

MANAGING THE INTERCULTURAL INTERFACE:
THIRD CULTURES, ANTECEDENTS, AND CONSEQUENCES

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ABSTRACT

We offer a conceptualization of third culture in intercultural interactions and describe its different forms as well as its antecedents and consequences. Third culture is a multi-cultural team's shared schema that contains not only team and task knowledge, but also a shared set of beliefs, values, and norms grounded in the national cultures of the team members. We develop a typology to distinguish third culture schema form on two dimensions: third culture strength and third culture content. We then propose both team process and team composition variables that influence the emergence of these different forms. Furthermore, we use social identity formation and sensemaking mechanisms to propose the effects of these third culture forms on team performance.

Globalization demands intercultural interaction. Culture, or the collective mental programming of a group of people (Hofstede, 1980, 1991), influences how people approach such interpersonal interaction. Cultural differences in values and norms, for example, account for unique national behavioral repertoires that can clash and make for difficult intercultural interactions due to a variety of misunderstandings, misattributions, and conflict (Brett & Okumura, 1998; Adair, Okumura, & Brett, 2001; Morris *et al.*, 1998; Adler & Graham, 1989; Earley & Mosakowski, 2000; Ravlin, Thomas, & Ilsev, 2000; Thomas, 1999). Consequently, we have many accounts of the importance of understanding cultural differences and the need to manage the intercultural interface (Adler, 1991; Brett, 2001; Graham & Sano, 1989; Salacuse, 1991; Trompenaars & Hampden-Turner, 1998). In a multicultural team, a team member may manage the intercultural interface by adapting his/her ways and beliefs to those of the other parties, by pushing the other parties to adopt his/her ways and beliefs, or by meeting somewhere in the middle (Weiss, 1994; Adair, Okumura, & Brett, 2001; Adair & Brett, 2005). Through these processes, multicultural teams that come together for a common purpose may develop not only shared knowledge about their team and task and similar behaviors, but also a shared set of values and norms that underlie and guide those behaviors. Such a shared knowledge structure, consisting of team and task knowledge, as well as values and norms rooted in the traditional cultural belief system of one or more team members, is what we call a third culture. In this chapter we investigate the various ways that multi-cultural teams develop third culture, the different forms it may take, and the implications of different forms of third culture for managing the intercultural interface.

The chapter begins with our conceptualization of third culture as a shared knowledge structure, or said otherwise, a shared schema. We discuss how the inclusion of values, norms,

and beliefs rooted in national cultural belief systems makes third culture distinct from other team level cognitive constructs. We then build on theories of schema formation and change in social cognition (Fiske & Taylor, 1991) to model the process of third culture building and the resultant forms that are distinguishable on two dimensions: third culture strength and third culture content. We propose team composition and team process variables that predict whether team members embrace a common schema or maintain some unique, individual schema elements, thus impacting third culture strength. We then propose team composition and process variables that predict whether team members rely on their preexisting schemas or engage in synergistic thinking that could prompt the evolution of new schema elements, thus predicting third culture content. Finally, we build on social identity (Klimoski & Mohammed, 1994; Earley & Mosakowski, 2000) and sensemaking (Levine & Mooreland, 1991; Cannon-Bowers, Salas, & Converse, 1993) functions of third culture to address some of the positive and negative implications of third culture for work teams. The model we will build is presented in Figure 1.

Insert Figure 1 about here

THIRD CULTURE AS A SHARED SCHEMA

We propose that third culture is a shared knowledge structure consisting of team and task knowledge, as well as values and norms rooted in the traditional cultural belief system of one or more members. In this section we argue that third culture is a form of the broader construct Culture, that resides in the shared cognition of a team that has come together for a specific common purpose. We show that our conceptualization is consistent with prior literature on third

culture. We explain why multicultural teams are likely to form a third culture. We define the content of a third culture schema and show how it is different from other team-level cognitive constructs.

Review of Third Culture Literature

Culture is generally defined as the values, norms, and beliefs shared by a group of people that defines their identity and coordinates their survival efforts (Kluckhohn & Strodtbeck, 1961; Schein, 1997; Schwartz, 1994). According to Schein's model, culture resembles an iceberg in that only the tip (behaviors and institutions) is visible, but these artifacts rest on a foundation of values, norms, and beliefs that lies underneath. It is the part under water, the cognitive side of culture that resides in the minds of its members, where many theorists have focused their conceptualizations of culture. For example, a common conceptualization of culture is a shared meaning system or mental programming of a group of people (Hofstede, 1980; Geertz, 1973; D'Andrade, 1984; Triandis, 1972) that acts as a lens that filters incoming stimuli and directs outgoing reaction (Erez & Earley, 1993; Triandis, 1989). In other words, culture is a shared schema, which is defined as a knowledge structure representing one's understanding of an environment that guides interpretation and behavior (Fiske and Taylor, 1991). Although culture is necessarily a shared schema, not all shared schemas are cultures. For example, most people share the event schema for how to eat at a restaurant (getting a table, ordering, etc.), but since it is not a shared schema that embodies values and belief systems that guide behavior for a socially distinct group, it does not represent a culture.

Consistent with the cognitive models of culture, we conceptualize third culture as a shared schema. We define third culture as a knowledge structure shared by a team that consists of traditional culture values, norms, and beliefs as well as team- and task-relevant information.

As a shared schema, third culture, like other schemas, guides perception and directs behavior. Third culture is a special form of culture that arises when people from different national cultures interact for a specific common purpose. Thus team information, e.g. who performs what functions, and task information, e.g. project goals and timelines, are a part of third culture but may not be part of a general culture schema that consists solely of shared values, norms, and beliefs.

