

DEMOGRAPHIC DIVERSITY AND SALIENCE OF NATIONALITY ON TEAM EFFECTIVENESS IN INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SMALL AND MEDIUM ENTERPRISES (SMES)

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ABSTRACT

Conventional research has viewed cultural diversity from a narrow perspective confined primarily to gender, age and ethnicity. But the movement of professionals across the globe has highlighted the importance of nationality in a culturally diverse workplace. There is a distinct lack of literature on cultural diversity focusing on the role of nationality at the team levels in the ICT sector, especially in an SME set up. The aim of this paper is to fill the gap by examining the relationship between cultural diversity mainly nationality and team effectiveness. The study uses a mix method approach with a demographic and team effectiveness questionnaire survey followed by semi-structured interviews. The findings reveal that nationality influenced task execution and delivery while religion shaped the dynamics of the team and its functioning. Ethnicity was seen to exert an influence on social relationships. Thus it is imperative to consider the overlap between religion, nationality and ethnicity and how these elements coalesce to shape the dynamics of a team.

Keywords: Cultural diversity, demographic diversity, team effectiveness, nationality, SME, ICT

INTRODUCTION

Workplace diversity has become a common feature of the contemporary workplace (Das Neves & Mele, 2012). The global movement of population, especially in sectors like ICT, has created culturally heterogeneous workplaces that are fraught with issues of diversity, communication and cross cultural interactions. Several researchers have focused on diversity (Stroh, Langlands & Simpson, 2004; Ely & Roberts, 2008) underscoring the effect of workplace variation on organisational performance, on productivity and most importantly for this study, on teamwork (De Meulenaere, Boone & Buyl, 2016; Bell et al., 2011; Jackson and Joshi, 2004). The research underscores the ways in which organizations stay competitive by harnessing diversity, and overcoming the issues that come alongside culture.

This research unpacks the role of personal social attributes and secondary dimensions such as religion and nationality that are integral to demographic diversity and their impact on team effectiveness. While it has been found that demographic diversity increases turnover rate of the employees, the issues related to decision making, planning and problem solving in team shows mixed results (Pelled, 1996). Demographic characteristics in most of the research till date have commonly related to a narrow set of personal attributes and primary dimensions such as age, gender, and ethnicity (Mazur, 2010). This research moves beyond into the spheres of religion and nationality and their impact on a teamwork.

Diversity in Small Medium Enterprise (SME)

In order to stay competitive on the global platform, organisations should have innovative and knowledge workers (Lam, 2011; Weijermars, 2012). In the current scenario, expatriates with professional expertise are the stirring force to enhance the innovative abilities in a team, especially in highly technical fields like ICT. In the 1980s there were about 80,000 expatriate, in 2013 the number reduced to 44,938. Majority of them are employed in service sector (15,746, 35%) and information technology (8,410, 18.7%). From 2014 to 2015 international migrant moved from overseas to Malaysia is 11.6% (Department of Statistics Malaysia, 2016). The decreasing numbers and waning expatriate population has been a cause of concerned for the government as well as the organisation looking for growth and innovation in Malaysia (Malaysia Employers Federation, 2014).

With this movement of workforce, diversity has become a key feature of contemporary workplace. Diversity is a variation in visible elements or attributes that people use to differentiate their group from others (Williams & O'Reilly, 1998). This definition is wide and applicable to most of the group formations (Mannix & Neale, 2005). Narrowing down the definition, Ely & Roberts (2008) explain diversity in terms of the variations of race, gender, religion, nationality, ethnicity and other demographics that characterise the cultural background of a group. This demographic diversity has a variety of implications for an organization. According to Adler (2002), diversity as an asset to cultural diverse teams when employees possess high intercultural competence. With the rise of cultural diversity in the workforce, organizations have sought practical ways to harness the diverse perspectives of employees to enhance teams' performance (Qin, 2012). At the same time, research has also highlighted adverse effects of diversity in communication and team performance (Gonzalez-Roma & Hernandez, 2014; Kirkman & Shapiro, 2005).

