



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Transnational Top Management Team:

Establishing a theoretical concept and exploring subsidiary
power in the context of team membership

Nguyen Thi Hong Nhung

Graduate School
Master of Science in
International Business and Trade
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Supervisor: Katarina Hamberg Lagerström

Abstract

As companies strive to launch projects that are both globally driven and locally responsive, they realized the need to include individuals with global experiences and others with local knowledge in transnational teams. Researches were conducted on many types of management teams and multinational teams in business, but little is known about Transnational Top Management Team (TTMT), the member of which are the top managers and heads of different business units of the company. The first purpose of this thesis is to conduct extensive literature review on teams in business, based on which a conceptual framework of TTMT is proposed. Secondly, this thesis further elaborates the proposed conceptual framework towards new theoretical TTMT concept by conducting an empirical study. Thirdly, the study investigates how subsidiary's membership in TTMT affects its power. The empirical result indicated that the degree of subsidiary autonomy and influence over corporate strategic behavior are differently affected by subsidiary's participation in TTMT, and depend on the team task. Further implications of two-level team structure are also discussed.

Keywords: Transnational Top Management Team, TTMT, subsidiary power, subsidiary autonomy, subsidiary influence, two-level teams, business teams, corporate embeddedness.



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List of Abbreviations

AAP	Alpha Asia Pacific
CEO	Chief Executive Officer
COO	Chief Operating Officer
CFO	Chief Financial Officer
FM/A	Functional manager of Australian subsidiary
FM/I	Functional manager of Indonesian subsidiary
FM/M	Functional manager of Malaysian subsidiary
FM/NZ	Functional manager of New Zealand subsidiary
FM/Ind	Functional manager of Indian subsidiary
FM/P	Functional manager of Philippines subsidiary
FM/T	Functional manager of Thailand subsidiary
GVT	Global Virtual Team
HQ	Headquarter
IJV	International Joint Venture
KPI	Key Performance Indicator
MD/A	Managing director of Australian subsidiary
MD/I	Managing director of Indonesian subsidiary
MD/M	Managing director of Malaysian subsidiary
MD/NZ	Managing director of New Zealand subsidiary
MNC	Multinational Corporation
RSC	Regional Steering Committee
TTMT	Transnational Top Management Team
TMT	Top Management Team
VP	Vice President



1. INTRODUCTION

1.1. Background

In the beginning of 2009, the President and CEO of the Asia Pacific regional headquarter of Alpha Corporation¹ could look back on years of impressive growth. But as the regional division grew, so did the complexities of doing business and of meeting the expectations of a growing number of customers in the region. Problems caused by these increasing complexities could not be denied. By 2009, the President and CEO decided that something needed to be changed. He called in the heads of the most important subsidiaries in the region and invited them to join in a transnational team named Regional Steering Committee consisting of subsidiary managing directors, and top managers from regional headquarter and corporate headquarter. This committee would be charged with developing more consistent business processes across the region to help meet the challenges the Asia Pacific division of Alpha Corporation was facing.

The situation of Alpha's Asia Pacific division is no single case. In the last decades, the changes in the globalized business environment have shown their impact on the ways that multinational corporations (MNCs) manage their international activities (Brandl & Neyer, 2009). One issue that companies face as they move into global markets is the increasing complexity in meeting demands of globally distributed customers (McDonough, Kahn & Barczak; 2001). It is no more a simple matter of identifying the need of a single homogenous group (McDonough, et al., 2001). Instead, operating in global markets requires companies to understand the need of customers from different countries, who are embedded in different cultures, speaking different languages, and have different ways of expressing their preferences (McDonough, et al., 2001). With the growing challenge of diversified global markets and the complexity of managing across borders, MNCs are exploring a wide range of mechanism to keep control over subsidiaries abroad and experimenting with various forms of organizing and leveraging their human resource (Jaussaud & Schaaper, 2004; Kanawattanachai & Yoo, 2002; Snell, Snow, Davison & Hambrick, 1998). Some mechanism used by MNCs in managing subsidiaries are the use of expatriation, staffing key management positions, and training and socialization of employees (Jaussaud & Schaaper, 2004).

¹ Name changed



Alpha's establishment of a team, too, is nothing new. The use of transnational teams composed of individuals from multiple nationalities working on tasks that span multiple countries has been an emerging trend among MNCs (Snell, et al., 1998). The rapidly developing information and communication technologies have served as a glue to connect relationships across divisions, business units, distance as well as culture within the MNC (Pauleen, 2003). This has led to the emergence of Virtual Teams in many MNCs denoting an important new means of organizing workforces (Kanawattanachai & Yoo, 2002; Kankanhalli, Tan & Kwok-Kee, 2006).

Apart from Virtual Teams, researchers have also discussed Top Management Teams (e.g. Amason, 1996; Finkelstein, 1992), International Joint Venture Management Team (e.g. Brannen & Salk, 2000), Management Team of Business Units (e.g. Bunderson, 2003), and Transnational Team (e.g. Davison, Hambrick, Snell & Snow, 1996; Lagerström & Andersson, 2003). However, the question is whether these team concepts can really explain the phenomenon of Alpha's Regional Steering Committee.

When it comes to how MNCs are governed, another aspect that received growing attention from academia is the relationship between the headquarter (HQ) and the subsidiaries. Earlier research had shown that subsidiaries are not only affected by HQ, but also in their turn affect the behavior of HQ (Forsgren, Holm & Johanson, 2005, p.143). Over time, with their growth and strengthening local embeddedness, subsidiaries also execute their influence and power over corporate planning decisions. A large scope of literature has discussed different determinants of subsidiary power. Forsgren, et al. (2005, p.154) argued that the subsidiary influence is affected by its external business network, by its corporate embeddedness, by the MNC's net-dependence on the subsidiary, and by the subsidiary's relative size. Mudambi and Navarra (2004) noticed that the significant amount of the MNC's knowledge assets under the control of subsidiary managers can be used by the later to execute their bargaining power within the firm. However, in the context of this thesis the interesting question is how subsidiary power is affected through its membership in teams like Alpha's Regional Steering Committee.

1.2. Research Purpose and Contribution

The purpose of this thesis derived from the above explained context consists of three elements. *Firstly*, this thesis aims to conduct extensive review of literature about teams in business. The literature review is designed to contribute an overview of the current stage of



research and understanding of teams in business. *Secondly*, the aim of this study is to examine whether the existing literature covers the phenomenon of Regional Steering Committee in a satisfactory way, and to contribute a precise theoretical description of such team. *Thirdly*, the study investigates the power of subsidiaries including their influence on corporate strategic issues in the context of being members of such team. By examining this aspect from the subsidiary's point of view, I aim to contribute to a richer understanding regarding the role of teams in managing subsidiaries and a new dimension in investigating subsidiary power in the context of team membership.

Thus, the overall ambition of this thesis is to contribute to the theoretical understanding of teams in business and to take a new perspective in investigating subsidiary power by viewing it in the context of team membership.

1.3. Thesis Disposition

The above chapter 1 was designed to introduce the background, and to define the research purpose and contribution of this master thesis. After that, chapter 2 presents the result of the literature review about team typology in business and subsidiary power, defines the research gap, and draws up the boundaries of literature streams relevant to the phenomenon in focus. These relevant literature streams are combined to build a conceptual framework about Transnational Top Management Team in chapter 3 which later will be confronted with the empirical findings. Chapter 4 then presents the research process, explains the research design and case study approach, as well as the methods of data collection and the process of data analysis. The following chapter 5 presents the empirical data of this study in two parts. The first part is the holistic description of the Regional Steering Committee. The second part reflects the specific aspect of investigation of this study about subsidiary power in the context of such a team. These data will be analyzed in chapter 6, constantly confronting the theoretical framework proposed in chapter 3, and a new theoretical concept of team in business is proposed. The last chapter 7 draws final conclusion and contributions of the study, discusses the limitation, and proposes suggestions for future researches.



2. LITERATURE REVIEW

In order to gain an overview of the current stage of research and understanding about team in business as well as subsidiary power, the purpose of this chapter is to present a literature review on these two main issues. The chapter concludes with defining the research gap and presenting the literature selection for the conceptual framework of a new team type.

2.1. Literature Search on Teams in Business

The purpose of this part is to review previous academic researches in order to map the phenomenon of transnational teams comprising of top managers/heads from different units of the MNC as illustrated by the Regional Steering Committee case. For that reason I focused my literature search on such teams that meet one - or ideally both - of the following two characteristics: (1) the team must be *transnational* in the sense that team members shall represent different business units of the company located in different countries, and (2) team members must be *top managers/managers*.

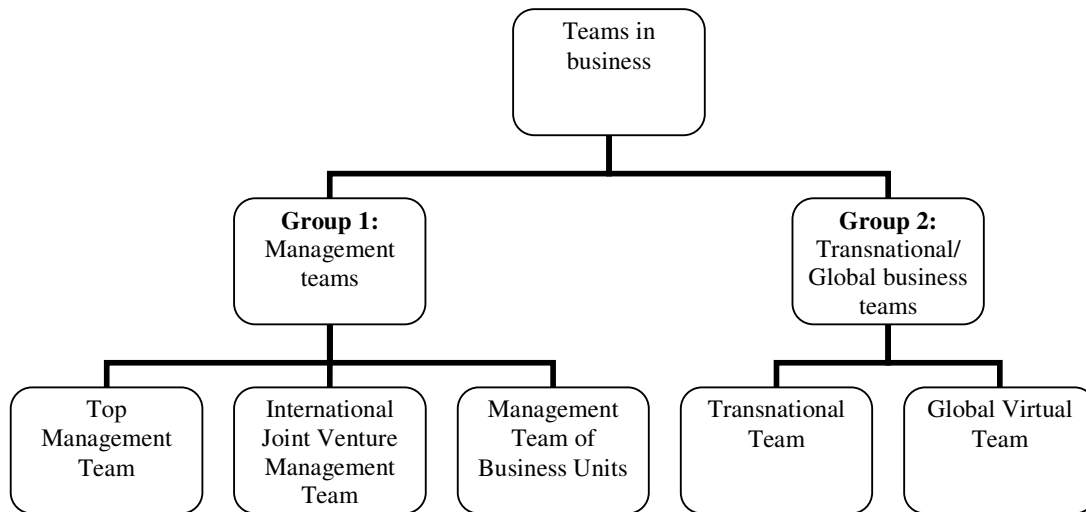
I used keywords such as “transnational top management team”, “management team”, “cross-border management team”, “multinational management team”, “transnational teams”, “global management teams”, “management team, subsidiary” to search in the available databases such as Jstor, EBSCO, Science Direct, Inter Science. In order to follow the development process of researches about teams in business, the search covered all the available period of time in the database for each of the 33 listed journals, as shown in the table 1 (Appendix 1). Besides, more literature was also tracked via the reference list of relevant articles. The search result identified 122 relevant articles in 33 academic journals in such fields as international business, management, and human resource, as listed in the table 1 (Appendix 1).

Furthermore, it became obvious that these 122 identified articles can be classified into two main groups depending on employed search keywords, as illustrated in figure 1. The keywords “transnational top management team”, “management team”, “cross-border management team”, “multinational management team” resulted in group 1 comprising of articles about “management team” focused on the *management* characteristic of the team. Meanwhile, the key words “transnational teams”, “global teams”, “multinational, multicultural team” resulted in group 2 consisting of articles about “transnational team” focusing on the *transnational/global* characteristic of the team. Taking one step further, it was obvious that the articles of group 1 about “management team” are classified into three main



types: Top Management Team, International Joint Venture Management Team, and Management Team of Business Units. Meanwhile, group 2 with articles dealing with “transnational/global team” focused on two main types: Global Virtual Team, and Transnational/multinational Team. Below are the descriptions of each identified team type.

Figure 1: Grouping the identified literature about teams in business



Source: Author’s own

2.1.1. Top Management Team

Among literature group 1 related to the keywords “top management team”, “management team”, “transnational management team”, “cross-border management team” there were 66 researches focusing on *Top Management Team*. As listed in table 2 (appendix 1), this result of 66 articles found in 15 academic journals as early as 1981 and latest 2010 showed that Top Management Team (TMT) have been and still attracts a lot of academic attention.

There has been no precise definition mentioned in the articles about TMT. However, the identified studies about TMT were conducted with companies’ top managers consisting of the CEO and other corporate officers who were on the MNC’s board of directors located in corporate headquarter (e.g. Amason, 1996; Amason & Sapienza, 1997; Barsade, Ward, Turner & Sonnenfeld, 2000; Ensley & Pearce, 2001; Finkelstein, 1992; Halebian & Finkelstein, 1993; Hambrick, 1981; Keck, 1997; Knight, et al., 1999; Michel & Hambrick, 1992; Pitcher & Smith, 2001).

The review of listed articles also suggested some significant issues about TMT. The aspect of TMT that received most attention was team composition, team size and heterogeneity in

culture, nationality, demography, functional background (19 articles). The study of Elron (1997), for example, revealed that the more culturally heterogeneous the team, the higher the level of disagreement. Conflict within TMT also attracted academic attention. Researchers have identified two types of conflicts: cognitive conflict and affective conflict (Amason, 1996, Amason & Sapienza, 1997). Cognitive conflict is functional, it is generally task oriented and focused on how best to accomplish an organization's objectives (Cosier & Rose, 1977). Affective conflict, on the contrast, is dysfunctional, and tends to be emotional focusing on personal disputes or differences between team members (Cosier & Rose, 1977). Amason (1996), for example, found out that conflict, in particular cognitive conflict, helps to improve decision quality, while affective conflict on the other hand, can damage the team's commitment and decision quality. Shared cognition, strategic awareness versus uncertainty aspect also received significant academic attention (7 articles). For example, Hambrick (1981) identified four factors that affect the top manager's strategic awareness of company's strategy: the distinctiveness of the strategy itself, the manager's knowledge about company's past and present strategic decisions, the manager's ability to abstract and evaluate the past and present strategic decisions in relative context, the company's planning and communication system and processes. Among identified literature about TMT, three articles examined the power and interdependence between TMT members, four articles discussed the role of the CEO in TMT. Other aspects of TMT such as human resources issues, and TMT behavioral integration were also investigated in some of the identified articles.