Our conceptualization of third culture as a shared schema is consistent with how others have talked about third culture. For example, Useem, Useem, and Donoghue (1963) define third culture as learned and shared behavior patterns of people from distinct teams who are interacting with each other. They note that third culture includes a “shared understanding” that consists of work-related norms and worldviews. To illustrate third culture, they use the example of the United Nations which has a third culture including norms for diplomacy and values for human rights and the sovereignty of individual nations. These authors note that because third culture is a composite of the individual cultures from which it transcends, it is distinct from but cannot be understood without references to the cultures in which group participants were socialized. Thus, although third culture is a group-level construct that evolves as a function of team interaction, it can only be understood by looking at the teams’ cultural composition (Hambrick, Davison, Snell, & Snow, 1998) and the team members’ preexisting values, norms, and belief systems.

Earley and Mosakowski (2000) define third culture, which they call a hybrid team culture, as an “emergent and simplified set of rules, norms, expectations, and roles that team members share and enact [that] offers a common sense of identity that becomes team specific.... And facilitates team interaction.” (p. 26). And Casmir (1992) writes that third culture consists of shared frameworks, value-systems, and communication systems that evolve when groups of

individuals interact to share resources for a common goal. He uses the example of a mixed-culture marriage and notes that such couples develop a shared meaning system that involves the creation of something new that is informed and influenced by each spouse's individual cultural values, norms, and beliefs. In all of these conceptualizations, third culture exists at the level of cognition – a shared knowledge structure that guides interaction for a specific team purpose. This purpose may be well-being and survival, as in the case of a mixed-culture marriage, or task completion and performance, as in the case of work teams.

Although theorists have discussed third culture at multiple levels including nations and institutions (Useem, et al., 1963), work teams (Earley & Mosakowski, 2000; Earley & Gibson, 2002), and decision-making dyads (Ickes, Stinson, Bissonnette, & Garcia, 1990), the limited empirical work on third culture has focused on similar behaviors or team norms. For example, research on hybrid team cultures (Earley & Mosakowski, 2000) builds on social identity theory (Tajfel, 1982; Turner, 1985; Lau & Murnighan, 1998), and measures team heterogeneity to predict team process and performance. The work on mixed-culture negotiation repertoires (Adair & Brett, 2005) measures dyad composition and sequences of negotiation strategies to predict negotiation performance. Together this work shows that in multi-cultural settings, people cross cultural boundaries to develop reciprocity and team norms. That cross-cultural teams develop shared and simplified sets of strategies and behaviors may be evidence of third culture at the visible tip of the iceberg. Yet, our tendency to look for third culture and measure it primarily in behaviors has limited our understanding of the underlying cognitive side of third culture, the merging and melding of values, norms and beliefs often deeply embedded in an individual's national culture identity. Our work extends this prior work on third culture by modeling the various possible forms of third culture as a shared schema, developing the theoretical

mechanisms of third culture building, and explicitly addressing the consequences of third culture strength and composition for team process and outcome.

Why Do Third Cultures Form?

In a team context, there are several pressures that prompt a merging of individual schemas into a shared schema. First, teams have naturally occurring tendencies toward consensus that should prompt the movement of individual, idiosyncratic schemas into a shared schema (Levine & Moreland, 1999; Brandon & Hollingshead, 2004). Second, for teamwork, a shared schema is more efficient than a set of unrelated individual schemas (Fiske & Taylor, 1991). Shared schemas help improve information processing (Levine & Mooreland, 1991; Rentsch & Hall, 1994), adaptation to changing task demands (Cannon-Bowers, Salas, & Converse, 1993), sensemaking and the determination and prediction of future events (Rouse & Morris, 1986), and team performance (Walsh & Fahey, 1986; Walsh, Henderson, & Deighton, 1988; Mathieu, Heffner, Goodwin, Salas, & Canon-Bowers, 2000). Assuming team members have some implicit notion of the advantages of a shared understanding, they should be motivated to develop shared schema.

According to social identity and self-categorization theory, developing a shared understanding or shared schema with team members should also bolster individuals' sense of self-esteem (Tajfel, 1982; Tajfel & Turner, 1979) and belongingness (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). Thus again, individuals should be motivated to update their schemas and develop a shared understanding with team members. Earley and Mosakowski (2000), however, note one case when team members may not be motivated to develop a third culture. They found that moderately heterogeneous teams, as opposed to homogenous or highly heterogeneous teams, tended to divide and identify with subgroups instead of creating a

superordinate group identity. Yet, we might argue that a third culture is forming, it is simply a smaller third culture (within the subgroups).

Third Culture Schema Content

In a work setting, people's schemas contain information about their task, for example goals, process, and equipment and about their team, for example roles, responsibilities, and members' skills (Cannon-Bowers *et al.*, 1993; Levine & Mooreland, 1991). Individual schemas also contain culturally determined values, norms, and beliefs that underlie this knowledge and govern interaction in the domain (Brett & Okumura, 1998; Erez & Earley, 1993; Gelfand & McCusker, 2001). For example, an individual's schema for a team task includes not only information about who is who, but also the values, norms, and beliefs about hierarchy that define how people of higher status should interact with people of lower status in the team. A third culture develops when individuals in a team develop a shared schema that contains not only knowledge about task and team, but also a shared set of beliefs, values, and norms that are rooted in individuals' national culture and guide interaction and behavior.