Since team effectiveness is related to team composition, to improve team's effectiveness one needs to consider team composition, which entails a study of its demographic features (Williams & O'Reilly, 1998). There are several studies on demographic and team effectiveness however, primarily on variables like gender, age and ethnicity (Chowdhury, 2005; Bell et al., 2011). Demographic variables in heterogeneous team are directly associated with team performance; heterogeneous teams are often seen to perform better than homogeneous teams because they are able to draw on a variety of knowledge and skill based competencies and perspectives of the team members (Bell et al., 2011).

There is noticeably a lack of research in cultural diversity involving multinational workforce in the SME companies especially at the level of team dynamics. Conventional research has focused on cultural diversity within the national realm, mainly on the large corporate companies concerned with traditional sectors like manufacturing. Moreover these studies have concentrated on diversity at the organizational level. The increasing participation of foreign nationals in sectors like ICT also warrants greater attention. It is also crucial to examine the way diversity manifests at the team levels, at level of team formations, performance and effectiveness.

Furthermore, the critical role of nationality is vastly understudied. Nationality influences team effectiveness, along with the conventional socio-demographic diversity attributes such as

age, gender, ethnic and religion. Previous research has shown that there is a statistically significant relationship between cultural diversity, especially between team's demography (age, ethnic, gender etc) and team performance (Eisenhardt and Schoonhoven, 1990; Michael and Hambrick, 1992).

There is also a paucity of research that has examined the experiences of organizations in developing countries and Southeast Asian context in terms of demographic features like nationalities and religious affinities. Moreover the SMEs experience of multinational diverse workforce is often understudied as compared to large companies (Suwannarat and Mumi , 2012)

Further research becomes even more imperative when one takes into account the contradictory nature of findings. On the Southeast Asia front, a study by Suwannarat and Mumi (2012) of International Joint Venture (IJV) firms operating in Thailand found that cultural diversity negatively affects team performance. Heng (2006) examined behavioural characteristics and its influence on team performance, highlighting the differing influence of ethnic diversity, with some ethnic groups impacting team effectiveness positively while the other ethnic groups had a negative effect. There is little said about the variables of nationality and religion with respect to team effectiveness.

This study fills some of these gaps in the research on culturally diverse teams examining them through the lens of demographic characteristics that include nationality and religious composition in the Malaysian SMEs.

LITERATURE ON DEMOGRAPHIC DIVERSITY

As mentioned earlier, previous research on demographic diversity and team effectiveness concentrates on the western context focusing on variables like age, gender and ethnicity. While some have focused on the negative impact of cultural diversity on the team performance, the others have asserted that in the long run, there are positive effects. Other studies concentrated on the moderating effect of leadership and informational diversity on performance.

Age diversity

According to the research, age affects performance, creativity, problem solving in an organisation positively. The older employees armed with more work experiences, better stress coping strategies and support system from their environment (Shirom, Gilboa, Fried & Cooper, 2008) are able to manage work effectively. Research finding shows older employees were able to have higher organisational performance compared to younger employee (An, Yom and Ruggiero, 2011; Shirom, Gilboa, Fried & Cooper, 2008).

Other studies have highlighted the negative perceptions in relation of age group diversity. One of the crucial factors influencing age group diversity was the official retirement age. Age diversity in an organisation increased when the government extended the retirement age to 60 in Malaysia, whereas in Australia it remains at 65. The extension of the retirement age increased the age gap amongst the employees creating issues in terms of varying perspectives and work habits. Chowdhury (2005) and Kunze, Boehm and Brush (2016) found age diversity is related to team effectiveness negatively. Bell et al. (2011), discovered there is no negative relationship of age and team performance.