2.1.2. International Joint Venture Management Team

The second type of team identified under literature group 1 about management team type was described in the academic literature as *International Joint Venture (IJV) Management Team* (Brannen & Salk, 2000; Hambrick, Li, Xin & Tsui, 2001; Salk, 1992; Salk, 1996; Salk & Brannen, 2000), as illustrated in figure 1. The search result gave 5 articles from 5 academic journals as shown in table 3 (appendix 1).

The motivation to establish IJV Management Team appears when some companies strive to expand the market and improve competitiveness through establishing an international joint venture (Salk & Brannen, 2000). Therefore a common management team is needed for cooperation and operation purposes (Salk & Brannen, 2000). Hambrick, et al. (2001) defined the IJV Management Team as "*the relatively small group of highest-ranking managers of the IJV. This group typically includes the general manager, deputy general manager*



(if such a position exists), and other managers who report directly to these two positions (typically heads of functional areas)". An IJV Management Team would need to have managers explicitly drawn from all the parent companies (Hambrick, et al., 2001; Salk & Brannen, 2000). Salk and Brannen (2000) noticed that the managers who were more influential within the team tend to be those who have been more flexible towards "fast and efficient" decision making in this context.

Among researches about IJV Management Team, the cultural difference among team members was examined in three studies (Brannen & Salk, 2000; Salk, 1996; Salk & Brannen, 2000). One study examined the heterogeneity of IJV Management Team composition (Hambrick, et al., 2001).

2.1.3. Management Team of Business Unit

As illustrated in figure 1, the third type of team, which was described in the literature group 1 about management team, is classified as *Management Team of Business Units*. The search result gave two articles from one academic journal as shown in table 4 (appendix 1). Bunderson and Sutcliffe (2002) gave a definition of a business unit management team comprising of the unit's general manager and his "direct reports" from different functional areas. Bunderson (2003) further specifies "*Management teams in each business unit are structured according to a standard company template. Specifically, each management team consists of a general manager and functional managers who report directly to the general manager and who are responsible for the following functional areas: finance, marketing, sales, production, equipment management, administrative support, and human resources.*"

The main topic of discussion about this type of team was the diversity of functional background of team members (Bunderson, 2003; Bunderson & Sutcliffe, 2002). The authors conducted a literature review on functional diversity of the management team members and how functional diversity has effect on information sharing between team members, consequently affecting the performance of business unit.

2.1.4. Global Virtual Team

When applying search keywords "transnational teams", "global teams", "multinational, multicultural team", the result identified literature group 2 consisting of literature about Transnational Teams and Global Virtual Teams in business (figure 1). It was evident that



literature group 2 focused on two main team types, one of which is *Global Virtual Teams (GVTs)* recently capturing much attention from researchers. As shown in table 5 (appendix 1), there were 29 articles found in 15 academic journals ranging from 1996 until 2009.

The establishment of this type of team was enhanced by the technological revolution and development of communication systems allowing team members to interact efficiently over any distance and at the same time saving enormous expenses and time over traveling (Townsend, DeMarie & Hendrickson, 1996). Virtual teams allow organization to hire and retain best people regardless of location and time zone (Townsend, et al., 1996). In order to define and characterize virtual team, researches have been conducted based on the comparison between conventional face-to-face teams and virtual teams (Bell & Kozlowski, 2002; Fiol & O'Connor, 2005; Griffith & Neale, 2001; Townsend, DeMarie & Hendrickson, 1998). GVT was defined as a group of geographically and/or organizationally dispersed coworkers conducting the task to make or implement decisions with international components and implications via a combination of telecommunication and information technologies (Maznevski & Chudoba, 2000; Townsend, et al., 1998). Furthermore, Maznevski and Chudoba (2000) clearly identified four main characteristics of GVTs as the groups that (a) are identified by their organization(s) and members as a team; (b) are responsible for making and/or implementing decisions important to the organization's global strategy; (c) use technology-supported communication substantially more than face-to-face communication; and (d) work and live in different countries.

Since the interaction of virtual team is based on electronic means of communication, technological infrastructure and proficiency of team members plays a great role in enhancing team performance (Dubé & Paré, 2001). According to Dubé and Paré (2001), the lack of physical interaction and face-to-face communication between virtual team members can raise issues of *trust*. Nevertheless, trust is essential in order to prevent psychological distance between global team members, and was referred to as “the glue of the global workplace” (Jarvenpaa, Knoll & Leidner, 1998). Therefore, the issue of trust in virtual teams has been on the discussion agenda of several studies (Jarvenpaa, et al., 1998; Jarvenpaa & Leidner, 1998; Kanawattanachai & Yoo, 2002). The authors referred to the concept of swift trust, which is created between virtual team members based on their background, professional credentials and affiliations. Another important issue addressed in previous studies is the *conflict management* in GVTs (Kankanhalli, et al., 2006; Montoya-Weiss, Massey & Song, 2001;

Paul, Samarah, Seetharaman & Mykytyn Jr., 2004). According to these authors, conflict in GVTs may be exacerbated by many factors such as cultural diversity, the lack of immediacy of feedback, the level of task complexity, or communication delays, time zone difference, and lack of face-to-face contact.

Overall, previous researches have addressed a number of issues regarding different aspects of GVTs as shown in the table 5 (Appendix 1). However one could notice that, there are certain earlier researches, which were used very often as basic reference of definition and characteristics of GVTs for later studies. For example, the study of Townsend, et al. (1998) was used as basic reference of GVTs description for many later studies such as Bell and Kozlowski (2002), Furst, Reeves, Rosen and Blackburn (2004), Kirkman, et al. (2002), Lee-Kelley and Sankey (2008), Paul, Samarah, Seetharaman and Mykytyn (2004), Pauleen (2003), and Rosen, Furst and Blackburn (2006). The studies of Jarvenpaa and Leidner (1998) and Jarvenpaa, et al. (1998) were used as basic reference for Brandl and Neyer (2009), Furst, et al. (2004), Griffith and Neale (2001), Kanawattanachai and Yoo (2002), Kirkman, et al. (2002), Lee-Kelley and Sankey (2008), McDonough, et al. (2001), Paul, et al. (2004), Pauleen (2003), Rosen, et al. (2006). The study of Maznevski and Chudoba (2000) was also used very often as a reference in later studies. Therefore it is possible to conclude that Townsend et al (1998), Jarvenpaa and Leidner (1998), Jarvenpaa et al (1998), and Maznevski and Chudoba (2000) are among the authors who laid the foundation for later academic researches for GVTs with regards to definition and team characteristics.

2.1.5. Transnational Team

The second type of team of literature group 2 is classified as *Transnational Team* (figure 1). As shown in the table 6, the search resulted in 20 articles from 13 journals for the period from 1996 until 2010 about transnational/multinational/global business teams, which in the context of this thesis, are grouped as Transnational Teams.

As early as in 1996, Davison, et al., (1996) defined a Transnational Team as a work group composed of multinational members whose activities span multiple countries. Gupta and Govindarajan (2001) conceptualized the global business team as a cross-border team of individuals of different nationalities, working in different countries, businesses and functions, who come together to coordinate some aspect of the multinational operation on a global basis. Previous studies revealed that this type of team is often established for transnational project management purposes (e.g. Chevrier, 2003; Davison, et al., 1996; Earley & Mosakowski,

2000; Haas, 2005; Lagerström & Andersson, 2003; Lunnan & Barth, 2003; Schweiger, Atamer, & Calori, 2003; Schneider, 1995).

Similarly to GVT, the researches about Transnational Team mainly focused on issues such as culture diversity (e.g. Chevrier, 2003; Earley & Mosakowski, 2000; Watson, Kumar & Michaelson, 1993), conflict management within the team (e.g. Joshi, Labianca & Caligiuri, 2002; Von Glinow, Shapiro & Brett, 2004), and knowledge sharing (e.g. Lagerström & Andersson, 2003; Haas, 2005; Haas, 2006; Lunnan & Barth, 2003).

In this case, too, it became obvious that there are several earlier studies, which were frequently used as the basic reference of definition and characteristics of transnational/global business team in later works. For example, Davison et al (1996) conducted a 2-year study about Transnational Teams in 13 companies, the result of which was used as a basic reference in many later researches such as Haas (2006), Haas (2005), Earley and Mosakowski (2000), Joshi, et al. (2002), Adenfelt and Lagerström (2006). Other popular cited studies about transnational/global business teams are Earley and Mosakowski (2000), Gupta and Govindarajan (2001), Hambrick, Davison, Snell & Snow, (1998). Thus, one may say that the studies of Davison, et al. (1996), Earley and Mosakowski (2000), Gupta and Govindarajan (2001), Hambrick, et al. (1998) provided the basis for the literature stream about transnational/global business team with regards to definition and team characteristics.

2.1.6. Summary and Reflection on Team Literature

As mentioned earlier, the extensive literature search was conducted focusing on teams in business that meet one - or ideally both - of the following two characteristics: (1) the team must be *transnational* in the sense that team members shall represent different business units of the company located in different countries, and (2) the team members must be *managers* or *top managers*. This literature search and review revealed several important issues.

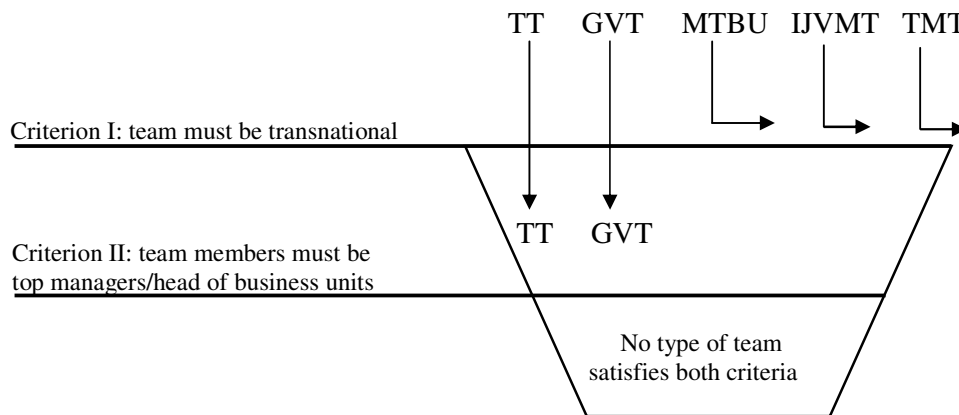
First of all, it was clear that the existing literature about teams in business can be divided into two major groups, as illustrated in figure 1. The literature group 1 including researches about TMT, IJV Management Team, and Management Team of Business Units referred to teams with members at top management or management level, therefore covered the *management* aspect of the team. Meanwhile the literature group 2 including studies about GVT and Transnational Teams covered the *transnational* aspect of the team, while the definitions did not mention the *management* aspect of team members.

However, based on the empirical point of departure of this thesis, the type of team that I aim to map and explore would be characterized through the following two interrelated criteria:

- I. The team is fundamentally *transnational* in the sense that team members represent different business units of the company located in different countries, and
- II. The team members are *top managers/heads of these business units*, who have decision power on local or regional scale.

In order to find out whether any of the identified types of team satisfy both of these requirements, I examined all team types discussed in the literature against Criterion I and Criterion II in a two-stage literature selection, as illustrated in figure 2.

Figure 2: Two-stage selection for literature applicability



Source: Author's own

With regards to TMT, the empirical data in the researches about TMT have shown that this type of team refers to the board of directors in the corporate headquarter. This implies that TMT members do not represent different units of the company located in different countries. Therefore the concept of TMT already fails to meet Criterion I.

When reviewing the literature about IJV Management Team (IJVMT), it became evident that this type of management team is established in the context of international joint venture, which implies that team members come from two different companies. Thus, Criterion I is not satisfied, as the focus of this research is on transnational intra-organizational teams.

Similar to the TMT, the Management Team of Business Unit (MTBU) does not consist of people from different units of the company, but only from one business unit of the company. Therefore this type of team does not satisfy Criterion I either.

The GVT by definition consists of people working and living in different countries (Maznevski & Chudoba, 2000) and therefore satisfies Criterion I. However, the concept of GVT does not include the notion that team members are top managers or heads of different business units of the company. Thus, the concept of GVT is too broad to meet Criterion II.

Similarly to GVT, the Transnational Team (TT) was defined by previous researches such as Davison, et al. (1996) and Gupta and Govindarajan (2001) as a cross-border team of individuals of different nationalities, working in different countries, businesses and functions. However, this concept, too, does not include a focus on team members being top managers or heads of business units. Consequently, this type of team meets Criterion I but not Criterion II.

To conclude, as the two-stage literature selection has shown, the type of team I learnt about from empirical experience has not yet been described and conceptualized in a satisfactory way in the existing literature.

