

Leading in a Multicultural and Networked Environment: Facilitating Innovation and Collaboration

Abstract

The inability of MNCs to effectively facilitate collaboration and knowledge-sharing can affect innovation management performance and international market results. A dynamic and changing market demands new competencies for navigating and managing in a cross-cultural and networked world. How can global project leaders effectively conceive and execute innovation strategies for international markets? In responding to this research question, a qualitative study has been conducted concerning the role of cross-cultural collaboration for global innovation, involving interviews with 105 global project leaders at 36 MNCs with headquarters based in Europe, Asia, and North America. Through the development of a model, the study identifies leadership behaviors that influence team success in conceiving and executing innovation strategies for international markets.

Keywords: Global innovation, strategy, organizational collaboration, leadership

INTRODUCTION

The rapid commercialization of products and the impact of global competition have created difficulty in sustaining product innovation. The capacity to act on consumer insights and reconfigure resources dynamically requires a flexible and responsive network. This demands a transformation process with transparent, flexible, and consistent systems to support change and innovation while maintaining cost competitiveness (Prahalad & Krishnan 2008). As international markets demand the design and delivery of localized products and services, multinational corporations (MNCs) are facing increased pressure to optimize knowledge across the organization. This requires organizations to leverage global and local team knowledge in order to improve the development and execution of new products worldwide. Companies need to invest in relationship management capabilities in order to avoid cross-cultural challenges and issues that will block global network-centric innovation (Nambisan & Sawhney 2008). In order to foster innovation from concept to market, organizations need to consider cross-cultural collaboration for connecting global and local knowledge and building a shared culture of innovation.

The purpose of this qualitative empirical study is to investigate and demonstrate how global project leaders can facilitate the front end collaboration process when planning and executing innovation strategies for international markets. The research focus concerns knowledge-sharing issues and practices during the project collaboration process involving front end innovation, examining critical information, incidents and resolutions. Literature has paid great attention to the conditions for teamwork and collaboration within the context of new product development (NPD) research. However, there has been little attention to the process of cross-cultural collaboration in conceptualizing and planning new products for international markets. This provides a significant opportunity to advance existing theoretical

understanding while assisting organizations in the development of knowledge-sharing capabilities that serve as competitive advantage in conceiving and executing product innovation strategies for international markets.

THEORETICAL FRAMEWORK

With an increasingly global and dynamic marketplace, there is the need to quickly identify and respond to local customer demands. Within the MNC, the reconfiguration and recombination of knowledge resources are closely linked to strategic planning and execution. Resource and knowledge combination are critical to creating value and responding to customer demand while achieving a competitive advantage through continuous innovation as well as effective exploitation of innovation (Verbeke 2009). There needs to be a balance of exploration and exploitation activities with insights to particular knowledge routines and recombination capabilities. In seeking both radical and incremental product innovation, emerging organizational models are developing integrated innovation capabilities in optimizing a global footprint, collaboration, communication and receptivity (Doz and Wilson 2012). This requires an interdependent process between headquarters (HQ) and subsidiaries when planning and executing new product introductions. In bringing new products to international markets, the MNC's use of subsidiary marketing knowledge is found to directly affect the development of capabilities for other subsidiaries as well as the overall performance of the MNC (Holm and Sharma 2006). The organization's ability to recombine and reconfigure local market knowledge influences its global market performance.