The recognition that individual schemas contain information not only about task and team but also about cultural values, norms, and beliefs is what allows us to distinguish third culture as a shared schema from team mental models and transactive memory as shared schemas. Transactive memory is "the shared division of cognitive labor with respect to the encoding, storage, retrieval, and communication of information from different knowledge domains" (Brandon & Hollingshead, 2004, p. 633; also Wegner, 1987). Thus, transactive memory is about how people in a team understand who has what expert knowledge and assign responsibility for action. Transactive memory may be part of a team's third culture related to team and task information, but transactive memory is not third culture because it does not comprise shared

values, norms, and beliefs guiding action. Similarly, a team mental model is an emergent, shared, organized knowledge structure that is distinct from third culture because it focuses on categorization of what people “know” (Klimoski & Mohammed, 1994). Transactive memory and team mental models contain task knowledge and team knowledge (Cannon-Bowers *et al.*, 1993; Levine & Mooreland, 1991; Mathieu *et al.*, 2000). Third culture is different because it includes both information about task and team knowledge, but also the cultural values, norms, and beliefs that underlie what they know.

THIRD CULTURE BUILDING

In this section, we discuss the how third culture forms, its two dimensions, and propose variables that prompt different forms of third culture. We first explain third culture formation through processes of schema updating and adjustment (Fiske & Taylor, 1991). We propose two dimensions which distinguish the forms of third culture: third culture strength and third culture content. We then discuss some team composition and process variables, linking them to third culture forms.

Third Culture Formation

Although the content of third culture is distinct from transactive memory and team mental models, the form it embodies, i.e. a shared schema subject to updating and adjustment, is similar. As Walsh and Fahey (1986) note, a shared schema develops as a function of both individuals’ schemas and the interactions within a team. When an individual encounters a schema-relevant domain (e.g. a person, a situation, etc.), their schema for that domain becomes activated. Then, information that is consistent with their existing schema reinforces and strengthens that schema (Fiske & Taylor, 1991). Information that is inconsistent with their

existing schema challenges the schema, and in a process of updating and adjustment, the schema composition can change (Fiske & Taylor, 1991). When multiple individuals encounter the same stimulus domain, individual schemas can change and merge or converge on a shared understanding or team-level schema (Klimoski & Mohammed, 1994). This process of individual schema adjustment and convergence explains how third cultures are formed. Third culture develops when individuals discover, adjust, and integrate new beliefs and values (Casmir, 1978, 1992). People develop a third culture “by way of their interpersonal relationships,.... By way of the cultural patterns they create, learn, and share” (Useem et al., 1963, p. 172). In other words, third culture develops as a function of both the individual team member’s cultures and the interactions within their team.

We propose to distinguish the different forms a third culture may take on two dimensions: strength and content. The strength dimension is developed directly from Klimoski and Mohammed’s (1994) work on team mental models and refers to the amount of individual schema overlap or commonly shared information in a team’s third culture. The content dimension distinguishes whether a third culture schema contains only information that previously existed in team members’ individual schemas or contains some information that is created as a function of the team interaction. We explain and illustrate each dimension (Fig 3) and offer both team composition and team process variables that predict third culture schema form. Team composition refers to the characteristics of individual team members and the level of similarity within the team. Team process variables refer to processes embedded in the team’s interaction.

Third Culture Strength

In describing hybrid team cultures, Earley and Mosakowski (2000) note that the more overlap there is across members' cultures, the stronger the team's hybrid team culture will be. In the language of schemas, this means that when individuals' schemas completely merge into a shared third culture schema, the third culture should be stronger than when individuals' schemas only partly merge and some information continues to reside in the individuals' schemas that are not shared. Two forms from the mental model literature define this dimension of shared schema strength: the overlapping form and the identical form (Klimoski & Mohammed, 1994).¹

With the overlapping configuration, some aspects of members' schemas are similar and other aspects are different. The third culture shared schema represents some but not all of the information activated in a member's mind given the team context as a stimulus domain. In contrast, with the identical third culture schema, members share the same schema content and structure. All members would have the same, identical schema activated given their team context as a stimulus domain. Take, as a simplified example, the case of Team Alpha consisting of a Japanese man and a woman from the U.S. (Fig 2). For the Japanese man, the team context activates a schema that consists of collectivist values, cooperative beliefs, and a norm for indirect communication. He comes together with the U.S. woman whose team schema consists of individualist values, self-interest beliefs, and a norm for direct communication. One example of an identical third culture is when over time, the team members came to place a similar value on collectivism, cooperation, and direct communication (Fig 3a). In other words, the U.S. woman realizes that in order to work efficiently with her Japanese counterpart, she needs to put more emphasis on collectivism and cooperation. The U.S. member's individualist goals and self-

¹ Klimoski and Mohammed (1994) also distinguish a distributed form, in which group members each have a unique mental model for their team context. In fact, the only thing shared may be the conceptualization of common group membership. Since this form includes a common understanding of team membership but no other shared knowledge (i.e. values, norms, beliefs), we argue that there is not a form of third culture comparable to the distributed team mental model.

interest values are no longer salient in this team context. Likewise, the Japanese team member realizes that indirect communication is inefficient in this team environment and direct communication becomes the salient mode of communication when working in Team Alpha. When they are doing work related to Team Alpha, an identical third culture schema is activated in both team members' minds: collectivism, cooperation and a norm for direct communication. Of course, this is a simplified example that illustrates a small set of values and norms. A true third culture schema should contain a broader set of traditional culture values and norms (e.g. Hofstede, 1980; Schwartz, 1994; Trompenaars & Hampden-Turner, 1998) as well as both team and task information. But the key distinguishing factor for the identical form is that all team members' share the same schema form and content with other team members.

Figure 2 about here

Figure 3 about here

Using the same case, an example of overlapping third culture is if Team Alpha's third culture schema consists of norms for direct communication and collectivism, but each team member maintains his own distinct conceptualization of goals (self interest versus cooperative) in the team context (Fig 3b). Team members' schemas are overlapping, but not identical. The overlapping information is what constitutes the third culture schema. This form of third culture should be common in cross-functional teams which develop a shared understanding of team information, task information, team goals, and norms, while individual team members

simultaneously maintain identity and allegiance with their home department that is not completely released in the team context. Because the overlapping form of third culture involves individuals maintaining some individual schema elements, it is not as strong as the identical form, in which team members have the maximum possible amount of overlap in their shared cognition (Rohner, 1987; Earley & Mosakowski, 2000).