Another point worth mentioning about the discussed literature is that researchers have been focusing on different aspects of those teams that meet Criterion I (i.e. Transnational Team and GVT) such as cultural heterogeneity, diversity in nationality, functional background, and conflict management. However, very little was mentioned about the issues of subsidiary power and influence in the context of its membership of transnational/global virtual teams. As the members of Transnational/GVT come from different business units, each of them might have their own agenda, which makes the issue of power and influence in the context of the team become an interesting subject to investigate.

2.2. Literature on Subsidiary Power

Initially subsidiaries are set up by the parent MNC with certain goals and objectives. But over time subsidiaries become more diverse, and the trade-off between following corporate strategies and pursuing their own goals becomes more severe (Mudambi & Navarra, 2004). As argued by Forsgren, et al. (2005, p.143), the influence between the headquarter (HQ) and the subsidiary is reciprocal. A subsidiary is not only influenced by HQ, but also executes influence over corporate strategic behaviors, and sometimes even finds itself in confrontation with the HQ's goal. Strategic behaviors here refer to the activities that tie up the MNC for a



long time, for example decision about strategic issues (Andersson & Pahlberg, 1997). Previous researches have included personnel, finance and new investments, marketing and customer issues, manufacturing, R&D as strategic issues and behaviors (Andersson & Pahlberg, 1997; Forsgren & Pahlberg, 1992; Johnston & Menguc, 2007; Kallinikos, 1984). According to Andersson and Pahlberg (1997), strategic behavior in an MNC is the consequence of a power struggle between different actors pursuing their own interest at different levels and with different functional roles.

When examining the concept of power and influence, which is a key to understand the power struggles in an intra-organizational context, one should answer the questions “Power to do what?” and “Who possesses the power?” (Andersson, Forsgren & Holm, 2007). As early as in 1984, Kallinikos (1984, p.73) differentiated three levels of subsidiary power: subsidiary autonomy, subsidiary decision making power, and subsidiary participatory power. The author defined *subsidiary autonomy* as the degree of subsidiary discretion regarding technical, routine operational decisions. *Subsidiary decision making power* referred to the control over strategic decision at subsidiary level in such aspects as e.g. major investment, marketing and organization, introduction of new products. *Subsidiary participatory power* is defined by the author as a subsidiary’s degree of influence over divisional and corporate strategic behaviors. Kallinikos (1984, p.73) argues that subsidiary decision making power at local level presupposes subsidiary autonomy, therefore his research focuses on two aspects of power: the autonomy and independence to make decisions on subsidiary level, and the influence over corporate and divisional strategic issues. Similarly, Andersson, et al. (2007) defined that the power of the subsidiary consists of two components. One component is the ability of the subsidiary to resist control from HQ and obtain a certain degree of independence. Another component of power is the actual influence that subsidiary has over the strategic behavior of the MNC as a whole.

When investigating the basis of subsidiary power, Forsgren and Pahlberg (1992) identified that there are two respective sources of subsidiary power within a corporate system. The first source of power is the *resource independency*. This source of power emphasizes on the independence of a unit and its ability to function without the rest of the firm, in other words it is the source of *subsidiary autonomy*. This aspect of power provides a subsidiary with the ability to avoid control from headquarter rather than ability to exercise control within the organization. The second source of power is associated with the degree of subsidiary



involvement in the corporate system, therefore stresses on functional interdependence between units of the company. Forsgren, et al. (2005, p.148) referred to this kind of involvement as *corporate embeddedness*. Forsgren and Pahlberg (1992) argued that the central and non-substitutable position of a subsidiary within an MNC allows it to affect not only its own situation but also other units and the strategic behavior of the whole or parts of the MNC, in other words it's the source for *subsidiary participatory power*. Forsgren and Pahlberg (1992) pointed out that both abovementioned power sources are differently related to execution and effect of subsidiary power, hence both should be considered if one wants to assess a subsidiary's total power base.

Several scholars have further examined some factors that affect the abovementioned aspects of subsidiary power in the MNC. Kallinikos (1984, p.156) found out that the degree of subsidiary autonomous decision-making and participatory power is determined through the complex interweave between characteristics of an MNC as a whole, including size, diversification and international dispersion, technology, for example, and characteristics of the subsidiary and its environment. Overall, previous researches came to some conclusion about the affect of corporate embeddedness over two components of subsidiary power. The study of Edwards, Ahmad and Moss (2002) found out that the higher level of subsidiary integration in the operation of the MNC reduces its autonomy, in other words high corporate embeddedness tends to reduce subsidiary autonomy. On the other hand, researches pointed out that for the subsidiary to have more participatory power in strategic issues beyond its local responsibilities it must be involved in a system which emphasizes on the functional interdependency between the units (Anderson & Pahlberg, 1997; Kallinikos, 1984), in other words it must increase its corporate embeddedness (Forsgren, et al., 2005) .

The above review of literature stream about subsidiary power also revealed that this issue has not been investigated in the context of the subsidiary being a member of a team. Therefore in the following chapter, the issue of subsidiary power will be discussed under the light of te subsidiary being a team member.

3. ESTABLISHING THEORETICAL FRAMEWORK OF TRANSNATIONAL TOP MANAGEMENT TEAM

After having discussed the results of the literature review, the purpose of this chapter is to extract from the discussed literature relevant characteristics in order to propose a conceptual framework to serve as a foundation to describe the teams satisfying both Criteria I and II. Because of the *transnational* and *top management* related nature, such team will be referred to as Transnational Top Management Team (TTMT).

As the two-stage literature selection in Chapter 2 revealed, even though none of the examined existing team concepts precisely describes TTMT, the concept of Transnational Team and GVT are somewhat relevant to describing TTMT because they all share the *transnational* character. Therefore, when constructing the conceptual framework for TTMT, it is reasonable to draw upon articles about Transnational Team and GVT as a starting point.

Taking a further look into literature about GVT and Transnational Team, one can notice that a number of previous researches have laid the first stones in defining and describing the characteristics of these two types of team, based on which other authors contributed further studies on different aspects of these teams. These fundamental works are the studies of Davison, et al. (1996), Earley and Mosakowski (2000), Gupta and Govindarajan (2001), Hambrick, et al. (1998) for Transnational Team; and Jarvenpaa and Leidner (1998), Jarvenpaa, et al. (1998), Maznevski and Chudoba (2000), and Townsend, et al. (1998) for GVT. Another strong reason for combining these two literature stream in building TTMT conceptual framework is the fact that there is a cross-referencing between some researches about GVT and studies about Transnational Team, such as Jarvenpaa, et al. (1998) referring to Davison, et al. (1996), or Maznevski and DiStefano (2000) and Stahl, et al. (2010) referring to Jarvenpaa, et al. (1998) and Maznevski and Chudoba (2000), to name a few.

Through the process of reviewing the above-listed studies in a structured way, I identified several key aspects that the above-mentioned researchers examined when describing and defining teams. These aspects are: *the motives and purpose of team establishment, team composition, the role of team leader, team tasks, team location, and means of communication*. In the context of this thesis, I call these aspects team determination factors. Because of the fact that Transnational Teams, GVT and TTMT share the transnational character, it makes sense to use these determination factors in the conceptual framework as a tool of TTMT description and to make them serve a basis structure for the collection and analysis of my



data. The following sections are designed to provide an overview of the above-mentioned team determination factors and summarize the factor-related findings of previous studies.

3.1. The Motives and Purpose of Team Establishment

A Transnational Team can be formed in two ways (Davison, et al., 1996). The first and most popular way to form a team is *from the top down*. It happens when the senior manager notices the competitive need and decides to form a Transnational Team. The second way to form a team is *from the bottom up*. It is usually the case when the Transnational Team develops from the existing network of individuals with inter-dependent work tasks. Such teams may involve people from different functions, business units and countries, even with outsiders from other organizations. There are cases when the teams develop their own task and approach higher managements in order to be accepted and supported (Davison, et al., 1996).

According to Townsend, et al. (1998), there are five main motives behind establishing a global team: (1) the increasing popularity of horizontal organizational structures. (2) The emergence of environments that require inter-organizational cooperation as well as competition. (3) Changes in workers' expectations of organizational participation. (4) The tendency to shift from production to service/knowledge work environments. (5) The increasing globalization of trade and corporate activity leading to the need of knowledge accumulation and dissemination throughout the company.

Derived from the motives, an overall purpose of establishing a Transnational Team is to help the company to achieve global efficiency, to develop regional or worldwide strategies and standardized operations (Davison, et al., 1996). More specifically, the Transnational Team are often formed with the purpose to assemble and transfer knowledge between various parts of the company, and to create a new knowledge needed for further development of product and services for multiple markets (Davison, et al, 1996; Haas, 2006; Lagerström & Andersson, 2003; Montoya-Weiss & Massey & Song. 2001; Subramaniam & Venkatraman, 2001). Another common purpose of such multinational teams is to facilitate the local responsiveness of their company by helping to understand the local market demands and institutional environment (Davison, et al., 1996; Townsend, et al., 1998). Davison, et al. (1996) identified that such Transnational Teams are usually not supposed to make major changes to company structure and system. Instead, the authors argued that a Transnational Team is expected to develop an effective alignment between its tasks and company's strategy through efficient use of company resources.



3.2. Team Composition

According to Hambrick, et al. (1998), multinational groups often exist as a necessary by-product of a concerted global human resources system, in which superior talent from around the world is gathered together. When it comes to selecting members for Transnational Team, Davison, et al. (1996) advised to consider three issues: (1) the tradeoff between local hiring and the use of expatriates, (2) consideration of group as well as technical skills among team members, and (3) size of the team. Davison, et al. (1996) argued that the team composition is driven by the team's task and the relevant need for various individual skills as well as background.

Previous studies have also identified that Transnational Teams usually consist of individuals of different nationalities, working in different countries, businesses and functions, or in other words of cosmopolitans and locals (Gupta & Govindarajan, 2001; Haas, 2006; Maznevski & Chudoba, 2000). Cosmopolitans are identified as individuals who have lived and worked in multiple countries and who speak several languages, whereas locals are identified as individuals who have lived and worked in the project country and who speak the local language (Haas, 2006). Haas (2005) argued that teams including both cosmopolitans and locals are more likely to avoid problems of uncritical thinking because locals can help cosmopolitans to avoid overlooking the distinctive features of the local situation, while cosmopolitans can help locals to avoid the assumption that the local situation is unique. Besides, Haas (2006) found out that the roles of locals and cosmopolitans in facilitating knowledge sharing in Transnational Teams are complex. Therefore the author suggested that the mix of locals and cosmopolitans would help to avoid potential biases or blind spots that might arise if Transnational Teams are excessively dominated by too many like-minded individuals.

3.3. Team Task

As observed by Davison, et al. (1996) the team building process of a new-established Transnational Teams begins with a discussion of company strategy and how the team's task will contribute to it. As the team matures, the tasks and missions will be revised periodically.

Hambrick, et al. (1998) identified three types of task of Transnational Teams: *creative*, *computational*, and *coordinative*. The creative task is defined as the one that can be approached in various ways, and for which there is no objectively "correct" answer. Multinational top management groups assigned with creative tasks can be those responsible



for global strategy, market planning world wide or regional development. The authors found out that the multinational groups that tend to benefit most from multicultural diversity of members are those assigned with creative tasks. The computational task includes assembling and analyzing fairly clear-cut information, and assessing the correctness or superiority of a particular solution. Multinational groups engaged in computational tasks include those conducting analyses on world-wide manufacturing selection, global inventory and logistic planning etc. The third type of task is coordinative, in which the multinational groups are responsible for executing an already-developed business strategy, like in the case of environmental crisis-response teams, for example. Hambrick, et al. (1998) found out that multinational diversity poses the greatest difficulties for groups engaged in coordinative tasks. Hambrick, et al. (1998) also included the possibility that some groups may go through phases in which they move from one type of task to another.

3.4. Role of the Team Leader

The team leader is expected to perform multiple roles depending on the team's life span in order to uphold the link between a Transnational Team's task and the company's business strategy (Davison, et al., 1996). In general, since the resources and team members are drawn from different subsidiaries and corporate staff, the team leader shall have necessary knowledge, such as technical knowledge of the project, and understanding of the subsidiaries, partners etc. in order to attract necessary skills and align the interests of team members (Schweiger, et al., 2003).

Through different stages of team's maturity, Davison, et al. (1996) identified three main roles of the team leader: advocate, catalyst, and integrator. Before the official establishment of a team, the team leader shall argue for the business necessity of establishing such a group, define the team's task in relation to firm strategy, and acquire necessary resources for team formation; a role defined as an advocate (Davison, et al., 1996; Townsend, et al., 1998). During the development stage of the team, the team leader plays a role of catalyst – that is to distinguish the team to match the task, to encourage and reward team members for their ideas and achievements (Davison, et al., 1996; Townsend, et al., 1998). Furthermore, the team leader shall set top-down strategic priorities, sponsor a project and encourage various subsidiaries, divisions, and functions to commit their resources to the project (Schweiger, et al., 2003). As the team matures, the role of the leader shifts to integrator – that is to integrate the actions of different members, to coordinate and emphasize on team goals, and possibly



work side-by-side with team members (Davison, et al., 1996). The team leader, on the one hand, is expected to intervene and set priorities among multiple projects if necessary, especially if the resources are scarce, and on the other hand, shall be willing to arbitrate between functions, divisions and subsidiaries if necessary (Schweiger, et al., 2003).

3.5. Team Location

Regarding the location of a Transnational Team according to Davison, et al. (1996) there are three options: team members can be based in the company's home country, outside the company's home country, or they are allowed to locate themselves wherever they desire. Chevrier (2003) argued that the location of the Transnational Team could also depend on the nature of the project that the team is in charge. Some projects are physically located in one site and the team has meetings on daily basis, other projects can be virtual and the team members are located in different units (Chevrier, 2003).