Global product and service innovation through geographically distributed and cross-cultural teams have created a greater need for co-creation and collaboration. In order to integrate global and local perspectives, social embeddedness and relations become essential in the

development of strategy and capabilities through shared understanding and interactions in strategy-making (Regner and Zander 2011). Moreover, knowledge flow becomes an important consideration as a solution converted from tacit to explicit knowledge as well as social creation involving social processes that lead to knowledge creation and sharing (Nissen and Snider 2003). Efforts to share knowledge and increase innovation in organizations are likely to fail unless they are built on a firm foundation of social capital, the relationships of trust and mutual understanding that make knowledge collaboration possible (Cohen 2007). In order to effectively manage and influence knowledge flow, there is the concept of knowledge governance where the selection of organizational structures and mechanisms can influence the processes of using, sharing, integrating, and creating knowledge (Michailova and Foss 2009). In this paper, we refer to knowledge-sharing as ‘the provision or receipt of task information, know-how and feedback on a product or procedure (Hansen 1999, Foss et al. 2010) which is often a crucial antecedent to knowledge creation (Cohen and Levinthal 1990, Tsai 2001, Nonaka 1994). It therefore becomes important to understand the role of knowledge-sharing in facilitating cross-cultural collaboration between the global project leader and the geographically distributed team during the innovation project process.

In order to understand the role of knowledge-sharing for innovation projects, it is necessary to examine interactions among cross-cultural and geographically distributed team members. When considering innovation systems as social systems, there is a process of ‘social making’ of innovations that can define a socially accepted space determined by cultural interactions including: affective frames of identity and difference, cognitive frames of knowledge and normative sets of values, norms, and beliefs (Pohlmann et al. 2005). In examining convergent and divergent team processes, geographically distributed teams can be effective in bringing

together divergent viewpoints in producing new organizational capabilities which requires the recognition and validation of their existence (Baba et al. 2004). Inter-team and intra-team cooperation have been found to serve as significant determinants of knowledge generation by subsidiaries (Mudambi and Navarra 2007). In facilitating communication between geographically distributed teams Earley and Mosakowski (2000) showed that organizations need psychologically safe communication for innovation and Gibson and Gibbs (2006) argue that unique mechanisms can create a psychologically safe communication climate that increases innovation. Positive attitudes towards cultural diversity (Bouncken et al. 2008) can increase project and innovation performance and cross-national learning can enable teams to leverage distance and differences (Cramton and Hinds 2005). In order to understand how to facilitate inclusive innovation, further research is required concerning the influence of interactions between the global project leader and the cross-cultural management teams during the conception and execution of innovation strategies for international markets.

While the literature has placed attention on cross-cultural management and leadership practices, there is limited research on leadership and team collaboration related to global innovation contexts. The work of Barczak et al. (2006) has integrated past empirical research with current management practices to provide an overview of key managerial skills needed to manage global teams during innovation projects. The cultural dimensions for time, risk, and trust are emphasized with an emphasis on fostering trust through project goals, planning, roles, and building relationships. While linking leadership practices to innovation projects, it does not identify specific leadership behaviors within the innovation project process.

In order to fully prepare for the management of interactions and collaboration, there has been a greater emphasis on developing the cross-cultural competencies of leaders around the

world. New concepts addressing cross-cultural interaction needs have emerged such as cultural intelligence through knowledge, mindfulness, and behavioral development in cross-cultural situations (Inkson and Thomas 2004). The global mindset model addresses leadership competencies in openness, knowledge, and integration of diverse cultures and markets as measured in intellectual, psychological, and social capital (Gupta and Govindarajan 2001, Javidan et al. 2010). Placing more focus on cross-cultural interaction, Holden (2002) developed a knowledge-based concept of participative competence through the facilitation of interactive translation and knowledge-sharing activities. This paper places a focus on intercultural interaction and cultural synergy (Boyacigiller 2002, Adler 1983) where it is important to understand under which conditions universal (patterns common to all cultures) and pluralistic (culturally specific patterns) approaches can be used. With a lack of integration between global leadership and innovation practices, further research is required to investigate how global project leaders can facilitate the cross-cultural collaboration process in order to strengthen global innovation capabilities for international markets.