Team Composition and Third Culture Strength

As Earley and Mosakowski (2000) note, team member characteristics influence the emergence of a shared culture because “personal characteristics shape their expectations of appropriate interaction rules...[and] affect expectations of how other members should act.” In a team setting, a more dominant cultural trait shared by a majority of the members may influence third culture formation. And just as some individual characteristics make people contribute more or be more influential in a team (Walsh, Henderson, & Deighton, 1988), some individual culture traits may make people more susceptible to influence from others or more open to identify and embrace differences with others. We propose that team members’ desire as a team for ingroup harmony and awareness of others that is captured in several well-known cultural values and norms should impact third culture strength.

Collectivism

Third culture is likely to develop whenever individuals work toward a common team goal. However, third culture strength should vary depending on the members’ orientation toward team membership. Cultural values for collectivism (Hofstede, 1980; Schwartz, 1994) go along with strong ingroup identification and harmony that should prompt embracing others’ schemas and developing an identical third culture. The counterpart of collectivism, individualism, reflects

a strong sense of self and independence that should prompt preservation of one's own schemas and develop an overlapping third culture.

Individualism-collectivism refers to the degree to which one's self-concept is defined as a unique individual or according to group membership (Triandis, 1995; Markus & Kitayama, 1991). Because collectivists are more likely than individualists to have an interdependent self-concept, they are more likely to strive for harmonious interpersonal relationships and adjustment to others (Singelis & Brown, 1995; Morling, Kitayama, & Miyamoto, 2002). In contrast to individualists, collectivists are more likely to pursue interests of the group (Parsons & Shils, 1951) and make individual goals subordinate to group goals (Kluckhohn & Strodtbeck, 1961; Triandis, 1995). While they may also be prone to discriminate against out-group members, in a multicultural team context intercultural members, otherwise considered outgroup members may recategorize each other into an ingroup member as they strive for a common team goal. Because collectivists are more likely than individualists to embrace the interests and goals of the group, they should also be more likely than individualists to embrace a common team third culture. Individualists, on the other hand, will be more likely than collectivists to maintain some elements of their individual schema that are not integrated with the team's third culture.

Proposition 1a. Teams whose members rank higher on collective values are more likely to develop an identical third culture than teams whose members rank higher on individualist values.

Proposition 1b. Teams whose members rank higher on individualist values are more likely to develop an overlapping third culture than teams whose members rank higher on collectivist values.

High/low context communication

Another cultural dimension that covaries with collectivism (Adair & Brett, 2004; Singelis & Brown, 1995) and has implications for the emergence of third culture is high context communication. Communication is an important antecedent to the development of team mental models like third culture (Klimoski & Mohammed, 1994; Casmir, 1992), and some note it is critical to the development of shared meaning systems in general (Donnellon, Gray, & Bougon, 1986). Low-high context is a cultural dimension that defines the degree to which people are in-tune with others in interpersonal communication. In high context cultures, people prefer indirect forms of communication and they have an ability to intuitively understand others (Hall, 1976). They are able to convey and gather information from subtle non-verbal, situational, and contextual cues. This is in contrast to low context cultures, where people prefer to use direct communication, using explicit words to convey meaning (Hall, 1976).

When team members have high context communication norms, they are more likely to be able to “read” and understand other team members’ values, goals, and interests, even when they are not revealed directly with words. Therefore, they should be able to read and incorporate schema elements from other team members and develop a third culture more effectively than when team members have low context communication norms. This should be particularly evident in face-to-face teams because in virtual teams, it is uncertain the degree to which high context communication is hindered by context-free communication media (Eyring, 2001). In contrast, when teams have low context communication norms, they may have trouble understanding others’ schemas and developing a strong third culture.

Proposition 2a. Teams whose members rank higher on high-context communication norms are more likely to develop an identical third culture than teams whose members rank higher on low context communication norms.

Proposition 2b. Teams whose members rank higher on low context communication norms are more likely to develop an overlapping third culture than teams whose members rank higher on high-context communication norms.

Field dependence/Independence

The culturally based cognitive style of field dependence/independence (Witkin & Berry, 1975; Witkin & Goodenough, 1979) dominant in a team may also have implications for third culture forms. Field dependence/independence explains the different ways in which people process information to guide their behaviors. While field-independent individuals rely on impersonal information that is detached from the social context, field-dependent individuals tend to take into consideration the social context when interpreting information (Gibson, 2003). For example, field-independent individuals focus on technical and physical information. They view the elements of an environment analytically and are more able to separate parts from a background field. As analytical processors, they may pay little attention to the social aspects of intercultural interaction and be less sensitive to the schema elements of the other party. Field-dependent individuals, on the other hand, are highly sensitive to social contexts. They view the environment more holistically with greater dependence on the referent others. These individuals will more likely attend to the values, norms, and beliefs of their other team members and consequently be more likely develop an identical third culture.

Proposition 3a. Teams whose members rank higher on field dependence are more likely to develop an identical third culture than teams whose members rank higher on field independence.

Proposition 3b. Teams whose members rank higher on field independence are more likely to develop an overlapping third culture than teams whose members rank higher on field dependence.

Team homogeneity

Because team process is a function of both individual-level characteristics and the interaction between individuals (Turner, 1987; McGrath, 1984), we propose that team homogeneity with respect to the individual-level characteristics introduced above will moderate the relationships proposed in Propositions 1-3. For example, when all team members value collectivism, a team is more likely to develop a strong identical third culture than when some but not all team members value collectivism. When all team members have high-context communication norms, a team is more likely to develop a stronger third culture than when some but not all team members have high-context communication norms. Thus, we propose that team homogeneity moderates the effect of individual-level culture attributes on the strength of third culture.