3.6. Means of Communication

According to Davison, et al. (1996), the most common means of communications being used by Transnational Teams nowadays apart from face-to-face meetings are telephones, voice mail, email, and fax machines. Other means of communications like teleconferencing and videoconferencing are also increasingly being used (Davison, et al., 1996). In particular, the significant characteristic of GVTs is excessive use of virtual electronic means of communication rather than face-to-face interaction (Maznevski & Chudoba, 2000; Townsend, et al., 1998). Nevertheless, the advantages of face-to-face interaction cannot be ignored since it helps to develop solid social foundation and mutual trust between team members that distance technologies can build on later (Gupta & Govindarajan, 2001).

In general, Earley and Gibson (2002, p.255) found out that communication climate can be described as supportive or defensive, since it is directly related to the type of the task and its conflict resolution that the team is engaged in.

3.7. Subsidiary Power in the context of TTMT

The review of the literature on subsidiary power has shown that this issue has not been studied specifically in the context of teams in business. However, researchers have analyzed subsidiary power in terms of two aspects, subsidiary autonomy to make decisions on local level, and subsidiary participatory power in corporate strategic issues, which are relevant in this context. When thinking about subsidiary power in the context of the subsidiary's



membership in TTMTs, one aspect worth noting is that such membership gives the subsidiary deeper integration into the company's functional system. Therefore, it can be assumed that participating in TTMTs increases subsidiary's corporate embeddedness, as defined by Forsgren, et al. (2005). Based on this assumption of increased subsidiary's corporate embeddedness through TTMT membership and the result of previous studies by Anderson and Pahlberg (1997), Forsgren, et al. (2005), Edwards, et al. (2002), and Kallinikos (1984), one may expect that TTMT membership leads to a decline in subsidiary autonomy to make decisions on subsidiary level and an increase in subsidiary participatory power in the corporate strategic issues.

3.8. Some Remarks about the Proposed Conceptual Framework of TTMT

As mentioned earlier in this chapter, since the TTMT, GVT and Transnational Teams share the *transnational* characteristic, the literature about GVT and Transnational Teams was extracted and imported when laying the first stones for TTMT conceptual framework as a starting point. As such, it is necessary to keep in mind that this proposed framework only reflects the *transnational* nature of TTMT. After analysis of empirical data about TTMT in following chapter 5 and 6 based on the structure of this conceptual framework, this proposed framework will be revised and upgraded from a mere characterization of transnational/global business teams towards a new theoretical concept of TTMT – the transnational team with strategic management function and decision power on global or regional scale.

Apart from developing a framework as a basis for further empirical investigation and precise description of TTMT as a concept, this chapter also drew upon literature on subsidiary power and connected it to the issue of team membership through a basic assumption that TTMT membership leads to a decline in subsidiary autonomy and an increase in subsidiary participatory power. This distinction between these two aspects of subsidiary power will be upheld as a useful tool in the following empirical investigation and data analysis.



4. METHODOLOGY

This chapter describes the research process and argues for the choice of research approach. Further, the choice of case study, the data collection process and data analysis are explained. Finally, the chapter argues for the validity and credibility of research, and mentions some limitations of the research method.

4.1. Research Process

The research process of this study, illustrated in figure 3, was generated from my empirical observation. In 2009, Alpha Corporation established a Regional Steering Committee – a transnational team consisting of top managers from headquarter and regional subsidiaries, as a mean of regional coordination and strategic decision making in the Asia Pacific region of the company. In particular, the issue of subsidiary power in the context of such a committee became the specific aspect of my interest. Therefore, an extensive literature review was conducted on two main issues: teams in business and subsidiary power. The purpose was to gain an overview of the current stage of research about teams in business, and to examine whether the existing literature covers the phenomenon of Regional Steering Committee in a satisfactory way. The review of existing literature revealed a research gap since there is no literature stream about teams that completely explains the phenomenon of the team in my empirical observation. Further more, the issue of subsidiary power has not yet been thoroughly related to the context of teams in business. Therefore, a qualitative research approach was chosen for this thesis, as Merriam (1998, p. 7) suggests that qualitative research approaches are useful when” *there is a lack of theory or existing theory fails to adequately explain a phenomenon*”.

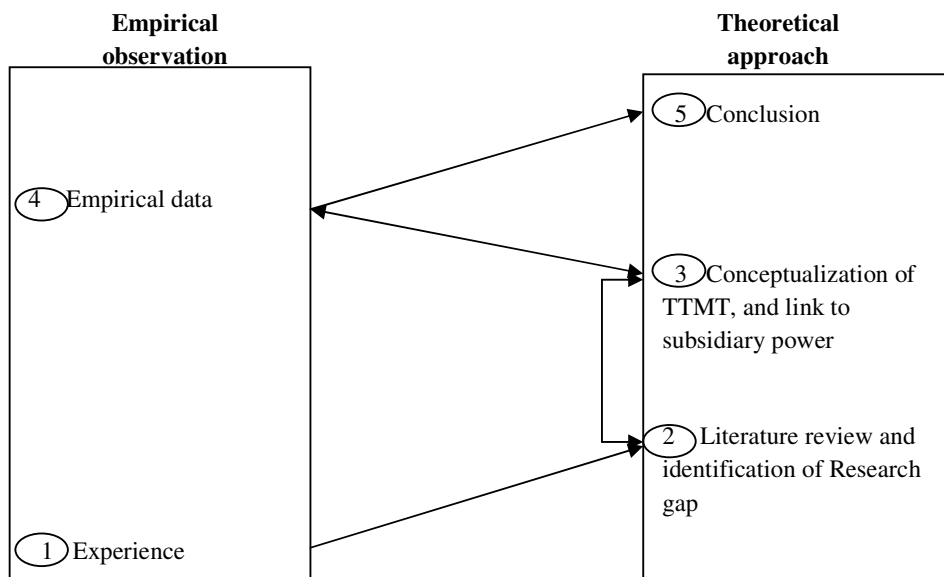
Based on previous studies about Transnational Teams and GVTs, a conceptual framework was developed with the purpose to serve as a starting point to describe Transnational Top Management Team (TTMT) and to provide guidance through the empirical data collection. Besides, the conceptual framework also drew upon literature about subsidiary power and connected this issue to the context of team membership through a basis assumption, which will guide through empirical investigation.

In the next step, the empirical case of Regional Steering Committee was described and analyzed, and confronted with the proposed conceptual framework. This framework was then revised and adapted, based on the empirical data, and was developed into theoretical concept

of TTMT. Besides, the empirical data about subsidiary power was also analyzed, challenging the basic assumption, and leading to further implications. Finally, the process resulted in conclusion and suggestions for further studies.

The above described research process, as shown in figure 3, reflects the continuous cycle of interaction between theory and empirical experiences, and therefore can be characterized as an *abductive research approach*, as defined by Denzin (1987). “*The method of abduction combines the deductive and inductive models of proposition development and theory construction. It can be defined as working from consequence back to cause or antecedent. The observer records the occurrence of a particular event, and then works back in time in an effort to reconstruct the events (causes) that produced the event (consequence) in question*” (Denzin, 1987, p.109-110).

Figure 3: Research process



Source: Author’s own

4.2. Research Design

4.2.1. Case Study

The phenomenon of interest in this study is the transnational team comprising of top managers and heads of different business units of the company, which is in fact a

contemporary phenomenon that has not yet received much academic attention. Consequently, this thesis aims to conduct a holistic exploration and extensive and “in-depth” description of such team. Furthermore, this thesis aims to investigate subsidiary power in the context of its membership of such team. Therefore it is reasonable to apply the case-study design to this research, as Yin (2009, p.4) argues that the case study approach is applicable in qualitative researches, because it allows investigators to retain the holistic and meaningful characteristics of real-life events.

The data gained from this case study of RSC are used to challenge the proposed conceptual framework of TTMT in chapter 3, including the assumptions on subsidiary power, and further to develop a theoretical concept of TTMT. Therefore, this can be classified as *interpretive case study* according to Merriam (1998, p.38), as the author argues that the thick and rich descriptive data in the interpretive case studies are used to “*develop conceptual categories or to illustrate, support or challenge theoretical assumption held prior to the data gathering*”.

4.2.2. Case Selection

In order to illustrate the TTMT phenomenon, as well as to confront the conceptual framework in chapter 3 and examine the subsidiary power in the team context, the Regional Steering Committee (RSC) of Alpha Corporation, a Japanese manufacturer of clinical laboratory equipment, was chosen for investigation. The Regional Steering Committee consists of top managers from corporate headquarter, regional headquarter in the Asia Pacific region, and managing directors of different subsidiaries of the company within Asia Pacific.

This case of RSC was selected due to following reasons. Firstly, as mentioned earlier, the case of RSC was the point of departure for this thesis, based on which the criteria for literature review and literature selection was established. This case of RSC is then used to test the proposed TTMT conceptual framework, thus helping to extend the TTMT conceptual framework and to formulate a theoretical concept of TTMT.

4.3. Data Collection

4.3.1. Data Collection Method

This thesis aims at investigating two issues: (1) the structure and functioning of the RSC in order to confront with the proposed TTMT conceptual framework, and develop a theoretical concept of TTMT, and (2) subsidiary power through its membership of TTMT as perceived from the subsidiary’s point of view. Therefore the collection of primary data based on these

two issues was conducted via interviews. Merriam (1998, p. 72) argued that the interview is necessary when the researcher cannot observe behavior, feelings or how people interpret the world around them. Due to geographical distance, these interviews were conducted via telephone.

Besides the information from interviewees, secondary data was also collected by accessing Alpha's corporate and regional websites from February to May 2010, in order to have more information about the company background, the structure of regional headquarters and their activities.

4.3.2. Selection of Interviewees

In order to gain the information regarding issue (1) about the structure and functioning of TTMT, two managing directors of two different subsidiaries, who are members of the same TTMT, in this case RSC, were chosen to be interviewed. Interviewing two RSC members will help to gain a deep, holistic first-hand and information-rich description about RSC from the main actors involved, who are the best possible information sources. Besides, it will help to cross-check and confirm the information and description about RSC by combining information from two interviewees.

The investigation of issue (2) about subsidiary power through its membership of TTMT perceived from the subsidiary's point of view was conducted by interviewing one of the above mentioned subsidiary's managing directors. The reason to choose this respondent is because this director had been managing his subsidiary from the time before RSC was established until now. Thus, he has knowledge of the subsidiary and the level of subsidiary autonomy as well as its participatory power in corporate or regional strategic issues. He is able to see the effect of RSC membership on subsidiary autonomy and participatory power, and evaluate whether these aspects of power were changed or not, and if so, how. Therefore, he is in the position to provide the necessary information about subsidiary power.

4.3.3. Interview Guide

The first aim of data collection is to explore the phenomenon of TTMT which was not described before in the existing literature. Therefore, it was necessary to formulate interview questions in such a way that facilitates the interviewee to describe the team, in this case the RSC, without imposing pre-conceptualized opinions, as suggested by Yin (2009, p.72). The second aim of data collection is to discover the opinion of the interviewee from a subsidiary



perspective about his/her subsidiary power in the context of TTMT. For these purposes, an interview guide with semi-structured and open-ended questions was formulated. The purpose of open-ended interviews, as argued by Patton (1990, p.278) is not to put things in someone's mind, but to access the perspective of the person being interviewed.

Since the interview is semi-structured, the interview guide was developed following two abovementioned themes, as shown in appendix 2. Part 1 consists of questions with descriptive purpose about the establishment and characteristics of the team, following the structure of the proposed TTMT conceptual framework in chapter 3. Part 2 consists of open-ended questions about the subsidiary power in relation to its membership in the team from the point of view of subsidiary managing directors. Based on the literature review about subsidiary power, this section gives attention on the two components of subsidiary power: (1) subsidiary's autonomous decision-making power within its location, and (2) subsidiary participatory power and influence over regional strategic issues through its participation in TTMT.

4.3.4. Interview Process

The interview part 1 about the structure and functioning of TTMT gained participation from both interviewees. Each interview lasted 75 minutes. The interview part 2 about subsidiary power through its membership in TTMT received response from one interviewee, and lasted 80 minutes. In total, there are two interviews for part 1, and one interview for part 2. All the interviews were recorded with the voice recording device in order to preserve the original statement of the interviewees for later review and analysis. The interview records were transcribed for further analysis. In general, during the interview process, the advice of Yin (2009, p.72) about avoiding bias by pre-conceptualized opinions was taken into consideration. Applying the interview guide with open-ended question, I took the role of a listener and assimilated information from the respondents and was aware to avoid imposing predefined opinions on the interviewees, following the suggestions of Yin (2009, p.72).

Besides, some more additional questions appeared during the post-interview data analysis period. These questions were raised with the purpose of data clarification and confirmation of information that might have been missed during the interview, and were sent to the interviewees via follow-up emails. This follow-up phase was critical in order to ensure the precise interpretation and complete understanding of interview data, which is an important factor in securing the reliability of the overall study result.



4.4. Data Analysis

As described earlier, the empirical data were collected through telephone interviews. As the interviews were transcribed for analysis, the data was classified and analyzed according to two themes.