METHODOLOGY

Context and Methods

This study is focused on qualitative empirical research with the intent to create a conceptual model for facilitating cross-cultural collaboration and team performance. The research is focused on leadership behaviors that facilitate interactions between the global project leader and the geographically distributed team with the objective of creating and sharing knowledge that contributes to effective strategy-making and successful product introductions worldwide. In addressing this purpose, the following research question is applied: How can global project leaders facilitate knowledge-sharing and collaboration when conceiving and

executing innovation strategies for international markets? The field research is intended to identify and explain challenges and opportunities in facilitating knowledge-sharing and collaboration for international innovation teams and projects.

The field research was conducted from June 2011 to October 2013 through interviews using semi-structured questionnaires with senior managers based in HQ that are responsible for the conceptualization, planning and introduction of global products while managing cross-cultural teams. The research results include interviews with 105 senior managers from 34 MNCs based at HQ in Europe, Asia, and the US. The research sample involves organizations that represent technology-driven industries such as information and communication technologies and automotive industries. The focus on technology-driven firms allows examination of the global launch process through an extreme context which involves both radical and incremental innovation in dynamic and competitive industries and markets. These sectors face growing competition, increased localization needs, reduced time to market, and a radical and technology-driven innovation focus.

Applying resource-based and knowledge-based views, the theoretical framework that guides this study involves resource-based theory where Eisenhardt and Martin (2000) have shown the capabilities by which managers integrate, build, and reconfigure the firm's internal and external competencies and resources are a source of competitive advantage. The knowledge-based view emphasizes that knowledge is one of the most critical resources in helping firms gain a competitive advantage in international markets (Grant 1996). Furthermore, knowledge governance mechanisms (Foss et al. 2010) allow for an examination of mechanisms and structures at the organizational or macro level that influence behaviors of knowledge-sharing at the micro or individual level. This empirical study seeks to examine the micro-foundation

for knowledge-sharing at the HQ/managerial level by explaining phenomena through the global project leader's interactions with regional and local management teams worldwide, including a special focus on Asia.

Data collection

Since senior managers responsible for the global product launch primarily serve as the knowledge facilitators and liaisons between headquarters and subsidiaries, they are capable of providing global and local perspectives due to the nature of their work and experience. Their profiles were screened in order to ensure utmost relevance and experience in managing global projects and geographically distributed teams. The interviews were conducted through phone and company visits between June 2011 and September 2013, using a semi-structured questionnaire to ensure a consistent process. The questionnaire and interviews with senior managers were recorded using a protocol with a common set of closed and open-ended questions. All of the interviews were conducted in English. The duration of the interview ranged between 30-90 minutes depending on the senior manager's availability. The interviews were transcribed verbatim and reviewed during and after the actual interviews. This study supports the analysis framework for the Ladder of Analytical Abstraction (Miles and Huberman 1994) for developing propositions or hypotheses to contrast an explanatory framework. This includes content analysis, noting patterns, clustering, and making contrasts and comparisons (Miles and Huberman 1994, Yin 1994). Comments and descriptions were gathered and then grouped by clusters and themes in order to effectively identify patterns and interpret findings. The data was grouped in key concepts and labels in order to allow for the coding process. These findings were then contrasted and compared in order to identify relevant themes.

FINDINGS

In order to explore specific interactions between the global project leader based in HQ and the local team members based in subsidiaries, the study participants were asked to identify and describe the following during the planning phase: 1) critical information needed from local team members, 2) challenges or critical incidents in knowledge-sharing and contribution from local team members, and 3) motivation for increasing knowledge-sharing and contribution. The global and local study participants were also asked about the involvement of local team members in the global launch cycle phases of ideation, validation, planning, and execution. Table 1 shows that most of the participation occurs in the execution stage, rather than front end activities of ideation, validation, and planning.