Proposition 4. Team homogeneity with respect to individual level culture attributes moderates the attributes' effects on third culture strength, in a way that the effect will be stronger for more homogeneous teams.

Team Process and Third Culture Strength

Just as team members' cultural characteristics may influence third culture strength, the nature of team process should also influence the degree to which team members merge and integrate their individual schema elements. Teams engaged in processes that facilitate the development of common cultural values, norms, and beliefs and common task and team

information should be more likely to develop an identical third culture than an overlapping third culture.

Relationship Conflict

Conflict is one team process that can either be detrimental and/or beneficial to team performance and satisfaction (Tjosvold, 1993; Jehn, 1995). The two primary forms of conflict in teams are task conflict, that focuses on work content and goals, and relationship conflict that focuses on interpersonal relationships (Pinkley, 1990; Jehn, 1995). Of the two, we propose that relationship conflict impacts third culture strength, because it takes away from team sharedness. In contrast, task conflict has implications not for schema strength but for schema composition, which we explain later.

Relationship conflict is related to interpersonal dynamics and is negatively linked to performance and morale (Jehn, 1995, 1997), because members spend time and energy in emotional battles rather than the tasks at hand (Amason, 1996; Jehn, 1995; 1997; Jehn, Northcraft, & Neale, 1999; Pelled 1996). Relationship conflict is likely to distract members' schema integration and detract from the development of a strong third culture. Thus, teams experiencing relationship conflict should be less likely to discover and integrate team members' different schemas into an identical third culture.

Proposition 5a. Teams with low levels of relationship conflict are more likely to develop an identical third culture than teams with high levels of relationship conflict.

Proposition 5b. Teams with high levels of relationship conflict are more likely to develop an overlapping third culture than teams with low levels of relationship conflict.

Third Culture Content

The second dimension we propose to distinguish the different forms that third culture may take is its content. Third culture content refers to the actual elements of the third culture shared schema. We propose that one important way to distinguish shared schema content is whether it consists solely of elements that previously existed in the individual's schemas or includes schema elements that were not previously represented in individuals' schemas. While individuals' existing culture may have an important role in building third culture, some elements of third culture may not come from any of the members' national cultures. In other words, there may be components of a team's shared schema that are not native to any of the members' national cultures. We use the dimension third culture content to distinguish an intersection form, comprised of schema elements that previously existed in team members' mind, from an emergent form, comprised of elements that previously existed in each team members' minds plus some unique elements derived from the interaction itself.

With an intersection third culture, team members develop a shared understanding that is identical in each individual's mind but is comprised merely of elements that previously existed in each individual's schema. Using our Team Alpha example, an intersection third culture would consist of collectivism, cooperation and direct communication (Fig. 3a) or maybe just collectivism and direct communication (Fig. 3b). What distinguishes the two intersection forms of third culture is third culture strength.

In contrast, an emergent third culture *also* contains unique elements derived through the interaction itself. Using our same example, an emergent third culture may contain a shared focus on collectivism, direct communication and also values for tradition and norms to look for precedent (Fig 3d). For example, when the U.S. and Japanese counterparts begin working together, they realize that embracing tradition and looking for previous team behaviors as

guiding precedents enables them to work more efficiently. Their shared third culture thus contains some schema elements that evolve from and are a function of their working together. Alternatively, a stronger form of emergent third culture is evident in the overlapping model (Fig. 3c). Next we propose several team composition and process variables that should affect whether third culture content takes on an intersection or an emergent form.

Team Composition and Third Culture Content

Team composition variables that should affect third culture content are those that affect individuals' tendencies for creative and synergistic thinking. We propose that experience and cultural intelligence (CQ) are two team characteristics that should impact whether a team's third culture schema contains elements that are created and emerge as a function of the team interaction.

Experience

Prior research suggests that team norms develop as a function of members' previous experience and experience with one another (Bettenhausen & Murnighan, 1985). Likewise, the form of a team's collective mind depends on members' experiences with one another (McClure, 1990; Earley & Mosakowski, 2000). Hence, it is common for cross-cultural misunderstandings to decrease as experience with another culture increases (Martin & Hammer, 1989). The more experience one has working with members of another national culture, the better one should be at recognizing differences and managing those differences by minimizing them or turning them into cross-cultural synergies (Adler, 1991; Weiss, 1994). Creating cross-cultural synergies is similar to creating an emergent third culture. The process consists of noting and integrating schema similarities while also noting and building off of schema differences to create something more than just the sum of the individuals' schemas. Team members with more experience with the

other cultures represented in the team should be better at creating synergies or developing an emergent third culture than team members with less experience with the other cultures.

The opposite may be true for experience working together as a team. Literature on team process suggests that teams have strong tendencies toward convergent thinking or thinking that moves towards a single answer as opposed to divergent thinking or generating something new and different. One reason for conformity in teams is the desire to be liked by others (Leary, 1995). Thus team members' concern for how other team members are judging them can inhibit idea generation in teams (Camacho & Paulus, 1995). We propose that pressures for conformity in teams may cause teams to rely on schema elements that are familiar as opposed to exploring new values, beliefs, team, or task information. And over time these pressures for conformity should narrow rather than expand the potential for new schema elements emerging as a function of the team process.

Proposition 6a. Teams whose members rank higher on experience working with the other cultures represented are more likely to develop an emergent third culture than teams with less cultural experience.

Proposition 6b. Teams whose members rank higher on experience working together are more likely to develop an intersection third culture than teams with less experience working together.