The information of interview theme 1 about the team structure and functioning obtained from two interviewees was combined with secondary data gained from the company website in order to construct a holistic description about company background and RSC structure. Furthermore, the data about the RSC was analyzed by constantly confronting with all team determination factors in the proposed conceptual framework of TTMT in chapter 3. This process revealed that the proposed conceptual framework of TTMT was not able to entirely explain the phenomenon of the RSC. As a result, the conceptual framework of TTMT was revised and reformulated. In conclusion, a concept of TTMT was proposed. This method of data analysis is called *analytic induction* according to Merriam's (1998, p.160) description of basic analysis steps: "*You begin your study with a tentative hypothesis or explanation of the phenomenon under the study. You purposely select an instance of the phenomenon to see if the hypothesis fits the case. If it does not fit the hypothesis, you reformulate the hypothesis, if it fits the hypothesis, you select additional cases to test against the hypothesis.*"

The data gained from interview part 2 about subsidiary power in the context of its participation in the RSC was analyzed and confronted with the result of previous researches about subsidiary participatory power and autonomy. Concluding remarks were made about these two aspects of subsidiary power in connection with subsidiary's membership in TTMT.

4.5. Credibility and Validity of the Study

In order to enhance the credibility and validity of the study, some strategies and approaches were applied throughout the research process.

Firstly, the structure of data collection and analysis of this thesis was based on the proposed conceptual framework extracting from the perspectives of existing literature, which constitutes a strong academic basis for this research. This strategy is inline with *theory triangulation* suggestion of Patton (2002, p. 562).

Secondly, in order to give a precise description and characterization of the RSC and to ensure a more comprehensive understanding about RSC structure and functions, I interviewed two managing directors of two subsidiaries, both of whom are the members of the RSC to gain the

opinions and view point from two different perspectives. This source of primary data was combined with secondary data obtained through the company website in order to provide the rich description of the case. Merriam (1998, p 204) defined this strategy as “*triangulation*”, where the researcher uses multiple investigators, multiple sources of data, or multiple methods to confirm the emerging findings. Patton (1990, p.467) defined this type of triangulation as *triangulation of qualitative data sources*, where the researcher compares the perspectives of people from different points of view.

Thirdly, during the analysis phase when interview data of both parts were being revised and interpreted, I stayed in touch with both interviewees and periodically sent them the data interpretation part for their revision, confirmation and further inputs if necessary. This was to ensure that I did not miss important fragments or issues in the data collection process, and to avoid misinterpretation of data. Merriam (1998, p 204) defined this strategy as “*member checks*”.

In addition to that, since I have had 2.5 years of prior working experiences in Asia Pacific regional headquarter of Alpha, my knowledge about company background, hierarchy structure and scope of authority of subsidiaries within Asia Pacific region helped me to interpret more precisely and verify the information from the interviewees. According to the advice of Yin (2009, p.161), in order to achieve a high-quality analysis, the researcher should use his own prior expert knowledge in his/her case study, as it will help the researcher to demonstrate awareness of current thinking and discourse about the case study topic

4.6. Limitation

With regards to illustrating the proposed conceptual model of TTMT and developing a theoretical concept of TTMT, one may argue that the limitation of this study lies in the fact that this is a single case study. Nevertheless, as Patton (1990, p 184-185) argued, there are no rules for sample size in qualitative inquiry. Instead, Patton (1990, p 184-185) stated that it is the information-richness of the case and the analytical capabilities that contribute to the validity, meaningfulness and insight generated from qualitative inquiry, rather than the number of cases. Besides, case selection in this study followed the logic of selecting the critical case (cf. Yin 2009), which in this context even served as the point of departure towards challenging and extending the existing literature on teams in business.

The method of data collection of this study also has some limitations. In principle, in order to understand how teams function, and especially when it comes to how issues of power are



handled through team interaction, observation would be a very valuable tool of data collection. However, it was not possible for me to employ that method of data collection due to the confidentiality of issues discussed during RSC meetings. Another limitation is that the number of interviewees within one team is limited to two managing directors of subsidiaries, due to the restricted access and confidentiality of RSC functioning. However, in order to deal with these limitations I took great care in making sure to ask all questions that could potentially be relevant in describing the team and understanding the issue of subsidiary power, ensuring that I got as rich and holistic a description from the interviewees as possible.

Overall, one can view case study research design, especially single-case study, as a poor basis for generalization (Yin, 2009, p.43). However, as Yin (2009, p. 43) argued “*case studies (as with experiments) rely on analytic generalization. In analytical generalization, the investigator is striving to generalize a particular set of result to some broader theory*”. Therefore, the point of this thesis is not to draw statistically valid conclusion about a population, but to contribute holistic description of a phenomenon that was not sufficiently studied before, and by that create a base for theory building as well as future investigation and development of new theoretical concept of team in business.

Besides, the research process of this thesis including the empirical investigation was based on the holistic and extensive review of existing academic literature, which serves a strong theoretical foundation to enhance the validity and reliability of the study result.



5. EMPIRICAL DATA

This chapter presents the empirical data in two parts. Part 1 provides some basic information about Alpha Corporation, and the description of the Regional Steering Committee as an illustration of the TTMT phenomenon. Part 2 presents the investigation result about subsidiary power from the point of view of subsidiary's managing director in the context of TTMT, including two aspects: subsidiary autonomy within its local responsibilities, and subsidiary participatory power in the regional strategic issues.

5.1. Regional Steering Committee – an illustration of TTMT

Company background

Alpha Corporation was established in 1968 in Japan. The company is specialized in manufacturing clinical laboratory testing analyzers and automatic systemizations. In 1980, Alpha established its European subsidiary in Germany; nowadays it is the European regional headquarters. During the 90's Alpha dynamically expanded its operations abroad by establishing branches in China, North America and Asia. As of now, Alpha Corporation has four regional headquarters: Alpha America, Alpha Europe, Alpha Shanghai, and Alpha Asia Pacific.

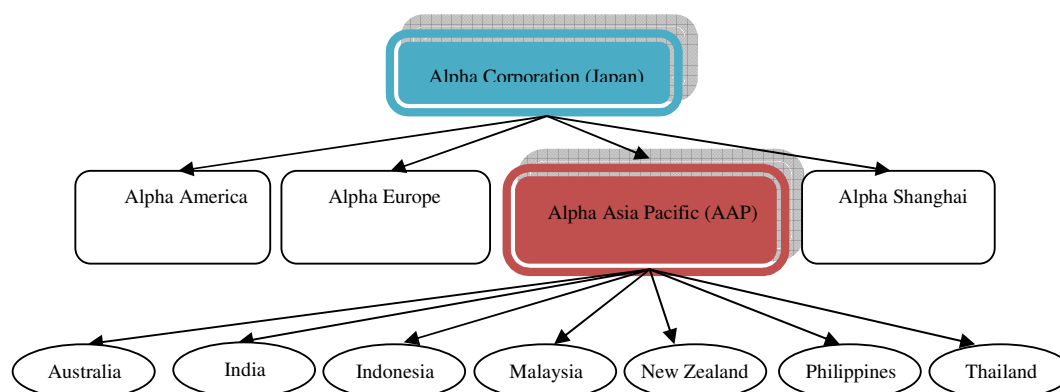
Alpha Asia Pacific (AAP) regional headquarter, formerly Alpha Singapore, was established in 1998. It is now the regional headquarter for all the subsidiaries in Asia Pacific region including the following countries: Australia, India, Indonesia, Malaysia, New Zealand, Philippines, and Thailand.

Before the establishment of the Regional Steering Committee, the subsidiaries followed traditional vertical reporting and decision-making structure, as illustrated in Figure 4. All Alpha subsidiaries had a management authority chart that defined the scope of subsidiary authority based on the financial value of the decision. Generally most operating decisions below the financial value limit stated in the management authority chart were authorized to the subsidiary at local level. Otherwise, subsidiaries' strategic decisions that exceeded this financial value limit required approval from AAP regional headquarter. The seven subsidiaries in Asia Pacific region were divided into two groups based on their size and importance. The four biggest subsidiaries located in four countries (Malaysia, Indonesia, Australia, and New Zealand) reported to the Chief Executive Officer (CEO) of AAP regional headquarter and required approval from the CEO of AAP for those strategic decisions that are



outside subsidiary authority as defined by the management authority chart. The other three smaller subsidiaries in India, Philippines and Thailand reported to the Chief Operating Officer (COO) of AAP and required the approval from the COO for those strategic decisions outside subsidiary authority. For example, if the Malaysian subsidiary wanted to appoint a local distributor that was expected to contribute more than 10% of annual sales volume of the subsidiary, this decision required approval from the CEO of AAP due to two reasons: (1) because this decision exceeded the pre-determined financial value limit in the management authority chart and (2) because the Malaysian subsidiary reported directly to the CEO of AAP.

Figure 4: The decision-making hierarchy Before RSC establishment



Source: Author's own

The Regional Steering Committee

In 2001, Alpha Europe regional headquarter established a transnational team named Europe Business Steering Committee. This committee comprised of top managers of Alpha Europe regional headquarter and directors of Alpha subsidiaries within Europe region. The task of this Committee was to function as a leading and coordinating team for all the activities of Alpha Europe' subsidiaries in the following markets: Europe, Africa, countries of the Middle East and the states belonging to the CIS.

The structure and functioning of Europe Business Steering Committee inspired the CEO of Alpha Asia Pacific, who had a good contact with Alpha Europe, to set up a similar team in 2009 to meet the challenges he was facing. As Alpha's business volume in the Asia Pacific region was growing rapidly, the complexities of meeting expectations of a greater number of customer was increasing, and therefore fundamental changes in business strategies and operations were required. Consequently, there was a need to develop a common and

consistent business process for all regional subsidiaries within the Asia Pacific area. Therefore, a steering committee on regional level was believed to help to standardize business processes, enhance the quality of regional business operations, and more importantly to secure the consensus and to improve the cooperation from all regional subsidiaries.

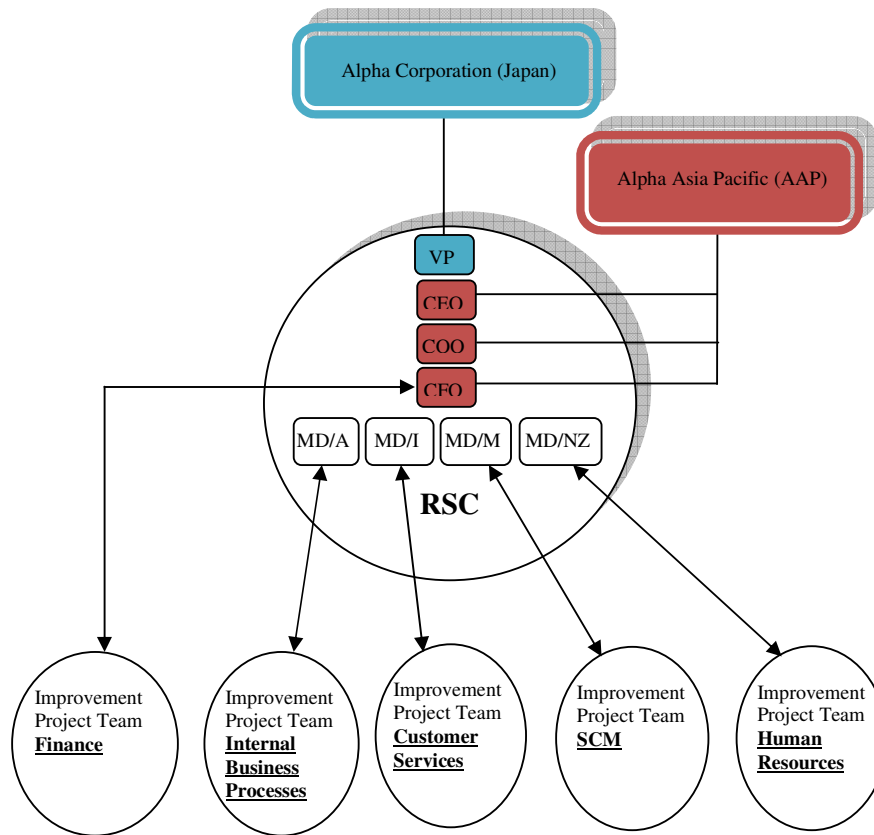
In April 2009, at the start of the financial year, the CEO of AAP initiated the establishment of the Regional Steering Committee (RSC) in the Asia Pacific region. This committee was established for an indefinite period of time and depending on its efficiency will continue working until further notice. The team has three face-to-face meetings every year, each of which last half a day. Besides, there are monthly conference-call meetings.

As shown in Figure 5, all three different levels of hierarchy at Alpha Corporation, i.e. the corporate headquarter, the regional headquarter, and the subsidiary top management, are represented in the RSC. More specifically, the RSC consists of the Vice President (VP) of Alpha Corporation in charge of International Business Management, the CEO, COO and CFO of AAP, and the managing directors of the four biggest subsidiaries in the Asia Pacific region that report directly to the CEO of AAP. As of now, the managing directors of Australia (MD/A), Indonesia (MD/I), Malaysia (MD/M), and New Zealand (MD/NZ), who directly report to the CEO of AAP, are members of the RSC, as illustrated in Figure 5.

In its first meeting, the RSC discussed and by consensus agreed on five prioritized issues that needed improvement in the company's regional business process and launched five respective Improvement Projects to standardize the activities of subsidiaries on these matters on the regional scale. These five main issues are related to five business functions: Supply Chain Management (SCM), Customer Services, Internal Business Process, Finance, and Human Resources (HR). RSC members then became Sponsors for one of the five above-mentioned projects as a volunteer. As an exception, the CFO of AAP became the Sponsor of Finance Improvement Project by appointment. On Figure 5, the *Sponsor* role of RSC members towards their Improvement Projects is illustrated by the two-side arrow (\longleftrightarrow). For each of the five above-mentioned projects, as shown in Figure 5, a functional transnational sub-team was created and named Improvement Project Team. This team comprises of the regional functional manager from AAP as the Improvement Project Leader, and functional managers from all regional subsidiaries as project team members. For example, the Improvement Project Team related to SCM consists of the regional SCM manager from AAP headquarter as the team leader, and the SCM managers from all subsidiaries in Asia Pacific region (Figure

6). It is the responsibility of the Improvement Project Leader to call together and organize this project team.

