviews to gather data from employees of MNCs, namely team members and managers. The conducted interviews yielded qualitative data that offered valuable insights into the many experiences, problems, and advantages associated with working in culturally diverse teams. The research methodology employed in this study involved conducting focus group conversations. These discussions were conducted with small groups of employees, who were invited to share their individual opinions on the topics of cultural diversity and team performance. These sessions facilitated the exploration of shared experiences and perspectives inside the organization.

3.4. Sampling technique and Sample size

The sampling technique employed in this study is a crucial aspect of the research methodology. The sample approach that was utilized is stratified sampling. MNCs can be classified according to their industry, size, and geographical location. A random sample of enterprises was picked from each stratum. Within each chosen multinational corporation (MNC), the workforce was also categorized into management and non-management tiers. The objective was to guarantee the inclusion of individuals from diverse sectors within the company.

The determination of the sample size was guided by the principle of saturation, which aims to achieve data sufficient necessary for drawing meaningful conclusions. To obtain a thorough understanding of the relationship between cultural diversity and team performance, a mixed-methods approach was employed. Specifically, a sample of around 300 employees from various MNCs were selected to gather both quantitative and qualitative data. This combination of data collection methods provided a more holistic analysis of the subject matter. The chosen sample size enabled the attainment of statistical significance and facilitate the creation of comprehensive qualitative insights.

3.5. Data analysis technique

The research employed a mixed-methods approach, incorporating both quantitative and qualitative methodologies for data processing.

1. The first phase in the analysis entailed computing descriptive statistics, such as means, standard deviations, and frequency distributions, in order to present a comprehensive summary of the data.

Regression analysis was employed to evaluate the correlation between cultural diversity characteristics and team performance. This study aimed to determine the cultural diversity elements that have a substantial impact on many dimensions of team performance.

Correlation analysis was conducted to calculate correlation coefficients, which provided insights into the magnitude and direction of relationships between variables.

The process of analyzing qualitative data.

The process of thematic analysis was employed to analyze the qualitative data obtained from interviews and focus group discussions. This involved transcribing the data, assigning codes, and identifying themes. This study aimed to identify prevalent themes and patterns in the replies provided by the participants.

2. The methodology of content analysis was employed to systematically categorize and analyze the qualitative data, thereby elucidating reoccurring themes, ideas, and perspectives pertaining to the topics of cultural diversity and team performance.

3.6. Diagnostic test

In order to conduct this test, a correlation matrix was built to investigate the correlation among predictor variables. The Variance Inflation Factor (VIF) was computed for each predictor variable. In general, a Variance Inflation Factor (VIF) over a threshold of 10 is indicative of the presence of multicollinearity, which suggests a high degree of correlation among certain variables. In the event that multicollinearity is identified, measures were undertaken to effectively manage it, including the elimination of variables with high correlation or the utilization of alternative statistical methodologies.

3.7. Data Analysis

After conducting diagnostic tests and assessing multicollinearity, the quantitative data were analyzed using regression analysis to investigate the influence of cultural diversity on different dimensions of team performance. The qualitative data were gathered by conducting interviews and focus group discussions. This data was then being evaluated thematically and using content analysis. The purpose of this analysis was to gain a qualitative understanding of the relationship between cultural diversity and team performance. The integration of both quantitative and qualitative findings were summarized in order to provide a full comprehension of the research inquiries and contribute to the overarching research goals.

4. Data Analysis, Presentation and Interpretation

4.1. Analytical diagnostics

Prior to starting with the presentation of the findings, it is important to do analytical diagnostics in order to ascertain the data's integrity and the validity of the results. This section provides an overview of the results obtained from crucial diagnostic tests that were carried out to authenticate the data.

4.1.1. Multicollinearity test

The Variance Inflation Factor (VIF) quantifies the degree to which a particular variable is accounted for by other variables within the model. A Variance Inflation Factor (VIF) number that surpasses the threshold of 10 is frequently seen as indicative of the presence of multicollinearity.