Place Table 1 about here

In order to understand the nature and role of interactions during the global product launch project, it is necessary to identify the type of information that is critical for effective planning and execution of a new product concept to international markets. Study participants were therefore asked to identify the most critical information that is needed from local team members for the planning and execution phases. In reviewing information sought by global project leaders for the planning phase, there is a strong focus on local market, customer, and product knowledge. There is a need to understand local market potential by examining trends, size, growth, and competition factors. Then there is the necessity to understand the customer profile, preferences, needs, and expectations in developing a suitable product offering. In order to evaluate a feasible business plan, the global project leader also needs to determine product feature localization, pricing, and resource needs for marketing and sales

activities. Finally, there is the need to assess financial resource allocation dependent upon budget needs in relation to forecasted revenue for the local market. The planning phase requires alignment between the global project leader in headquarters and the team managers in local markets in order to ensure the product strategy meets local market expectations.

Critical Incidents

The main point of conflict that exists between the global project leader based in HQ and the local team members is the perception and understanding of global and local team roles in conceiving innovation strategies. The project collaboration process primarily involves centralized planning at HQ with decentralized execution driven by local team members in key markets. The global project leader in HQ often drives centralized planning, ideation, and validation processes without or with limited participation by local team members. The lack of knowledge-sharing during the conception and planning process prevents or limits local team members from contributing their cultural knowledge about local customer and market requirements. This strategy results in new concepts and products that are poorly adapted to local market and customer needs. Yet, the local team is expected to serve an active role in the execution of the product launch in their local market. Often excluded from the conception and planning of new concepts for local markets, the local team is expected to sell a global or standard solution that does not sufficiently meet local customer needs. This contributes to reduced interest and motivation to marketing and selling the new product as well as reduced motivation to contribute to the creation and implementation of new concepts for future product introductions.

When exploring the role of local team members in subsidiaries during the front end innovation process, the research results showed that local team members are mostly involved

in the tactical details of launch preparation and go-to-market implementation. Some organizations ensured earlier involvement at the validation phase to ensure local product adaptation while only a few organizations allowed participation of local teams for ideation and planning. The ideation and planning functions were viewed as roles for HQ management in evaluating and organizing global market needs and opportunities. In reviewing information sought by global project leaders for the planning phase, there is a strong focus on local market, customer, and product knowledge in order to understand market potential and customer preferences. The nature of this information indicates that the planning phase demonstrates particular emphasis on access to and sharing of local market knowledge. Access to local markets and customer knowledge is often made possible through specific interactions with local team members.

Challenges and Resolutions

In seeking an in-depth understanding of the particular knowledge-sharing challenges for leading global teams, the senior managers and group leaders were questioned about the greatest challenges in facilitating knowledge-sharing and contribution from local team members. The findings were organized and presented into four main areas that experience challenges – *open communication and team transparency, organizational knowledge-sharing practices, project planning process, and strategic understanding for local teams*. Open communication and team transparency refer to the challenges of building trust and relationships across geographic and cultural distances using virtual communication where more face-to-face interaction is needed. The lack of effective knowledge-sharing and planning processes supports the need for more knowledge-sharing during the planning phase.

In addition, global project leaders and management teams in HQ may feel that local teams lack strategic understanding.

Motivation

In order to explore potential incentives and reasons for addressing these challenges, the study participants were questioned about how they feel local team members in subsidiaries would be motivated to increase knowledge-sharing and contribution during the planning and execution phases. The findings were organized and presented into six main themes that influence motivation – *recognition, responsiveness, empowerment, engagement, organizational systems, and incentives*. Findings indicate that increased recognition, responsiveness, empowerment, and engagement motivate local team members to increase knowledge-sharing and contribute to the front-end innovation process. The findings show that recognition and empowerment are the most critical factors for facilitating knowledge-sharing during the global product innovation process. Study participants emphasized the importance of recognizing the local team member's knowledge, talent, and expertise for contributing to front end innovation. In addition, empowerment provides a sense of ownership within the innovation process which needs to be established in the early phases of planning, ideation, and validation. Study participants referred to responsiveness and more transparency and feedback concerning initiatives and requests.

An overview of critical information required during the planning phases, in addition to some of the critical incidents and challenges and potential resolutions provided by study participants can be found in Table 2 below.