Figure 5: The decision-making hierarchy Since RSC establishment

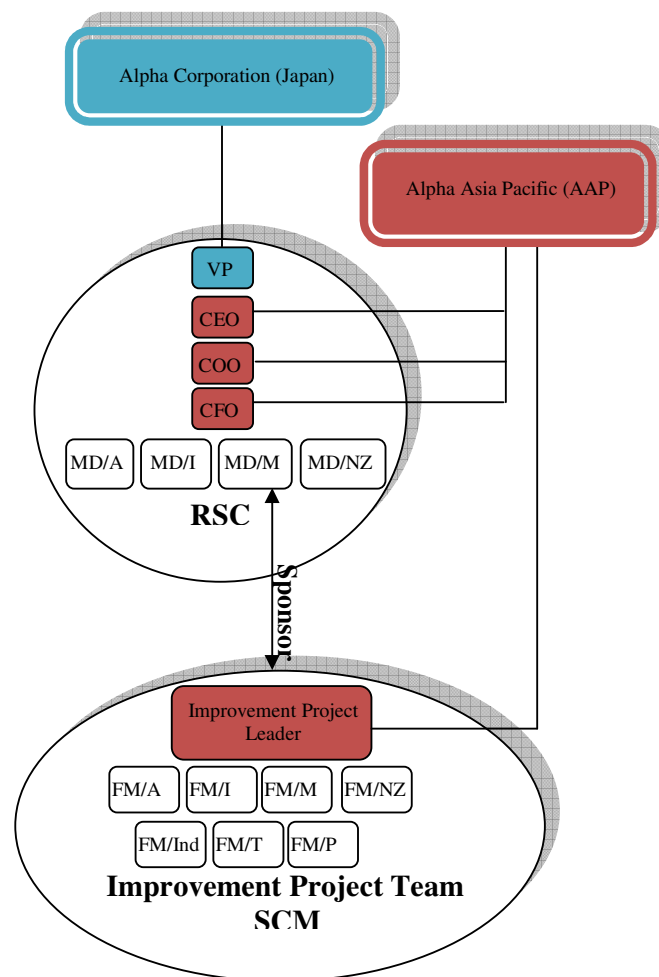


Source: Author's own

The whole process of conducting Improvement Projects has six stages. As an example, Figure 6 reflects the hierarchy structure for the SCM Improvement Project. In stage (1), the Sponsor and his respective Improvement Project Leader discuss and identify the specific problems within that functional area (i.e. SCM) that need to be addressed. In stage (2) the Sponsor presents this detailed problem identification to the RSC, which by consensus approves this first-stage assessment. After this approval step, in stage (3) the Sponsor communicates with the respective Improvement Project Leader to get the project started. The Improvement Project Leader together with his/her team are responsible for conducting analyses on the current regional situation and developing detailed regional improvement strategies and an implementation plan. As illustrated in Figure 6, besides the regional SCM manager from AAP as the team leader, the Improvement Project Team consists of SCM functional managers from all seven subsidiaries in Asia Pacific region: Australia (FM/A), Indonesia (FM/I), Malaysia

(FM/M), New Zealand (FM/NZ), India (FM/Ind), Thailand (FM/T), and Philippines (FM/P). This is to emphasize the importance of subsidiary's involvement and secure the inputs from all subsidiaries in the region. In stage (4), this plan is presented to the RSC by the Sponsor. The RSC then revises this detailed plan, makes necessary adjustments, approves it by consensus and allocates the necessary resources for implementation. After final approval from the RSC, the members of the Improvement Project Team, who are the functional managers working and living in the countries of their subsidiary location, are responsible for implementing the improvement strategies in their respective subsidiaries (stage 5). To ensure effectiveness and efficiency of the RSC operation, the Sponsors will periodically update the RSC about progress regarding Improvement Project implementation. In the stage (6), the result and effectiveness of each Improvement Project are evaluated through Key Performance Indicators (KPI) reports from subsidiaries, and customer satisfaction surveys.

Figure 6: The SCM Improvement Project

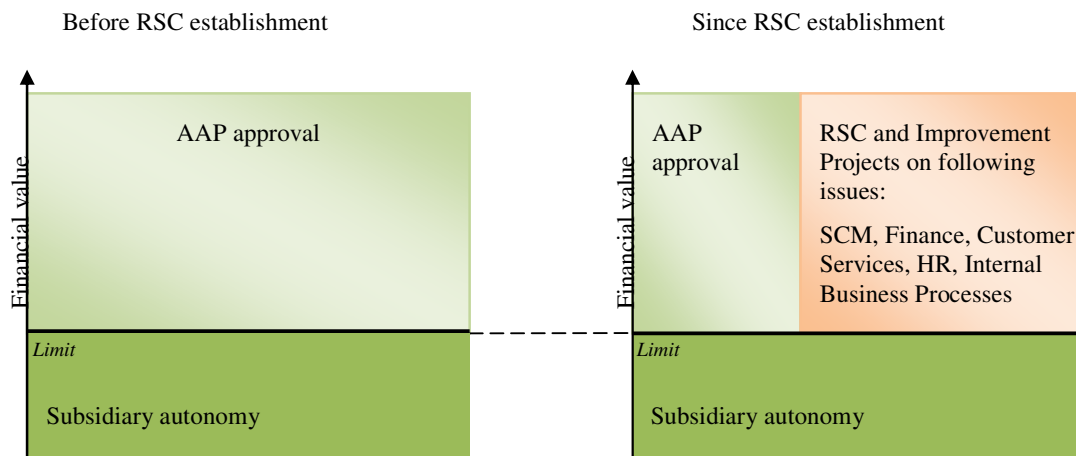


Source: Author's own

5.2. The Investigation of Subsidiary Power in the Context of RSC

In general, it is worth noting that the main activities of Alpha's subsidiaries in the AP region include sales and distribution of the company's products and services, expanding customer and distributor's network, and managing internal business processes within their own countries. As mentioned earlier, all Alpha subsidiaries have a management authority chart that defines the scope of the subsidiary managing director's authority based on the financial value of the decision in question. The operating decisions below the financial value limit stated in the management authority chart are authorized to the subsidiary managing director at local level. Before RSC establishment, all decisions in subsidiaries' activities that exceeded this limit of financial value required approval from AAP regional headquarter. This top-down decision, as illustrated in Figure 4 by the one-side arrow between AAP and subsidiaries, created a lot of dissatisfaction among regional subsidiaries due to the lack of consensus and input from subsidiaries. Since RSC establishment, decisions that are outside subsidiary authority and concern the areas of the five prioritized issues are handled through the RSC and Improvement Project Teams. Figure 7 illustrates the changes in the management authority chart caused by the RSC establishment.

Figure 7: Management authority chart of Alpha' subsidiaries



Source: Author's own

For example, the SCM Improvement Project involves setting up regional depot/inventory for instruments and reagents so as to reduce lead time to supply and local inventory. Before RSC establishment, regional processes like these were decided without any country's inputs and agreement, as shown in Figure 4, which caused dissatisfaction of subsidiaries due to lack of

consensus in major decisions. Since the RSC was established, it provided opportunity for subsidiary managing directors, who are RSC members, to participate in the strategic process of formulating strategy in order to address such issues, as shown in Figure 5 and Figure 6. On top of that, RSC does actually ensure that the rationale of the Improvement Projects is on a sound basis and represents the needs of major subsidiaries.

When asked about how he experienced his overall influence being affected by becoming RSC member, the subsidiary managing director gave a positive response. Since joining the RSC, he has more participation in the Improvement Project that he is Sponsor for and over other four improvement projects by speaking up in RSC discussions and bringing up the requirement and question on the basis of his country's experience. The input from the subsidiary managing director, who is Project Sponsor, plus the inputs from the Improvement Project Team provide the foundation for the strategies and plans of the Improvement Projects. Moreover, as RSC member, he is one of the voices that have final adjustments and decision over the detailed strategies and plans proposed by each of the five Improvement Projects. As these Improvement Projects are implemented in all subsidiaries within the Asia Pacific region, it implies that the subsidiary managing director being one of the voices in the RSC and Project Sponsor gives his subsidiary a chance to influence the regional strategic decisions, which before RSC establishment were conducted from top down without subsidiary input and agreement. Referring to his experience with the SCM Improvement Project, the Sponsor stated:

“In the past I was always puzzled with the rationale of certain regional decision. Now I am more aware and also make it happen”... “For other RSC projects that I m not sponsor, I can speak up and clarify the requirement and question on the basis of my country experience”.

When considering, how subsidiary power is affected through RSC membership, one potentially important factor is the role of representatives from the corporate and regional HQs. When asked about the presence of the corporate Vice President (VP) in charge of International Business Management in the RSC, the interviewee clarified that the role of the VP was to provide a bridge between the RSC and corporate headquarter and facilitates clarification on issues involving corporate headquarter. Otherwise, the VP does not participate in detailed discussion and approval upon each Improvement Project as other RSC members, and leaves regional issues to be determined largely by other RSC members. Meanwhile, the

CEO of AAP plays the role of the RSC team leader, guides the RSC discussions and ensures that it is inline with the overall purpose of the RSC.

The overall impression of subsidiary managing director revealed that participating in the RSC has facilitated the subsidiary manager's understanding of strategic issues on a larger scale and the rationale of certain decisions carried out by higher authorities. The subsidiary managing director being RSC member also helped the subsidiary to play a more important role influencing strategic decisions on regional scale. As the interviewee stressed:

“The inclusion into the RSC has facilitated my understanding of the strategic issues and the rationale of certain decision. I find it interesting to play a key role in influencing strategic decision beyond my country responsibilities”



6. DISCUSSION

This chapter presents a detailed analysis of the empirical data. The first part discusses the structure of RSC and challenges the proposed TTMT conceptual framework, thereby proposes a theoretical concept of TTMT. This part also analyzes the two-level structure of teams and draws some highlights. The second part of this chapter examines the two aspects of subsidiary power in the context of team membership.

6.1. Analysis of Two-Level Team Structure

The empirical data showed that the RSC establishment has changed the decision-making structure regarding strategic issues beyond subsidiary local authorization. The new decision-making structure also revealed that these strategic issues are handled by two levels of transnational team on the regional scale: the transnational top management team RSC, and five Improvement Project Teams, as shown in Figure 5. The whole picture of how these two levels of team are structured reflects the role of the RSC as a steering wheel that coordinates the regional activities in five distinct areas. It was also noticeable that the subsidiary managing directors play a dual role. On the one hand, they are members of RSC, participating in RSC discussion and approval on each of the five Improvement Projects. On the other hand, they act as Sponsor in the Improvement Project Team and bridge the team's proposals to the RSC for approval and resource allocation if necessary. This bridging role of the Sponsor implies that RSC shall not be analyzed as a single entity, but as a part of the whole system including the RSC and the five Improvement Project Teams.

6.1.1. Improvement Project Team – an illustration of Transnational Team

Taking a deeper look at these Improvement Project Teams, it became obvious that these teams are the typical illustrations of Transnational Team as described in earlier researches. Regarding team composition, as mentioned earlier, the Improvement Project Team consists of the regional functional manager and corresponding functional managers from different subsidiaries located in different countries within the Asia Pacific region. This is in line with descriptions of Gupta and Govindarajan (2001), Haas (2006), and Maznevski and Chudoba (2000) regarding the composition of Transnational Team. The task of this team is to work on the respective Improvement Project by brainstorming and setting up the improvement strategy for RSC approval, as well as implementing it, which according to Hambrick, et al. (1998) can be classified as creative and coordinative tasks of Transnational Team. Regarding location,



the members of the Improvement Project Team are working and residing in the host countries of their business units. This is in line with Chevrier (2003) description about location of Transnational Team. In one word, the Improvement Project team can be categorized as the Transnational Team type mentioned in the part 2.5 of literature review (Davison, et al., 1996; Earley & Gibson, 2002; Earley & Mosakowski, 2000; Gupta & Govindarajan, 2001; Haas, 2006; Hambrick, et al., 1998; Lagerström & Andersson, 2003; Montoya-Weiss, et al., 2001; Subramaniam & Venkatraman, 2001).

6.1.2. RSC – Confronting With the Conceptual Model of TTMT

When reviewing the method of team formation in this case, it was obvious that it is the CEO of AAP regional HQ who came up with the idea of establishing the RSC and called in other team members. This initial role of the CEO of AAP as a team leader can be related to what Davison, et al. (1996) and Townsend, et al. (1998) define as an *advocate* in Transnational Team and GVT. Besides, this method of team formation is also inline with what Davison, et al. (1996) describes as *top-down method* of team establishment. Moreover, the fact that the CEO of AAP was inspired by the Europe Business Steering Committee is an example of how the intra-organizational management and governance practices are spread throughout the company via informal personal networks.

The investigation also showed that the *motive* of establishing the RSC came from the need to support the expanding business volume and to meet the higher expectation of customers. Therefore, the *purpose* of RSC establishment was to develop a common and consistent business process for all regional subsidiaries within the Asia Pacific area, and by that, to increase quality of service, and efficiency of business operations, as well as regional integration of different subsidiaries. This purpose of team formation can be related to the description by Davison, et al. (1996), when the team is established in order to help the company to achieve global efficiency to develop regional or worldwide strategies and standardized operations.