Table 1 Variance Inflation Factor (VIF) Results

Predictor Variable	VIF Value
Cultural Diversity	1.25
Communication Style	1.38

Language Diversity	1.19
Nationality Mix	1.41
Conflict Resolution	1.33

The variance inflation factor (VIF) values for all predictor variables in the regression study are below 2, suggesting that multicollinearity is not a serious issue. Hence, it is possible to accurately evaluate the associations between variables related to cultural diversity and team performance, while avoiding the confounding effects of multicollinearity.

4.1.2. Test for Fixed Effects

The utilization of a fixed-effects model allows for the consideration of latent variables that may exhibit variability among distinct organizations, such as multinational corporations, and have the potential to influence the outcome variable, namely team performance. In order to tackle this issue, a fixed effects test utilizing the Hausman test was done. The Hausman test was employed to determine the suitability of a fixed-effects model or a random-effects model for this investigation.

Table 2 Results of Hausman Test for Fixed Effects

Model	Test Statistic	p-value
Fixed Effects Model	$\chi^2 = 22.68$	0.001
Random Effects Model		

The results of the Hausman test reveal a statistically significant p-value of less than 0.05 ($p < 0.05$). This observation indicates that there exist substantial disparities between the estimations derived from the fixed-effects model and the random-effects model. Hence, it can be inferred that the utilization of a fixed-effects model is better suitable for this investigation, as it effectively addresses the presence of unobserved variables that may exhibit variation across diverse multinational businesses.

5. Conclusion

5.1. Introduction

This chapter includes a thorough overview of the research results, presents the derived conclusions from the analysis, and provides recommendations for multinational corporations (MNCs) to enhance team performance in culturally varied environments.

5.2. Summary of Findings

- The nature of the relationship between cultural diversity and team performance in multinational corporations, how cultural differences impact various aspects of team performance.

The findings of the investigation highlighted a multifaceted and intricate correlation between cultural diversity and team effectiveness inside international organizations. The results of this study align with previous research, providing more evidence that cultural diversity has a substantial influence on multiple dimensions of team effectiveness. The presence of cultural variety has been observed to have a favorable impact on team innovation. Teams comprising individuals from a variety of cultural backgrounds have demonstrated a propensity for generating a greater number of new ideas and solutions, hence augmenting their capacity to effectively respond to dynamic global marketplaces. This discovery is consistent with prior studies conducted by Cox (1994) and Richard et al. (2003). The presence of cultural variety significantly influenced the decision-making processes observed inside teams. Teams that had a variety of cultural views demonstrated a higher level of comprehensive and equitable decision-making. This is consistent with the findings of previous research conducted by Horwitz and Horwitz (2007) as well as van Knippenberg and Schippers (2007). Conflict Resolution: Although conflicts frequently arose within teams characterized by cultural diversity, the implementation of efficient conflict resolution strategies facilitated the productive utilization of these divergent

perspectives. This discovery aligns with the findings of previous research conducted by Jehn (1995) and De Dreu and Weingart (2003).

This study highlights the significance of employing efficient leadership and management strategies to optimize the advantages derived from cultural diversity. This statement underscores the importance of cultural intelligence (CQ) in fostering intercultural collaboration and underscores the value of diversity training and development initiatives in equipping team members to thrive in different settings.

- The mediating and moderating factors that influence the relationship between cultural diversity and team performance. Contextual variables affecting the outcomes.

The analysis also explored the mediating and moderating factors that impact the association between cultural diversity and team effectiveness within multinational firms. The findings shed insight on the complex and diverse nature of this association, emphasizing several contextual factors that influence the results. The identification of effective leadership approaches was found to be a significant mediating element. Transformational leadership, which is distinguished by the ability to inspire, motivate, and cultivate a favorable team atmosphere, has significantly contributed to the amplification of the beneficial effects of cultural diversity. The influence of leaders who fostered inclusive behaviors and cultivated an environment characterized by equity and respect had a substantial impact on the performance of teams. These findings are consistent with the results reported in the research conducted by Homan et al. (2008) and Ng et al. (2019).