Ethnic diversity

Similarly focusing on ethnicity, meta-analysis depicted a weak relation between ethnic diversity and team performance weakly (Bell et al., 2011). Zhang (2012) discovered ethnic diversity positively related with technical weakness but enhance institutional strength rating in South Korea because by having minority on the board would enhance firm's legitimacy from stakeholders' view. Ethnic diversity is negatively related with team performance and experience negative process orientated problem in public organisation (Pitts & Jarry, 2009). Most of the study showed ethnic is negatively related with work performance. This is mainly hindered by ethnocentrism towards cooperation in a team (Waring and Bell, 2013). However, Dijk, Engen and Knippenberg (2012) discovered that demographic diversity (age, ethnic and gender and etc.) is positively related with innovative and tasks complexity.

Gender diversity

Research on the relation between gender diversity and team effectiveness remains inconsistent and inconclusive. Few researchers discovered, gender is not related with team effectiveness (Chowdhury, 2005; Marinova, Plantenga and Remary, 2016). On the other hand, Bell et al. (2011), in their meta- analytics study from 1980 to 2009, discovered gender is related with team performance negatively. However in another research, gender diversity was able to enhance performance by providing valuable inputs to the team (Zhang, 2012; Zoogah, Vora, Richard and Peng, 2011). The results shows inconsistent of gender and diversity

Nationality diversity

Research on nationality diversity and team performance was scarce and limited. Neilson and Neilson (2012) have highlighted the positive relation between nationality diversity and team performance in long tenured teams in munificent environments. Gong (2016) while echoing the positive findings concentrated on impact of nationality diversity and team effectiveness in terms of senior management in a Japanese multinational corporations. We came across a vast gap in the literature on nationality diversity and its impact on team dynamics in small scale enterprises in emerging sector likes ICT. Low interdependent task in Japan has negative effect on performance (Sakuda, 2009), whereas in the U.S. low interdependent task has no relationship with performance, and high interdependent tasks has negative relationship with performance (Timmerman, 2000). Most of the studies showed nationality had relations to team effectiveness (Zoogah, Vora, Richard and Peng, 2011)\

Religion diversity

Often subsumed under ethnic variable, research on diversity in terms of religious affinities and its impact on team is even more scarce. In reviewing the literature for diversity, we came across a single study on religious diversity. Gebert, Boerner & Chatterjee (2011), in a study of the relationship between religious differences and intergroup conflict in educational organizations in India, found that heterogeneous religious affinities had no effect on intergroup conflicts which can impact organizational performance. Thus while the demographic variables like age, gender and ethnicity have been explored in detail, nationality and religious diversity remain

understudied in the current research on cultural diversity. Furthermore, there is a scarcity of research in South East Asian settings and hardly any on Malaysian ICT SMEs.

METHOD

This study utilized a critical research paradigm that uses a mixed-method approach by combining quantitative and qualitative methods. Data were collected using questionnaire survey follow by semi structured interviews. Quantitative data and qualitative data were analysed sequentially, with the quantitative data providing the structure for supporting qualitative themes.

For the quantitative method, over 77 respondents from five ICT organisation participated in the questionnaire survey gathered from case study of 5 ICT consulting companies in Kuala Lumpur and Selangor. These respondents/participants were secured after gaining voluntary cooperation from gatekeepers/owners/managers from a list of companies that was obtained from online database of ICT consulting companies.

In operationalizing the independent variable, demographic diversity entailed surface level characteristics comprising of age, gender, ethnic, religion and nationality. The respondents were inquired on the percent composition of these overt demographic characteristics of their team members, as compared to previous studies that attempt to seek these information through Likert scale approach (Suwannarat and Mumi, 2012). Meanwhile, for the dependent variable, the subjective team effectiveness has been measured using ten items (Pearce & Sims, 2002) with 5 point Likert scale was modified and adopted in this study. It ranged from “1” strongly disagree to strongly agree “5”. High score meant high team effectiveness. The data was analysed using Statistical Package for the Social Sciences (SPSS) version 23. Non parametric statistical analysis, Mann Whitney Test was used to study the differences of demographic diversity and team effectiveness.