Cultural Intelligence

Cultural intelligence (CQ) reflects one's ability to adapt to new cultural settings (Earley & Ang, 2003) and, like experience, should be related to one's ability to truly integrate and develop something synergistic from distinct, individual schemas. People with high CQ can travel the world and make friends, fit in, and solve problems in any cultural environment. CQ consists

of cognitive skills (e.g. knowledge of how others do things), motivational factors (e.g. desire to engage others), behavioral repertoires (e.g. ability to speak a language), and metacognition (e.g. ability to integrate differences and discover new approaches). We propose that metacognitive CQ has implications for third culture content. People with high cognitive, behavioral, and motivational CQ should have knowledge of differences and the ability to adopt different behavioral norms, suggesting that they would develop third culture in general. However, people with metacognitive CQ have an additional ability to create synergies. For example, when a team seems to have two distinct problem-solving styles, someone high in metacognitive CQ would not select one style for the team to embrace or use a combination of the two approaches, but rather come up with a third way that all team members can utilize effectively (Earley & Ang, 2003). The metacognitive level of CQ describes the processes of both schema integration and creating a new understanding that characterizes emergent third culture. Therefore, people with high metacognitive CQ should be particularly strong at developing an emergent third culture.

Proposition 7. Teams whose members rank higher on metacognitive CQ are more likely to develop an emergent third culture than teams whose members rank lower on CQ.

Homogeneity

As with the individual culture attributes and third culture strength, we propose that homogeneity within a team will moderate the relationship between experience and CQ and third culture content. When all team members have high culture experience, the team will be more likely to form an emergent third culture than when just some team members have high culture experience. When all team members have high metacognitive CQ, the team will be more likely

to form an emergent third culture than when just some team members have high metacognitive CQ.

Proposition 8. Team homogeneity with respect to cultural experience and metacognitive CQ moderates the attributes' effects on third culture strength, in a way that the effects will be stronger for more homogeneous teams.

Team Process and Third Culture Content

One of the strengths of intercultural teams is the potential for creativity and better decision making when the members take advantage of the varied resources that they bring to the team. As such, the processes that build on cultural differences should lead to emergent third culture. Task conflict is one process that is known to build positively on differences.

Task Conflict

Tasks conflict is related to how work is done and can be quite functional by generating insights and creativity that boost team performance (Pelled, 1996; Jehn 1995, 1997). Task conflict is focused on work content and goals rather than interpersonal dynamics. As we noted earlier, whereas relationship conflict may have a negative effect on team process, task conflict can actually boost team performance. One reason is that task conflict can cause divergent thinking (Nemeth, 1994). For example, teams in which a single member suggests an unusual solution generate more problem solving strategies and original arguments than teams that lack a vocal minority (Nemeth & Kwan, 1987). In this way, task conflict can cause new insights into how best to get the work done (Jehn, 1995, 1997). Task conflict should likewise generate creative and synergistic thinking that should lead to the team's adoption of novel schema elements. Therefore, teams experiencing task conflict should be more likely to develop an emergent third culture. When there is low task conflict, members agree on work content and

goals, and divergent or synergistic thinking is not stimulated. As such, low conflict should be more closely related to the intersection form of third culture content.

Proposition 9a. Teams with high levels of task conflict are more likely to develop an emergent third culture than teams with low levels of task conflict.

Proposition 9b. Teams with low levels of task conflict are more likely to develop an intersection third culture than teams with high levels of task conflict.

CONSEQUENCES OF THIRD CULTURE

Third culture development is generally assumed to be a useful process in intercultural interaction (Earley & Mosakowski, 2000; Earley & Gibson, 2002). Researchers have proposed a variety of reasons why a shared understanding should promote effective teamwork (Hackman, 1987; Klimoski & Mohammed, 1994), such as the fact that a shared understanding generates positive affect, a propensity to trust (Klimoski & Mohammed, 1994), and group efficacy (Bandura, 1997). Hence a greater overlap in shared schemas should lead to better prediction of team needs, adaptation to changing internal and external demands, and coordination of activity (Cannon-Bowers et al., 1993). Shared collective belief structures should also improve the speed, flexibility, and implementation of a team decision (Walsh & Fahey, 1986).

Empirical work on shared schemas and team performance has been limited but supports the hypothesis that schema similarity improves team process and outcome. Many authors measure shared schemas indirectly, for example through self-reports of team identity or communication (Earley & Mosakowski, 2000) or explicit planning and coordination (Orasanu & Salas, 1993). However, a few researchers have measured sharedness at the team level using multidimensional scaling and cognitive mapping techniques. For example, in a business

decision-making simulation, teams with a focused and shared understanding of the business decision environment were found to generate optimum decisions and maximize firm performance (Walsh et al., 1988). In a computer-simulated flight-combat mission, a greater shared understanding of both task attributes and teamwork were also found to improve team strategy coordination, cooperation, and coordination as well as team performance (Mathieu et al., 2000). In a negotiation with integrative potential, dyads with more similar negotiation schemas were more likely to generate high mutual gain solutions than dyads with less similar negotiation schemas (van Boven & Thompson, 2003). This previous work on shared schemas suggests that third cultures will improve team process and performance through such mechanisms as team identification, efficacy, and sensemaking.

Yet, third cultures may be dysfunctional as well. Though third cultures will obviously enhance the level of shared understanding among a team of culturally different people, there may be hazards in assuming a larger level of shared understanding than what actually exists. Also, focusing too much on commonalities and shared information may prevent teams from capitalizing on individual expertise, the common knowledge effect (Stasser, 1992; Gigone & Hastie, 1993). When individuals in teams have schemas that are too similar, individual contribution, creativity, and team performance may suffer (Walsh et al., 1988; Cannon-Bowers et al., 1993; Earley & Gibson, 2002). A strong third culture may influence the future information processing on a team, leading to inaccuracies and inability to adapt. To understand when third culture will result in positive consequences for team process and outcome, we focus on the different forms third culture may take and subsequent implications for sensemaking and group identity. We also address how third culture content may affect the impact of third culture on team performance.