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In order to sustain collaboration amongst team members, there is the critical role of knowledge-sharing incentives for encouraging and enhancing knowledge-sharing behaviors. Specific elements need to be considered for performance reviews such as the type of knowledge-sharing practices or the quality of information team members contribute. There is also a greater need for recognition and rewards for sharing knowledge according to senior managers interviewed in the study. Performance reviews as well as remuneration based upon knowledge-sharing practices were often cited as a way to facilitate team practices. Moreover, a common vision and goal significantly help facilitate interaction and collaboration on strategic projects involving new product introductions. As noted by a director of product management: “It’s about incentives, but also having a shared company-wide goal. We often see top-level strategic goals but not a deliberate effort to break them down into local needs and efforts... Each employee needs to be aware of how to contribute to the overall goal.” The findings reveal that a common goal and incentives with collaborative and empowering leadership contribute to effective knowledge-sharing practices worldwide.

Propositions

The findings showed that knowledge-sharing serves a critical role in facilitating cross-cultural collaboration during the planning phase of the global product innovation project. Based upon the analysis of extant literature and the field research, we offer the following propositions in order to further investigate organizational routines and their impact on knowledge-sharing behaviors between the global project leader and local team members:

P1: Recognition of market knowledge held by local team members during the planning phase is positively associated with cross-cultural collaboration in front end innovation.

P2: Responsiveness to local team members' ideas and local market knowledge contribution is positively associated with cross-cultural collaboration in front end innovation.

P3: Engagement with local team members through consistent and interactive communication is positively associated with cross-cultural collaboration in front end innovation.

P4: Performance measures that incorporate recognition and rewards for knowledge-sharing are positively associated with cross-cultural collaboration in front end innovation.

P5: Strategy-making that is focused on local market engagement during the planning phase is positively associated with cross-cultural collaboration in front end innovation.

P6: Project performance as measured by improved time to market, product localization, customer satisfaction, and local sales results is positively associated with cross-cultural collaboration in front end innovation.

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CONTRIBUTION AND IMPLICATIONS

This research contributes to theory by extending the resource-based (Teece, Pisano and Shuen 1997, Eisenhardt and Martin 2000) and knowledge-based views (Grant 1996)

concerning innovation management capabilities through a new conceptual model. Theory and literature have mostly focused on executives based in HQ and subsidiaries through quantitative studies based upon research and new product development projects in specific locations. By focusing on front-line managers through a qualitative study based upon global product launch projects, this paper provides unique insights to knowledge-sharing behaviors that are critical for innovation strategies and international market success. There is a lack of attention to team leadership interactions and their influence on cross-cultural collaboration during the conception of international innovation strategies. This paper thus provides new insights for knowledge governance mechanisms and micro-foundations which is lacking in the literature (Foss et al. 2010). The orchestration and reconfiguration of organizational resources combined with project collaboration routines create front-end innovation process capabilities.

In order to increase success in conceiving and executing innovation strategies for international markets, cross-cultural collaboration may serve as an important factor and competitive advantage for MNCs in accelerating innovation and market responsiveness. The ability of global and local project management teams to effectively share and communicate ideas and solutions may influence project performance linked to product innovation, timely product introductions, and international sales and market opportunities. Global management team interactions facilitate the sharing of local market knowledge, cross-cultural understanding, and the creation of new ideas. This outcome extends research concerning cultural synergy (Adler 1983, Holden 2002) and the role of cross-cultural collaboration and knowledge-sharing in innovation management. While advancing research in an emerging field, the study advances organizational understanding of cross-cultural collaboration practices that respond to the changing innovation needs of the global marketplace.