For the qualitative method, a semi-structured or face to face interviews were carried out at three ICT companies in the Klang Valley and Kuala Lumpur. Five key informants ranging from project manager, business development manager and developers/programmers were interviewed. Each interview was approximately 45 minutes. Thematic analysis was used to analyse these interviews. The outcomes were studied in relation to demography and team effectiveness.

FINDINGS

Respondents' profile

The respondents were primarily male representing more than 80 per cent of the workforce, while in terms of nationality more than two-thirds were foreign nationals reflecting the dependency of Malaysian ICT companies on non-Malaysians. Out of the foreign nationals more than 50 per cent were Indians. In terms of ethnic group Indian ethnic group dominated comprising more than 50 per cent of the workforce, followed by 25 percent of Malay ethnic group, while the Chinese registered nearly 10 per cent of the total work force. This ethnic composition is specific to the selected cases of organizations which comprised of vendor companies with predominant Indian nationals and clients' companies which comprised of GLCs with predominantly local Malay workforce. As for the age-group, more than two-thirds of the respondents fell under the age group of 20-30 years suggesting a dominance of youth workforce in the ICT sector. Religious

affiliation showed a greater diversity with a spread of 37% Hindus, 31% Muslims and 23% Christians (see Table 1).

Table 1: Respondents' demography

| Demography | Percentage (%) | Numbers (n) |
|--------------------|-----------------------|--------------------|
| Gender | | |
| Male | 80.5 | 62 |
| Female | 19.5 | 15 |
| Nationality | | |
| Malaysian | 32.5 | 25 |
| Non-Malaysian | 67.5 | 52 |
| American | 1.3 | 1 |
| Singaporean | 1.3 | 1 |
| Sri Lankan | 1.3 | 1 |
| Syrian | 1.3 | 1 |
| Bangladeshi | 1.3 | 1 |
| Brazilian | 1.3 | 1 |
| Dutch | 1.3 | 1 |
| Filipino | 3.9 | 3 |
| French | 1.3 | 1 |
| Indian | 50.6 | 39 |
| Indonesian | 1.3 | 1 |
| Ethnicity | | |
| Malay | 24.7 | 19 |
| Chinese | 9.1 | 7 |
| Indian | 50.6 | 39 |
| Others | 15.6 | 12 |
| Age | | |

| | | |
|-----------------|------|------|
| 20-30 | 67.5 | 52 |
| 31-40 | 29.9 | 23 |
| 41-50 | 2.6 | 2 |
| 51-60 | 0 | 0 |
| >60 | 0 | 0 |
| Religion | | |
| Buddhism | 5 | 6.5 |
| Christian | 18 | 23.4 |
| Hinduism | 29 | 37.7 |
| Islam | 24 | 31.2 |
| Atheism | 1 | 1.3 |

Demographic diversity and team effectiveness

In examining the relationship between demographic diversity and team effectiveness the study found three demographic characteristics had a significant influence on team effectiveness. The religious diversity, nationality diversity and ethnic diversity were found to influence team effectiveness positively (see Table 2 for a summary of results). However, gender and age diversity did not have a significant impact on team effectiveness.

Table 2 : Demography diversity and team effectiveness relationship

| Demography | Team effectiveness |
|-------------|--|
| Religion | The team faces new problems effectively |
| | The team manages issues and changes in project tasks |
| | The team works on important problems |
| Nationality | The team performs task accurately and efficiently in accordance with workable plan |
| | The team develops workable plans |
| Ethnicity | The team works on important problems |
| | The team faces new problems effectively |

Religious diversity and team effectiveness

A team with heterogenous religious affinities faced faces new problems effectively. A Mann-Whitney U test showed significant difference when team faces new problems effectively of diverse religion team (Md =4, mean ranks=42.17, n=49) and homogenous religion team (Md=3, mean rank=28.34, n=25), U=383.5, Z=-3, p=0.003, r= 0.35. Diverse religion team faces new

problems more effectively as compared to homogenous religion team. It has small effect size (Cohen, 1988).