Third Culture Strength and Team Performance

The assumption that shared schemas will improve team process and outcome is based on two primary mechanisms: sensemaking and group identity (Fig. 1). According to the sensemaking argument, teams with a shared understanding of task and social knowledge will be better able to assign work, anticipate conflict, and coordinate decision making (Levine & Mooreland, 1991; Cannon-Bowers et al., 1993; Walsh et al., 1988; Hackman, 1987; Rouse & Morris, 1986). According to the group identity argument, in teams with a shared understanding of task and social knowledge, team members will have a strong social identity. Although a group social identity can exist side by side with individual identities that are salient in other contexts, in the team context a strong social identity fosters self-esteem that should bolster trust, positive affect, and cooperation (Klimoski & Mohammed, 1994; Earley & Mosakowski, 2000; Bandura, 1997).

The identical form of third culture is a strong third culture because team members' schemas are completely shared (Rohner, 1987; Earley & Mosakowski, 2000). Because the identical form offers the highest degree of shared cognition, sensemaking should be simpler. Teams with an identical third culture should agree upon goals, norms, roles, etc., which should improve team process, such as information exchange and coordination, and outcome more than for those with the intersection third culture. Thus, according to the sensemaking mechanism, an identical third culture should lead to more efficient team process than an overlapping third culture.

In contrast to predictions based on a sensemaking mechanism, social identity arguments suggest that limited sharedness is better for team performance than complete schema overlap. According to social identity theory a strong social identity leads to self-efficacy (Turner, 1985;

Tajfel, 1982) that promotes positive interpersonal processes in teams (Klimoski & Mohammed, 1994). Brewer's theory of optimal distinctiveness (1991) goes on to suggest that the strongest form of social identity occurs when individuals have some shared and some unique identity elements. According to this theory, people have needs for both inclusion and individuality, and they trade off these needs in a team setting (Brewer, 1991). Social identity and team loyalty are hypothesized to be strongest for a self-categorizations that provides both a sense of belonging and a sense of distinctiveness (Brewer, 1991). Because the overlapping third culture allows for both individual and shared schema elements, it should produce a stronger social identity than an identical third culture. Thus, optimal distinctiveness theory suggests that an overlapping third culture will impact cooperation, trust, and positive affect and subsequent team processes more than an identical third culture. Together, these theories offer different predictions for the identical versus overlapping forms of third culture through distinct mediating variables.

Proposition 10a. An identical third culture will generate more efficient team processes and outcomes through sensemaking than an overlapping third culture.

Proposition 10b. An overlapping third culture will generate more efficient team processes and outcomes through strong social identity than an identical third culture.

Third Culture Content and Team Performance

Theory on cross-cultural synergy suggests that emergent third culture should be more beneficial than intersection third culture for team process and performance. The idea behind cultural synergy is that "the very differences in the world's people can lead to mutual growth and accomplishment that is more than the single contribution of each party to the intercultural transaction" (Moran & Harris, 1981, p. 3). In other words, by taking advantage of the best of each culture involved and creating something new at the system level, cross-cultural synergy can

generate potential that could not be realized by any one culture alone (Adler, 1980, 1991). The formation of cross-cultural synergy involves both identifying and embracing differences and then merging differences to create a novel approach that both unites and propels teams forward (Adler, 1991). This formation process and the notion of synergy is similar to our emergent third culture form. An emergent third culture occurs when individual team members identify differences in their schemas, integrate schemas where similar, and create something new in their shared understanding. By integrating schemas and creating novel, shared approaches, multinational teams with an emergent third culture can create a shared schema that embodies the most effective and efficient team, task, and culture elements for their identity and purposes. Therefore, the emergent third culture form should be more effective in promoting efficient team process and maximum potential outcome than the intersection third culture form.

Proposition 11. An emergent third culture form will generate more positive team process and outcome than an intersection form.

SUMMARY AND CONCLUSIONS

The prevalence of intercultural interactions in organizational life both at home and abroad demands understanding of what happens at the intercultural interface. Our framework of third culture offers some first steps in modeling the complex ways that multicultural minds may converge in a team setting and the possibilities for team process and outcomes. Drawing from schema theory and prior research on third culture, we define third culture as a shared knowledge structure that includes traditional cultural cognitions, as well as task and team knowledge. Thus we move beyond prior research on third culture focused primarily on the behavioral

manifestations of sharedness (e.g. Earley & Masakowski, 2000). We use schema theory to elaborate a theory of third culture form and development.

First, we explain that third culture strength can be distinguished by the identical versus the overlapping forms. Then we propose that third culture content can be distinguished by the intersection versus emergent forms. We discuss how various team composition and process variables can influence the emergence and form of third culture. The team-level aggregation of individual members' collectivism, high-context communication, field dependence, CQ, and experience will all influence the form of third culture created. Member homogeneity in these attributes is proposed to moderate the relationships. The presence of conflict will also affect how a third culture forms.

Each form of third culture has implications for team process and outcomes. We propose that an identical third culture will generate more positive team processes and outcomes through sensemaking, while an overlapping third culture will generate better process and outcomes through an optimal distinctiveness social-identity mechanism. Also we draw from the findings on cultural synergy to suggest that the emergent form of third culture should lead to efficient team process and high performance.