However, as the interviewee revealed, one additional fundamental motive for the establishment of the RSC together with five Improvement Project Teams was “*to secure consensus to drive these improvements across the region*”. This stresses the fact that the lack of consensus and subsidiary involvement in decision making was a major problem, causing dissatisfaction and probably inconsistent implementation of top down decisions across the region. Therefore, an important conscious motive behind establishing RSC was to increase



consensus in decision making, and thereby decrease the possible resistance from subsidiaries. This is quite a remarkable step, when thinking about the fact that the original problem AAP was facing was increasing complexity in business processes. Instead of increasing the centralization of the decision-making process, and imposing the implementation of those decisions on subsidiaries in an even more strict way, the actual solution was to include actors from different hierarchical levels and increase subsidiary involvement in decision making, acknowledging the need for consensus. Throughout this process of seeking and establishing consensus, the CEO of AAP participates in the team discussion and guides the discussion inline with team purpose, therefore his role can be identified as an *integrator* as described by Davison, et al. (1996).

The major motive of seeking consensus is also reflected in the *team composition*. As illustrated in Figure 5, members of RSC represent three levels of corporate hierarchy from different business units: Vice President from the corporate head office, top managers from the regional Asia Pacific headquarter, and subsidiary managing director in Asia Pacific region. One can argue that this team composition to some degree undermines the traditional reporting structure, and creates a system where organizations are managed through the combination of both traditional vertical reporting structure and cross-hierarchical teams like the RSC. Besides, the *composition* of the RSC clearly illustrates both transnational and management characters of TTMT, as all team members are top managers from subsidiary-, regional- and corporate level. This team composition strongly distinguishes RSC from the composition of Transnational Team or GVT discussed by Davison, et al. (1996), Gupta and Govindarajan (2001), Haas (2006), Hambrick, et al. (1998), and Maznevski and Chudoba (2000), since this specific team composition gives RSC the power to make final decisions over regional strategic projects.

Making these decisions is the major part of the RSC *task*. Derived from the team's purpose of developing a common and consistent business process across the region, the team's tasks are to identify major issues in regional business processes, to approve Improvement Projects based on consensus of RSC discussion, and to allocate resources for project implementation if necessary. In short, the task of the RSC is to steer and coordinate, and to be the mediator for five Improvement Project Teams. It shall be noted that this task can not be related to what is described by Hambrick, et al. (1998), as creative, computational or coordinative tasks of Transnational Teams. Instead, the task of RSC, which gives it the power to approve, to



allocate resources or discard Improvement Projects, lifts the RSC to the higher level of Transnational Team – that is the Transnational Top Management Team.

Besides the membership of RSC with the abovementioned task, each RSC team member has the primary role as the head of his own business unit. It implies that members of RSC are working in the countries where their business units are located. This way of *team location* is not different from the location characteristic of Transnational Teams or GVT described in earlier researches (e.g. Davison, et al., 1996; Chevrier, 2003). The RSC member location also explains *the means of communication* that the team applies. The RSC has three face-to-face meetings annually. Otherwise the main communication is conducted through monthly conference-call meetings. This characteristic of RSC is very similar to the means of communication of Transnational Teams and GVTs as described by Davison, et al. (1996), Gupta and Govindarajan (2001), Maznevski and Chudoba (2000), and Townsend, et al. (1998).

6.1.3. Revising the Conceptual Framework of TTMT

When confronting the empirical data with the conceptual framework in chapter 3, it became obvious that some determination factors of TTMT, in this case RSC, are very similar to what has been described in previous researches about Transnational Team and GVT in business. In fact, all three types of teams, TTMT, Transnational Team and GVT, share key characteristics as described by Chevrier (2003), Davison, et al. (1996), Earley and Mosakowski (2000), Gupta and Govindarajan (2001), Haas (2006), Hambrick, et al. (1998), Jarvenpaa and Leidner (1998), Jarvenpaa, et al. (1998), Maznevski and Chudoba (2000), and Townsend, et al. (1998), with regard to the following factors: *the motives and purpose of team establishment, the role of team leader, team location, and means of communications*. Consequently, it can be concluded that the key characteristics described by previous researches as stated in chapter 3 regarding these determinant factors are common for teams in business with *transnational* characteristic.

Furthermore, it became evident that the description of two following determinant factors distinguishes TTMT from the Transnational Team and GVT: *team composition* and *team task*. When defining *team composition* of Transnational Team and GVT, earlier researches focused on national heterogeneity, difference in culture, functions and location, thus only reflected the *transnational* aspect of the team. However, as the empirical case revealed, it is the *top management* positions of the RSC team members that gives the RSC the power to approve or

discard proposed strategies from Improvement Project Teams. Consequently, it can be concluded that what lifts Transnational Team to the *transnational top management* level is the *top management* position of team members. Taking one step further, it became clear that the task of a TTMT, in this case RSC, which is to make decisions on global or regional scale, also clearly distinguishes RSC as a Transnational Team on *top management* level. As a matter of fact, one can notice that these two determinant factors of TTMT inter-define each other: as the team comprises of top managers from different units of the company, it provides the team with decision power on global or regional scale. And the other way around – since the task of the team is to make decisions on global or regional scale, the team must consist of top managers from different units of the company, who have decision power on local or global scale.

6.1.4. Conclusion about the conceptualization of TTMT

Overall, this case study of RSC, which highlights the importance of team composition and team task as determination factors, adds a whole new dimension to the characterization of transnational top management teams and justifies the establishment of the proposed new concept of TTMT. Therefore, based on all above-discussed aspects of what makes a team a TTMT in business, I propose *a definition of Transnational Top Management Team* in multinational companies as a team that (a) consists of top managers/heads of different business units of the company such as corporate headquarter, regional headquarters, and subsidiaries, (b) has decision power over strategic issues that play substantial role to the company's performance on regional or global scale, (c) whose team members reside and work in different countries where their business units are located, and (d) interact through face-to-face meetings and technology-supported communication.

6.2. Analysis of Subsidiary Power in the context of TTMT

The empirical investigation revealed that the major changes occurred with subsidiary *participatory power* over regional strategic issues. If before RSC establishment, these issues beyond subsidiary authority required approval from regional headquarter, nowadays it is handled by the RSC and Improvement Project Teams with participation of subsidiary-members. Instead of deciding upon these strategic issues without subsidiary's inputs, the RSC provided opportunity for subsidiaries-members to participate in the regional strategic process of identifying prioritized issues, discussing and approving Improvement Projects based on consensus. Thus, as the empirical data revealed, with subsidiary managing director being RSC



member it provided subsidiaries with the chance to participate in regional strategic issues. Consequently, it is reasonable to view TTMT as a mean for subsidiaries to increase their corporate embeddedness. Corporate embeddedness, as defined by Forsgren, et al. (2005), is the degree of a subsidiary's involvement in the functional system of the MNC. The finding of this study suggesting that subsidiary's participation in TTMT increases its participatory power in corporate strategic issues supports the findings of previous studies of Anderson and Pahlberg (1997), Kallinikos (1984) and Forsgren, et al. (2005).

Referring back to Figure 7, one can notice that since RSC was established, the decisions below certain financial value limit remain under subsidiary authority. Consequently, it can be concluded that the subsidiary *autonomy* was not affected by the establishment of RSC and subsidiary manager's participation in RSC. However, it is worth noticing that the range of activities of subsidiaries is narrow and only related to the sales and distribution, thereby limiting the scope of subsidiary autonomy. This finding is somewhat different from previous researches. Previous research has indicated that increasing subsidiary integration typically leads to a loss of subsidiary autonomy and an increase in subsidiary participatory power in corporate strategic decisions. Edwards, et al. (2002) found out that the more integrated the subsidiary in the operations of the multinational corporation, the less the subsidiary's autonomy. However, in this case, the increase of subsidiary integration through the participating in RSC only led to increased participatory power and had little effect on autonomy, at least according to the interviewee. One possible explanation for the little change in subsidiary autonomy lies in the fact that the subsidiary autonomy as such is already limited. Therefore the increase of subsidiary integration through its participation in RSC only led to increased participatory power over regional strategic issues and had little effect on autonomy. Another fact that can possibly explain this unchanged subsidiary autonomy and increased subsidiary participatory power is the scope of subsidiary integration into the regional system defined through team task. As the empirical data revealed, the task of RSC and Improvement Project Team are aimed at handling issues outside of subsidiary authority. Consequently, one can conclude that if the subsidiary's integration into corporate global or regional operations is related to the issues that do not overlap with the issues fully authorized to the subsidiary decision, then this integration will not affect subsidiary autonomy. Nevertheless, it is important to keep in mind that the presence of a high-level representative from the corporate HQ in the RSC might give the HQ a tool to more closely and directly monitor the subsidiaries. This may not have a permanent or obvious impact on subsidiary autonomy, but it



may enable corporate HQ to influence subsidiaries in implicit ways more than before RSC establishment, if found necessary by the corporate management.

6.3. Summary and Implications

The analysis of empirical data has shown that teams in business with transnational characteristics have common description regarding four determinant factors: the motives and purpose of team establishment, the role of team leader, team location, and means of communications. Through the case study, it also became evident that the description of two determinant factors, team composition and team task, distinguishes a TTMT from Transnational Team and GVT, and thus justifies the formulation of TTMT concept.

When investigating subsidiary power in the context of its membership in a team, in this case TTMT, it is necessary to examine each aspect of power: subsidiary autonomy and subsidiary participatory power in strategic issues. How different aspects of subsidiary power are affected and towards which direction, when the subsidiary is involved more in the corporate functional system, may depend on the scope of corporate embeddedness defined by team task. If the scope of corporate embeddedness only covers the issues that are outside subsidiary authority in the first place, the empirical data suggests a tendency that subsidiary autonomy remains unchanged.

Apart from the conceptualization of TTMT and the investigation of subsidiary power in the context of TTMT, the analysis has revealed other issues that deserve special attention.

Firstly, as the empirical investigation showed, transnational teams, whether it is on the lower level or on top management level, serve as the mean for subsidiaries to increase their involvement into the corporate functional system. Although being member of only the Improvement Project Team does not give the smaller subsidiaries the finalizing power to discard or approve each project proposal, the Improvement Project Team still serves as a platform for them to deliver important input in regional strategies. Therefore, the role of these project teams should not be underestimated.

Secondly, the composition of teams at both levels in this case shows that the importance of consensus and the involvement of all the actors in building regional strategies and plans are largely acknowledged by the top management of the AAP region. However, one should keep in mind that it is the CEO of AAP who decides which subsidiary is eligible to become a member of TTMT. This implies that transnational teams in general can be seen as a tool for



corporate headquarters and regional headquarters to regulate both aspects of power of different subsidiaries by allowing them to participate in transnational teams at different levels (i.e. Transnational Top Management Team, or transnational project team), and by defining the task and scope of authority for each level of transnational team. In particular, this two-level character of transnational team structure as illustrated by empirical data allows companies to regulate the power and autonomy of different subsidiaries in more flexible and diverse ways. Besides, transnational teams, especially Transnational Top Management Teams, can be considered as a tool for companies to increase subsidiary commitment and understanding by letting their voice and opinions to be heard when formulating strategies and plans on regional or global scale.

All in all, the establishment of consensus throughout different levels of management in the company, along with the bridging of hierarchies reflected through RSC composition, and the two-level team structure – all together form a new system of company management in parallel to the traditional vertical reporting structure. This has huge potential implications. Remembering that the initial motive for team establishment was that complexities of doing business were increasing in the region, one can ask several general questions. In a globalizing business world, complexities are increasing everywhere, so will all businesses eventually react to this development in the way that Alpha Corporation did? Will increasing complexities generally lead to increasing subsidiary empowerment and to more flat and less hierarchical company structures? The fact that this TTMT model was applied in Alpha Europe region since 2001 and was spread to Asia Pacific region of the company in 2009 might give a hint that we are witnessing a trend of company management where cross-hierarchical structure is gaining preference in the growing complexities of international business. Moreover, this trend questions and seems to undermine the role of the traditional vertical hierarchies. Overall, this phenomenon has the potential to over time fundamentally change the way that MNCs are managed.



7. CONCLUSION

The purpose of this chapter is to draw final conclusions, mentioning the contribution as well as managerial implications of this research. Finally, some limitations of the study are discussed, and several suggestions for further studies are proposed.

7.1. Contribution

Firstly, this thesis has provided a comprehensive overview of business team types described in the existing literature. This extensive review of existing literature about teams in business combined with an empirical investigation revealed that business teams with *transnational* characteristics share common descriptions with regards to the following team determination factors: *the motives and purpose of team establishment, the role of the team leader, team location, and means of communications*. Furthermore, it was evident that the description of the two following determinant factors distinguishes Transnational Top Management Team from the Transnational Team and Global Virtual Team: *team composition* and *team task*. These findings together facilitated the development of the proposed conceptual framework of Transnational Top Management Team towards the definition of Transnational Top Management Team.

Secondly, by investigating subsidiary power in the context of Transnational Top Management Team, this thesis has contributed an approach of seeing teams, especially Transnational Top Management Teams, as a mean through which a subsidiary increases its involvement into the functional system of the company, and thereby increases its corporate embeddedness. However, the way that each aspect of subsidiary power is affected depends on which level of transnational team the subsidiary becomes a member: Transnational Top Management Team or transnational project team. Besides, it also depends on the scope of corporate embeddedness defined through team task.