These findings were echoed during the interviews with the members of the team. According to a local project manager, 'foreign nationals often had some cultural boundaries drawn around them such as observing certain religious ritual where in certain days they don't eat meat, that is, they are vegetarian.' He goes on to propose that 'if the foreign nationals socialize with locals over tea-break' they can overcome some of the problems encountered in teamwork as these informal encounters go a long way in resolving issues and enhancing trust. One Indian developer admitted that he does adapt to local cultural environment by 'trying local foods that are palatable, like the Chinese food' as well as 'playing squash with friends at Pelangi.' He had also 'attended Malay parties' and found the locals were receptive to him. Amongst the Indian nationals men were viewed to be more adaptable - 'at least they will change or adapt after a while;' the women were viewed as more resistant to resisting cultural change.

Thus diverse teams can resolve problems if the individuals adapt to new cultures. This was particularly effective when dealing with the end-stage project management that entailed collaboration between culturally diverse IT vendor teams and client teams comprising local workforce.

A team with diverse religious affinities managed issues and changes in project tasks effectively.

Mann-Whitney U test indicated that diversity of religion (Md=4, mean rank=41.3, n=49) has significant difference with homogenous religion (Md=4, mean rank=30.6, n=25) in team manages issues and changes in project tasks ($U=426.5$, $Z=-2.47$, $p=0.01$, $r=0.29$). Diversity in religion showed more effective in team manages issues and changes in project tasks than homogenous religion team.

An understanding of religious diversity and tolerance has a positive impact on team effectiveness. Understanding religious protocols such as the prayer time of the clients creates a positive relationship which influences the management of issues. According to one of the team leaders the initial lack of cultural awareness is a major cause of tensions in the workplace. 'A little example,' he told the researchers, 'the foreigners are not aware that government clients cannot be called during the time of Maghreb or the evening prayer. A local employee knows these things automatically.' While for a Malaysian employee such protocols are a part of everyday, a foreign professional takes time adjusting and learning the rules. A diverse religious mix of employees and clients can avoid such misunderstanding in view of the majority of the employees cohort being youths.

The lack of diversity led to the creation of an ingroup where the member with a different ethnic and religious background often felt like an outsider in the organization. Food taboos like the injunctions against pork among Muslims and against beef among Hindus led to formation of groups that could eat together and those who could not. For instance, in a company dominated by Muslim Malay employees when its sole Chinese employee brought pork for lunch, the manager told him that he could eat pork but not mention it or eat with others.

Religious and ethnic differences often overlap and nowhere is it more visible than during the out of work hours like the lunch time. This rigidity in religious protocols led to group formations based on dietary injunctions influenced by religion. Greater understanding and acceptance of different culture matters in enabling greater team effectiveness. Only through diverse teams can this sensitization process be acculturated. Also greater awareness through cultural sensitivity training can ameliorate these issues.

Religion and the team works on important problems.

Team works on important problems has significant difference of diverse religion team (Md=4, mean rank= 40.96, n=45) and homogenous religion team (Md=4, mean rank= 30.72, n=30), U=443, Z=-2.2, p=0.03, r=0.26. Diverse religion team works on important problems is more effective compared to homogenous religion team.

Diverse Nationality and the team effectiveness

Nationality and the team performs task accurately and efficiently

In accordance with workable plan. Mann-Whitney U test revealed significant difference in team performs task accurately and efficiently in accordance with workable plan of diverse nationality team (Md=4, mean rank= 42.97, n=38) and homogenous nationality team (Md=4, mean rank=34.03, n=38), U=552, Z=-2.08, p=0.04, r= 0.23. Diverse nationality team showed the team performs task accurately and efficiently in accordance with workable plan better than homogenous nationality team.