Our framework for third culture provides ample opportunities for future research. Propositions need to be operationalized and empirically tested in the area of multinational work teams and intercultural negotiations. We hope future research will expand and clarify the theoretical mechanisms predicting third culture strength and content. For example, values for tradition or discomfort with newness is a dimension we did not explore that might explain why some teams stick with an intersection third culture and others create synergies and develop something completely new in their third culture. Moreover, our framework may further be

extended to include additional moderating factors. For example, task uncertainty may moderate the relationship between different third culture forms and team performance. Finally, future research may address the conditions that would suggest deviations from our model. For example, when does supervisory intervention in group process hinder or help the development of a third culture. Future research along these lines should continue to refine and test our proposed model of third culture in intercultural interactions.

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Figure 1: Model of third culture in multinational teams

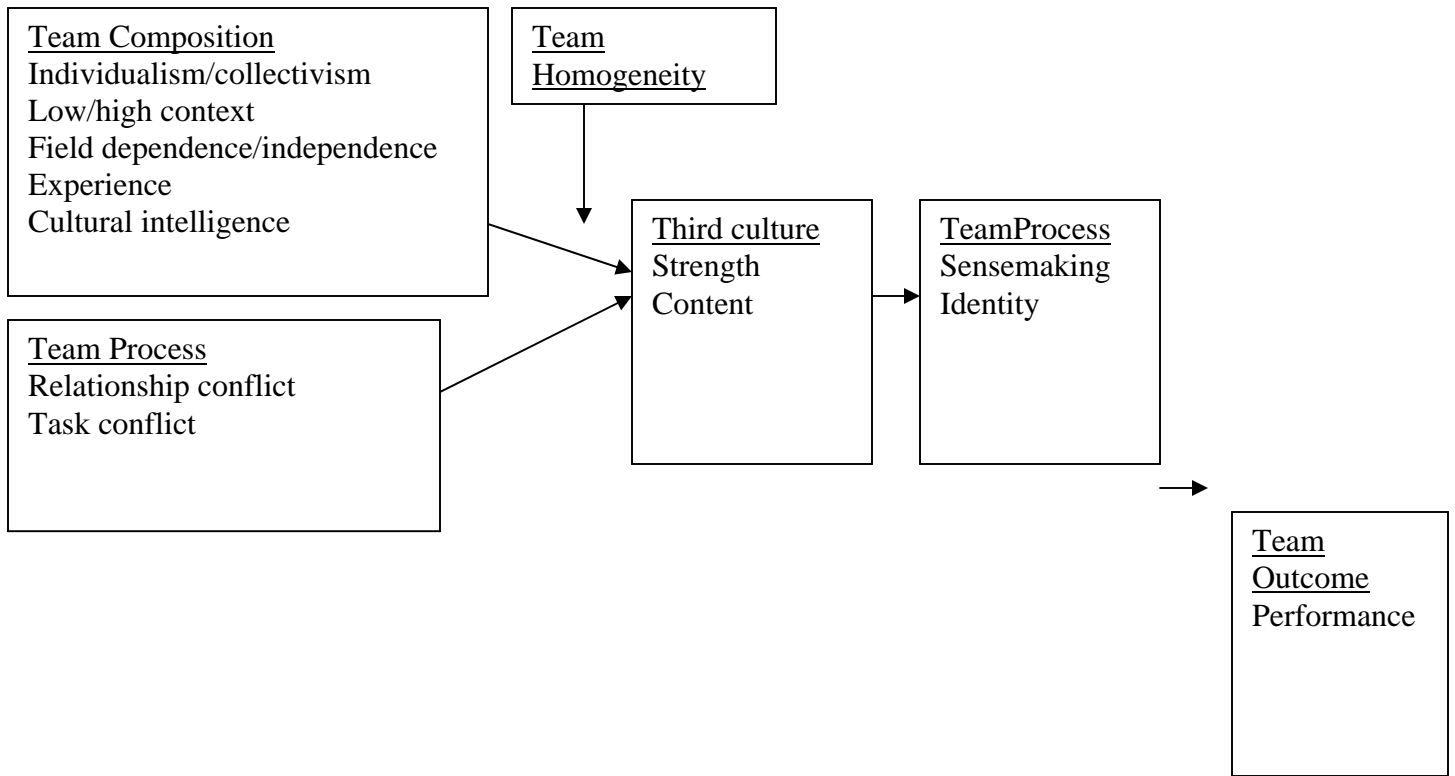


Figure 2

Team Alpha prior to interaction

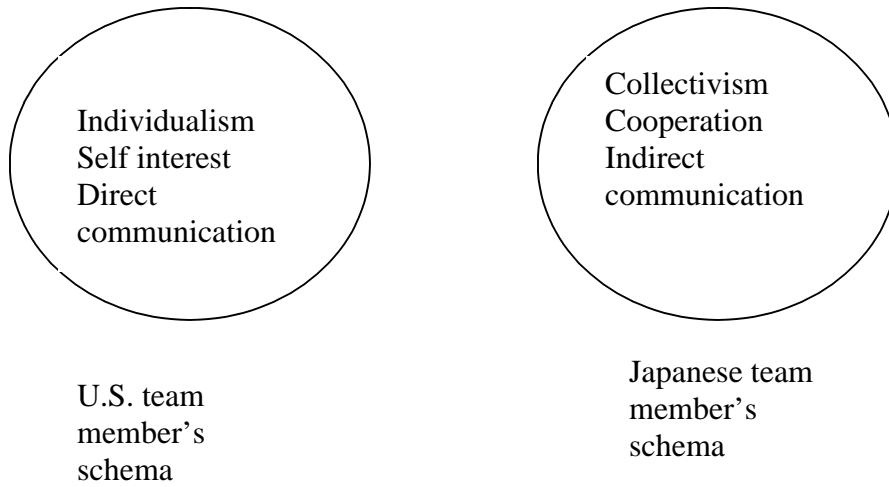


Figure 3
 Third Culture Forms
 Team Alpha After Interaction