LIMITATIONS

The intent of the researcher is to answer the research question through the development of a theoretical model based upon the experiences of senior managers leading global product innovation projects and cross-cultural teams. In order to strengthen theory and test the proposed model, further research is required in the form of a quantitative study and survey or longitudinal case studies where performance can be measured and evaluated with specific leadership practices and their relationship with knowledge-sharing behaviors. This study is also limited to senior managers who work for MNCs in technology-driven industries. The research is limited to retrospectives of the global launch project since the researcher determined that both front-end innovation and execution phases can be examined in order to better understand the impact of cross-cultural collaboration upon project outcome. Finally, the broad scope of the cross-collaboration framework and model is focused on the relationship between the firm-level mechanisms and their influence upon individual or managerial level behavior. In order to gain a deeper understanding of causal and team interactions, future research requires a separate focus on each organizational mechanism as well as studies involving more team members.

DISCUSSION AND CONCLUSION

The discoveries have demonstrated the need for increased cultural understanding and collaboration between the global project leader and the geographically distributed teams in order to accelerate innovation and responsiveness to international markets. There is a lack of communication and participation of local team members in the front end innovation process where local market knowledge is most critical for the effective execution and success of new product introductions. The emphasis on a global innovation strategy and centralized planning at HQ with decentralized execution at subsidiary locations reduces the motivation

of local team members to collaborate on the product introduction which impacts market performance. The research findings demonstrate that increased cross-cultural collaboration can be achieved through a focus on knowledge-sharing and participation in the front end innovation process, specifically the planning, ideation, and validation phases. The orchestration and reconfiguration of organizational resources combined with project collaboration routines create front-end innovation process capabilities.

Serving as knowledge facilitators between senior management and functional teams in headquarters and the local teams in subsidiaries, the global project leaders shared motivations and resolutions for facilitating knowledge-sharing between cross-cultural and geographically distributed team members. Several of the study participants' organizations appeared to be moving to more decentralized planning in order to ensure local collaboration. Study participants shared the key practices that could facilitate success including recognition and responsiveness to new ideas and knowledge shared by local teams. Moreover, engagement of local teams in the planning process through meaningful insights and contribution could clearly benefit motivation as well as project success. Although budgets are tight in a difficult economy, participants indicated a strong need to create an improved collaboration process through increased travel and face-to-face communications, in addition to leveraging technologies for knowledge-sharing platforms and tools. Finally, the participants also emphasized the need for mutual incentives that contribute to shared goals and objectives for sharing knowledge. In facilitating the ability to share and co-create knowledge, the propositions and theoretical model present the behaviors that positively influence knowledge-sharing between the global project leader and the local teams. In this way, MNCs can optimize the sharing of local knowledge as a resource and competitive advantage in bringing new products from concept to international markets.

Table 1. Local participation in global launch cycle phases

Local Participation in Global Launch Cycle Phases	Views of Study Participants
Ideation	11%
Concept Validation	22%
Product Planning	16%
Go-to-Market	51%

Table 2. Critical knowledge, incidents, and resolutions

	Critical Information	Critical Incidents/ Challenges	Motivation/Resolution
Planning	Local market trends	There's a lack of trust in local team's knowledge and capabilities, thus HQ retains control. When issues happen, then local team is at fault.	Integrate and create partnership between HQ manager and subsidiary managers with parallel responsibilities. More communication and collaboration.
	Market data, size and potential		
	Market requirements	People don't always tell the truth and may say something that's not true about customers or markets. They may be concerned about sales targets, job security or need to ensure a good sales bonus.	Extended outposts in field are very important. Need liaisons and facilitators to bridge communication gaps of time and input in order to prioritize needs and accelerate execution using information from key regions.
	Local competition		
	Customer knowledge	There are language and communication problems since some team members don't speak English well. Important meetings are only held for 20 minutes since people don't want to talk too much and they're uncomfortable with the language. This means that we miss details needed which can't be replaced with an email or phone conversation.	Local teams are always looking for closed loop feedback, where HQ acknowledges input and shows what is done; how it is incorporated and produced in product.
	Customer validation		
	Customer expectations	HQ often takes information but doesn't feed it back to local teams to show what happened to input. Sometimes the local team proposal does get incorporated but it's represented as a corporate proposal and the local team does not receive recognition.	The biggest motivation
	Local product features		
	Product pricing	Local teams don't have a holistic	
	Marketing capabilities		
	Localization needs		
	Budget allocation		
	Resource allocation		
	Revenue forecast		

view or transparency to the planning situation which makes it difficult for them to have an accurate idea of what they're going to sell and how they can contribute knowledge. HQ has difficulty communicating more information since it's in the planning stage and sensitive to sharing new product concept details due to early leaks.