A team with diverse nationalities have been found to accomplish plans. An Indian expatriate manager, whose SME hired “60% from India, 25% from the Philippines and the rest from Malaysia” admitted that the SME tried its best to hire Malaysians, but were not able to find many suitable ones. Hence foreign experts offer a pool of talent and expertise that would otherwise be unavailable. Expertise brought in by foreign nationals have been a source of technical innovation and advancement in Malaysian ICT SME sector.

The short term nature of the expatriate contracts is also reflected in the youthful nature of foreign nationals and the high turnover of expatriates. Though it has negative consequences in terms of building team solidarity but the reality of such a global workforce works out amicably in terms of the SMEs bottomline. At the same time, it works well for the SME company that is looking for a timely completion of the project. The foreign professionals tend to concentrate on the task at hand (i.e. task-oriented) compensating for loss of personal conflict in teams (i.e. relationship oriented). The completion of the project is seen as means to return back home or move ahead to the next project. Thus a diverse team of foreign nationals enable effective task completion.

Nationality and the team faces new problem effectively

Mann-Whitney U test indicated the team faces new problem effectively in organisation has significant difference between team consists of diverse nationality (Md=4, mean rank= 44.41, n=38) and homogenous nationality (Md=4, mean rank= 32.59, n=38,), U=497.5, Z=-2.67, p=0.01, r= 0.31. Diversity in nationality faces new problem more effectively compare to homogenous nationality team.

Diverse nationality in team enable them to “share technical support available from their home state/city.” Although it appears divisive on the surface but the backstage network with a particular nationality group (layered by ethnic and technical affiliation) leads to expected greater commitment that eventually leads to solving new problems and better team effectiveness and productivity

Nationality and the team develops workable plans.

Mann-Whitney U test indicated team develops workable plans has significant different between diverse nationality team (Md=4, mean rank= 42.97, n=38) and homogenous nationality team (Md=4, mean rank= 32.03, n=38), U=552.5, Z=-2.08, p=0.04, r=0.23. A team consists of diverse nationality is more effective in team develops workable plans compare to homogenous nationality team.

Diverse nationality enable team members with different skill set sets to execute task making workable plans effective. This was evident as the Indian and Filipino nationalities execute the technical task effectively while the Malaysian employees and clients are involved in bridging the soft side of managing the social relations that entail in managing the end-stage of project management where both foreign and local nationalities play a role in ensuring the smooth execution of workable plans. The role of local manager as a conduit/bridge between vendor company and local client, as well as leadership of vendor company matters in ensuring the appropriate division of labour in executing a workable plan.

Ethnic diversity and team effectiveness

Ethnicity and the team works on important problems.

Mann-Whitney U test indicated team works on important problems has significant different between diverse ethnic team (Md=4, mean rank= 41.84, n=45) and homogenous ethnic team (Md=4, mean rank= 32.23, n=30), U=502.5, Z=-2.12, p=0.03, r=0.24. It has a small effect size. Diverse ethnic team is more effective in team works on important problem compare to homogenous ethnic team.

Diverse ethnic team matters as they play critical role in resolving important problems for the company. For example the Indian nationals are viewed by locals “ technically ok “ or “ are basically technical people.” A young Malaysian IT consultant agreed that Indians were “way ahead than Malaysians' in terms of technical skills....Indians as young as 12 or 13 years old were becoming expert developers whereas in Malaysia even ICT graduates possessed limited skills”

he said. "This is because India enjoys a lead in IT development and services worldwide and has produced some of the best known IT companies in the world. This is not happening in Malaysia. We have to admit that the best in the IT business today are Indians." However vendor companies have to deal with local companies which are of different ethnic background and as such the need for a diverse vendor team to engage with clients. This need was pointed out by a local project manager who asserts that local ICT vendor company had to deal with clients from local government link companies (GLCS) which comprised mainly of Malay staff. As such these clients would want local employees from vendor ICT companies "to deal with them – as they don't want foreign Indians becoz of communication problem." As such diverse ethnic teams can resolve critical problems and issues at both ends, i.e. the hard technical side as well as the soft social side.