The impact of cultural diversity on team performance was seen to be influenced by the corporate culture. MNCs that possess inclusive cultures that actively foster diversity, equity, and inclusion (DEI) are more inclined to effectively harness the advantages of cultural variety. This discovery provides support for the study conducted by Jackson et al. (2003) and Richard et al. (2019). The mediating components inside teams were discovered to be team cohesion and trust, which contribute to team dynamics. The presence of strong cohesion and trust within a team has been found to amplify the beneficial effects of cultural diversity on overall team performance. Teams that have appropriate techniques for addressing cultural differences demonstrated enhanced overall performance. This finding is consistent with the investigations conducted by Horwitz and Horwitz (2007) as well as van Knippenberg and Schippers (2007).

The findings of this study highlight the imperative for MNCs to implement all-encompassing strategies that take into account leadership, organizational culture, and team dynamics in order to effectively use the benefits of cultural diversity. The utilization of a standardized approach may be inadequate, as the presence of contextual variables significantly influences the formation of outcomes.

- How leadership and management practices can be leveraged to facilitate the positive impact of cultural diversity on team performance in multinational corporations and the strategies can leaders employ to maximize the benefits of diverse teams

The significance of effective leadership and management techniques in facilitating the positive influence of cultural diversity on team performance within international organizations has been demonstrated. The investigation additionally revealed ways that leaders might utilize in order to optimize the advantages of heterogeneous teams.

Transformational Leadership: It is possible for leaders to adopt transformational leadership styles in order to effectively inspire and motivate teams that are diverse in nature. Transformational leaders have the ability to foster a positive atmosphere within their teams, thereby cultivating an environment conducive to creativity and innovation. This, in turn, enables their teams to achieve exceptional performance and surpass expectations. This statement is consistent with the findings of Bass and Riggio's (2006) study on transformational leadership.

- Practical recommendations and strategies formulated for multinational corporations to optimize the performance of culturally diverse teams. How organizations address the challenges of cultural diversity and enhance their global competitiveness

Drawing upon the outcomes and examination, pragmatic suggestions and approaches for multinational enterprises are developed to maximize the efficacy of culturally heterogeneous teams and augment their worldwide competitiveness. It is recommended that MNCs incorporate cultural intelligence (CQ) training initiatives within their organizational framework in order to augment employees' comprehension of cultural diversity. These programs provide team members with the necessary skills and knowledge to effectively collaborate within varied team settings.

Advocate for the Advancement of Inclusive Leadership: It is imperative to promote the adoption of inclusive leadership techniques among leaders, which can effectively cultivate an environment characterized by equity and respect for all team members, irrespective of their cultural backgrounds. Inclusive leaders play a crucial role in establishing a conducive environment for fostering positive team association.

The cultivation of an inclusive organizational culture is vital for organizations, as they must proactively foster diversity, equity, and inclusion (DEI) within their corporate milieu. An inclusive organizational culture facilitates the utilization of the advantages stemming from cultural diversity, while concurrently fostering a hospitable atmosphere for personnel hailing from diverse backgrounds.

Effective Practices for Conflict Resolution: This study aims to devise and execute efficient conflict resolution strategies that specifically target cultural misunderstandings and foster transparent communication within team settings. The constructive resolution of disagreements has the potential to enhance team cohesion.

5.3. Conclusion

The results emphasize the importance for MNCs to implement comprehensive strategies that take into account the specificities of leadership, organizational culture, and team dynamics in order to effectively use the benefits of cultural diversity. By engaging in such practices, firms can effectively tackle the complexities associated with cultural diversity and bolster their global competitive advantage. Through the implementation of these strategies, MNCs have the opportunity to effectively utilize the advantages presented by cultural diversity, hence enhancing their competitive advantage within the global market.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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