is to feel confident that their time is well spent. If they make the effort to give us feedback and share their knowledge with others, that we would actually incorporate that feedback into our plans, and that other regions would adopt some of the best practices that they share.

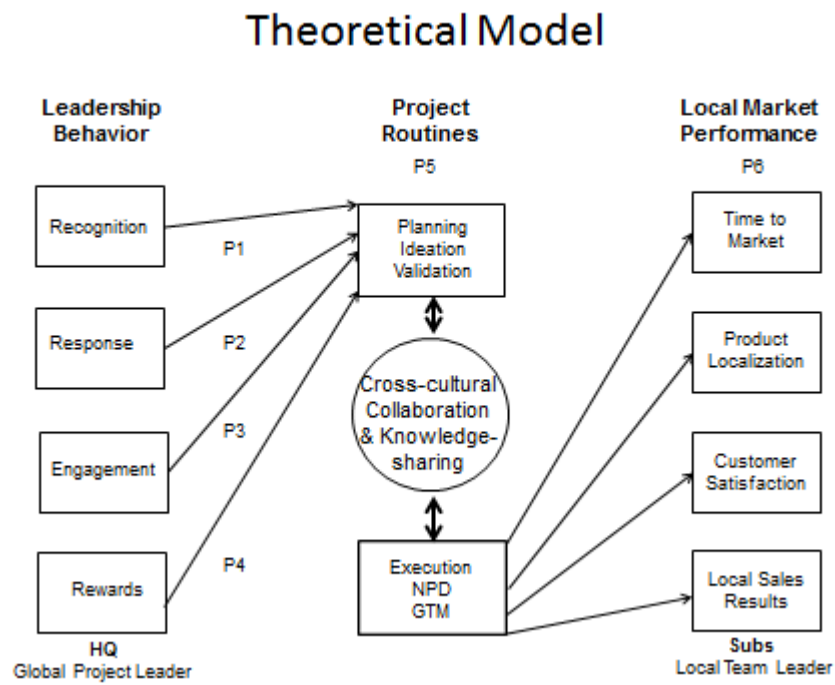
It's often difficult (for subsidiaries) to view the big picture when information is 'cut out'. You can't give the impression that HQ directs everything, it's important for local team to understand needs and interests, to communicate the big picture for teams.

We ensure that executives and product managers from HQ can travel to various sites and unite local teams – this helps communication and learning about products.

The HQ team wants to move faster on execution once plan is presented, but local teams don't want to execute without careful evaluation. This difference creates tension. There is also a lack of trust in local teams since HQ managers don't work closely with them.

The HQ team needs to be more collaborative and give more authority to local team members. It's important to involve them in the decision processes and accept their suggestions.

Figure 1. Leadership behaviors and project routines that influence team performance



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On site and telephone interviews conducted with 140 senior managers (105 global project leaders and 35 local managers in Asia) responsible for global products involving planning and execution while collaborating with or managing cross-cultural teams at 36 MNCs based in North America, Europe, and Asia in automotive, health, and information communication technologies industries:

Acer, Adobe, Alcatel-Lucent, Amazon, Apple, Applied Materials, BMW, Cisco, EMC, Essilor, Ericsson, Fiat, Ford, GE Healthcare, Google, Hitachi, HP, HTC, Hyundai, Infosys, Intel, Lenovo, LG, Mazda, Microsoft, Motorola, Nokia, Oracle, Philips, Renault, Salesforce, Samsung, SAP, Siemens, Symantec, and Toyota.