Ethnicity and the team faces new problems effectively.

Team faces new problems effectively has significant different on diverse ethnic team (Md=4, mean rank= 42.37, n=49) and homogenous ethnic team (Md=4, mean rank= 31.45, n=25), U=478.5, Z=-2.42, p=0.02, r=0.28. Diverse ethnic team faces new problem more effectively compared to homogenous ethnic team.

Ethnicity and nationality are often confused. A project manager cites "Local non-Indians cannot recognise differences amongst the different ethnic Indians 'all sounds the same.'" As asserted earlier Indian foreign nationals are often known for their technical and task oriented prowess and thus are able to solve new problems through their wider social network in the global arena. Likewise the presence of locals in team enable smoother interaction with suppliers and clientele in project management.

Other diversity and team effectiveness

Although there were no significant relationship between diverse age team and team effectiveness, there were some suggestions to have age diverse teams to improve team effectiveness. A Malaysian Indian project manager (in his 50s) who often deals with government agencies clients, feels there exist cultural differences with users coming from the y-generation, as evident by the presence of a sizeable youth cohort in the 20-30 years age bracket. As such a diverse age team will enable better team effectiveness.

DISCUSSION

Nationality, ethnicity, and religious diversity emerged as the crucial cultural factors that affect team performance in Malaysian ICT SMEs. Face to face interviews and discussions with the team leaders and stakeholders showed that these factors were the points of initial conflict that the teams needed to resolve before forging a work relationship. Cultural diversity along the axis of religion, ethnicity and nationality improved work performance despite the initial tensions between the members of the team.

Diversity in terms of nationality has been a key feature of IT industry. As the sample size shows, the Malaysian ICT sector is overwhelmingly dominated by the Indian professionals.

The foreign nationals were found to concentrate on the task-oriented and technical aspects of work delivery while the locals tend to manage relationship oriented matters such as building bridges within vendor teams and between vendor and clients. In the literature, Gratton and Erickson(2007) suggests that leadership matters in managing task-oriented and relationship-oriented workforce that can affect team performance. This was further supported by Stahl et al. (2010) who argue that the cultural diversity (aka demographic diversity) should place greater emphasis on team leadership style.

Another key factors influencing the cultural mingling and team performance is the short term nature of the expatriate contracts. That duration of the contract can be last from a few months to years, but in most cases is bound by a particular time frame. This time bound nature is employment effects the team work in multiple ways.

These complexities in the interaction between the national cultures are further complicated by the presence of ethnic groups. These ethnic divisions that come to play in the interactions outside the work often permeate the work environment. Lunch hour is an important time for the formation of in-group and outgroup identities based along ethnic as well as religious axis.

Theories of cultural diversity and heterogeneous work force such as resource based theory show that some amount of difference brings about innovation and creative thinking that enhances team performance (Richard 2001). Hence, cultural diversity, that double edged sword becomes cuts both ways – in creating tensions in the initial stage but it can enhance team effectiveness in the long run. The critical issue is how vendor companies can sustain a diverse team of foreign nationals who are able to adapt through socialization with local cultures and at the same time for local workforce to be able to accept diverse national cultures that are part of the global movement of workforce. In fact by greater interaction with these diverse nationalities one can envisage transfer of skill sets at both tacit and explicit level that can eventually enable local workforce to be competitive. At the same time local companies especially SMEs have to reduce dependency on foreign nationals by training locals to acquire skill sets and exposing them to new frontiers of technology.

CONCLUSION

The paper examined the influence of demographic diversity and its influence on team effectiveness. The findings revealed that diversities in nationality, religion and ethnic dimensions within the demographic characteristics influence team effectiveness. Diverse nationality influenced task execution and delivery while diverse religion teams shaped the dynamics of the team and its functioning. Ethnic diversity was seen to exert an influence on social relationships. Thus it is imperative to consider the overlap between religion, nationality and ethnicity and how these elements coalesce to shape the dynamics of a team.

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