Apart from being a means for subsidiaries to increase their corporate embeddedness, transnational teams, including TTMT and transnational team at lower level, can also be viewed as a tool for headquarters to regulate both aspects of power of different subsidiaries by allowing them to participate in teams at different levels. Thereby, headquarters can control how much they empower different subsidiaries. Moreover, by letting subsidiaries participate in regional strategy formation via transnational teams at different levels, the headquarters may



increase the commitment of the subsidiaries and their understanding of the corporate business goal.

However, this two-level team configuration with the focus on subsidiary involvement and consensus implies that, in addition to the traditional vertical reporting structure, another system of management is established across the company. This new management system, derived from the growing complexities of international business, is increasingly applying cross-hierarchical team structure and tends to shift away from the traditional vertical hierarchy. This phenomenon might give a hint that the way MNCs are managed will gradually change over time.

7.2. Limitations of the Study

Regarding the proposed conceptual framework and theoretical concept of TTMT, one limitation of this study lies in the fact that I did not have opportunity to test these results on new empirical case studies.

When investigating subsidiary power via its membership of TTMT, only one of the two subsidiary managing directors agreed to participate in the interview. As such, this eliminates the possibility to compare the opinions of two different TTMT members, or to compare that of subsidiary-members at two different levels: TTMT and transnational team.

As described earlier, this is a case where the subsidiary already has low authority, therefore the changes in subsidiary authority and autonomous power when it joins TTMT might not be significant. It would be more interesting to investigate how subsidiary autonomous power is affected in a case where TTMT is established in order to control and standardize the subsidiary-authorized activities.

The findings of this study regarding how TTMT membership affects subsidiary power are also limited by the fact that subsidiary power and influence is likely to also depend on the management ability of the subsidiary's managing director and his personal network within the firm, which is not directly related to or dependent on team membership.

7.3. Suggestions for Future Researches

As the proposed theoretical concept of Transnational Top Management Team in this study was based on the investigation of a single case, I suggest that more case studies shall be conducted in order to look for additional evidence of such type of team in business and to confirm the proposed team concept.



When it comes to investigating subsidiary power in the context of its TTMT membership, future researches shall consider possibilities to conduct investigations with more variety of cases and interview participants, such as: two or more subsidiary-members of the same TTMT, comparing TTMT subsidiary-members with non-members, comparing subsidiary-members of TTMT and that of transnational project team at lower level, and cross-case study between two or more TTMTs. Besides, as this thesis chose to investigate subsidiary power from subsidiary's point of view, future researches can focus on examining subsidiary power in the context of TTMTs from HQ' point of view. Furthermore, observation shall also be considered as an important data collection method if there is a possibility of access to TTMT meetings.

Last but not least, further studies shall be conducted to investigate the possible correlation between the increasing complexity of doing business in international environments and growing subsidiary empowerment along with flattening hierarchical structures of MNCs where such team configurations as described in this study are applied.



Appendix 1

Table 1: Searched Journals and Available Years

Searched Journals	Years available
Academy of Management Perspectives	1987-2009
Academy of Management Executive	1987-2009
Academy of Management Journal	1958-2010
Academy of Management Review	1976-2010
Administrative Science Quarterly	1956-2009
Communications of the ACM	1965-2010
Entrepreneurship: Theory & Practice	1976-2010
European Management Journal	1982-2010
Group & Organization Management	1976-2010
Harvard Business Review	1922-2010
HRMagazine	1994-2010
Human Relation	1947-2010
Human Resource Management	1961-2010
International Business Review	1993-2009
International Journal of Management Reviews	1999-2010
International Journal of Project Management	1983-2010
International Studies of Management and Organization	1971-2010
Journal of International Business Studies	1970-2010
Journal of International Management	1998-2010
Journal of Management	1975-2010
Journal of Management Information Systems	1984-2009
Journal of Management Studies	1964-2010



Journal of Organizational Behavior	1988-2009
Journal of Production Innovation Management	1984-2010
Journal of Strategic Information Systems	1991-2010
Journal of World Business	1965-2010
MIT Sloan Management Review	1960-2010
Organizational Dynamics	1972-2009
Organization Science	1990-2010
Organization Studies	1980-2010
Research in Organizational Behavior	2000-2009
Strategic Management Journal	1980-2010
The Leadership Quarterly	1996-2010



Table 2: Literature search result for Top Management Team

Journal	Author
The Academy of Management Journal	<p>Amason A. C. 1996. Distinguishing the Effects of Functional and Dysfunctional Conflict on Strategic Decision Making: Resolving a Paradox for Top Management Teams</p> <p>Barrick M.R., Bradley B.H., Kristof-Brown A.L. & Colbert A.E. 2007. The moderating role of top management team interdependence: implications for real team and working groups</p> <p>Cannella JR., Alberta A., Park J.H. & Lee H.U. 2008. Top management team functional background diversity and firm performance: examining the roles of team member collocation and environmental uncertainty</p> <p>Carpenter M.A. & Fredrickson J.W. 2001. Top Management Teams, Global Strategic Posture, and the Moderating Role of Uncertainty</p> <p>Colbert A. E., Kristof-Brown A.L., Bradley B.H. & Barrick M. R. 2008. CEO Transformational leadership: the role of goal importance congruence in top management teams</p> <p>Collins C.J. & Clark K.D. 2003. Strategic human resource practices, top management team social networks, and firm performance: the role of human resource practices in creating organizational competitive advantage</p> <p>Finkelstein, S. 1992. Power in top management teams: Dimensions, measurement, and validation.</p> <p>Haleblian J. & Finkelstein S. 1993. Top Management Team Size, CEO Dominance, and Firm Performance: The Moderating Roles of Environmental Turbulence and Discretion</p> <p>Kroll M., Walters B.A. & Son A.L. 2007. The impact of Board composition and top management team ownership structure on post-ipo performance in young entrepreneurial firms.</p> <p>Michel J. & Hambrick D.C. 1992. Diversification Posture and Top Management Team Characteristics</p> <p>Simons T., Pelled L.H. & Smith K.A. 1999. Making Use of Difference: Diversity, Debate, and Decision</p>

	<p>Comprehensiveness in Top Management Teams</p> <p>Simsek S., Veiga J.F., Lubatkin M.H. & Dino R. N. 2005. Modeling the multilevel determinants of top management team behavioral integration.</p> <p>Sutcliffe K.M. 1994. What Executives Notice: Accurate Perceptions in Top Management Teams</p> <p>Thomas J.A. & McDaniel Jr. R. R. 1990. Interpreting strategic issues: effects of strategy and the information-processing structure of top management teams.</p> <p>Wiersema M.F. & Bantel K.A. 1992. Top Management Team Demography and Corporate Strategic Change</p>
Journal of Management	<p>Amason, A. C, & Sapienza, H. 1997. The effects of top management team size and interaction norms on cognitive and affective conflict.</p> <p>Carpenter M.A., Geletkanycz M.A. & Sanders Wm. G. 2004. Upper Echelons Research Revisited: Antecedents, Elements, and Consequences of Top Management Team Composition.</p> <p>Carpenter M.A. & Sanders Wm. G. 2004. The Effects of Top Management Team Pay and Firm Internationalization on MNC Performance.</p> <p>Isabella L. A. & Waddock S.A. 1994. Top Management Team Capacity: Environmental Assessments, Teamwork, and Performance Implications.</p> <p>Lubatkin M. H., Simsek Z., Yan L. & Veiga J.F. 2006. Ambidexterity and Performance in Small- to Medium-Sized Firms: The Pivotal Role of Top Management Team Behavioral Integration.</p> <p>Priem R.L., Lyon D.W. & Dess G.G. 1999. Inherent Limitations of Demographic Proxies in Top Management Team Heterogeneity Research.</p> <p>Tihany L., Ellstrand A.E., Daily C.M. & Dalton D. R. 2000. Composition of the Top Management Team and Firm International Diversification.</p>
Journal of Management Studies	<p>Certo S.T., Lester R.H., Dalton C.M. & Dalton D.R. 2006. Top Management Teams, Strategy and Financial Performance: A Meta-Analytic Examination</p> <p>Chen G., Tjosvold D. & Liu C. 2006. Cooperative Goals,</p>

	<p>Leader People and Productivity Values: Their Contribution to Top Management Teams in China</p> <p>Lee H.U. & Park J.H. 2008. The Influence of Top Management Team International Exposure on International Alliance Formation</p> <p>Minichilli A., Corbetta G. & MacMillan I.C. 2010. Top Management Teams in Family-Controlled Companies: 'Familianness', 'Faultlines', and Their Impact on Financial Performance</p> <p>Yoo J.W., Reed R., Shin S.J. & Lemak D.J. 2009. Strategic Choice and Performance in Late Movers: Influence of the Top Management Team's External Ties</p>
Administrative Science Quarterly	<p>Barsade S.G., Ward J. A., Turner J.D.F. & Sonnenfeld J. A. 2000. To Your Heart's Content: A Model of Affective Diversity in Top Management Teams.</p> <p>Finkelstein S. & Hambrick D. C. 1990. Top-Management-Team Tenure and Organizational Outcomes: The Moderating Role of Managerial Discretion.</p> <p>Hambrick D.C, Cho T.S. & Ming-Jer C. 1996. The Influence of Top Management Team Heterogeneity on Firms' Competitive Moves.</p> <p>Hambrick D.C. 1981. Environment, Strategy, and Power Within Top Management Teams.</p> <p>Smith, K.G., Smith K.A., Sims Jr. H.P., O'Bannon D.P., Scully J.A. & Olian J.D. 1994. Top Management Team Demography and Process: The Role of Social Integration and Communication</p>
The Leadership Quarterly	<p>Carmeli A. & Halevi M.Y. 2009. How top management team behavioral integration and behavioral complexity enable organizational ambidexterity: The moderating role of contextual ambidexterity.</p> <p>Carmeli A. & Schaubroeck J. 2006. Top management team behavioral integration, decision quality, and organizational decline.</p> <p>De Hoogh A.H.B. & Den Hartog D.N. 2008. Ethical and despotic leadership, relationships with leader's social responsibility, top management team effectiveness and subordinates' optimism: A multi-method study.</p>

	<p>Edmondson A.C. Roberto M.A. & Watkins M.D. 2003. A dynamic model of top management team effectiveness: managing unstructured task streams.</p> <p>Elron, E. 1997. Top management teams within multinational corporations: Effects of cultural heterogeneity</p> <p>Ensley M.D., Hmieleski K.M. & Pearce C.L. 2006. The importance of vertical and shared leadership within new venture top management teams: Implications for the performance of startups.</p>
Journal of Organizational Behavior	<p>Ensley M.D. & Pearce C.L. 2001. Shared Cognition in Top Management Teams: Implications for New Venture Performance</p>
Entrepreneurship Theory and Practice	<p>Ensley M.D & Pearson A.W. 2005. An Exploratory Comparison of the Behavioral Dynamics of Top Management Teams in Family and Nonfamily New Ventures: Cohesion, Conflict, Potency, and Consensus</p> <p>Nordqvist M. 2005. Familiness in Top Management Teams: Commentary on Ensley and Pearson’s “An Exploratory Comparison of the Behavioral Dynamics of Top Management Teams in Family and Nonfamily New Ventures: Cohesion, Conflict, Potency, and Consensus”</p> <p>Zimmerman M.A. 2008. The Influence of Top Management Team Heterogeneity on the Capital Raised through an Initial Public Offering</p>
European Management Journal	<p>Glunk, M. Heijltjes, R. Olie. 2001. Design characteristics and functioning of top management teams in Europe.</p> <p>Greve P., Nielsen S. & Ruigrok W. 2009. Transcending borders with international top management teams: A study of European financial multinational corporations</p> <p>Heijltjes M., Olie R. & Glunk U. 2003. Internationalization of Top Management Teams in Europe</p>
Strategic Management Journal	<p>Bantel K.A. & Jackson S.E. 1989. Top management and innovations in banking: Does the composition of the top team make a difference?</p> <p>Barkema H. & Shvyrkov O. 2007. Does top management team diversity promote or hamper foreign expansion?</p> <p>Hambrick, D. C. 1981. Strategic awareness within top</p>

	<p>management teams.</p> <p>Hurst D.K., Rush J.C. & White R.E. 1989. Top management teams and organizational renewal</p> <p>Iaquinto A.L. & Fredrickson J.W. 1997. Top management team agreement about the strategic decision process: a test of some of its determinants and consequences.</p> <p>Knight D., Pearce C.L., Smith K.G., Olian J.D., Sims H.P., Smith K.A., Flood P. 1999. Top Management Team Diversity, Group Process, and Strategic Consensus.</p> <p>Kor Y.Y. 2006. Direct and interaction effects of top management team and board compositions on R&D investment strategy</p> <p>Marcel J.J. 2009. Why top management team characteristics matter when employing a chief operating officer: a strategic contingency perspective</p> <p>Murray, A. I. 1989. Top management group heterogeneity and firm performance.</p> <p>Priem R.L. 1990. Top management team group factors, consensus, and firm performance</p> <p>West Jr. C.T. & Schwenk C.R. 1996. Top management team strategic consensus, demographic homogeneity and firm performance: a report of resounding nonfindings</p> <p>Wright P., Kroll M., Krug J.A. & Pettus M. 2007. Influences of top management team incentives on firm risk taking</p>
Organization Science	<p>Keck S.L. 1997. Top Management Team Structure: Differential Effects by Environmental Context.</p> <p>Pitcher P. & Smith A.D. 2001. Top Management Team Heterogeneity: Personality, Power, and Proxies.</p> <p>Kilduff M., Angelmar R. & Mehra A. 2000. Top Management Team Diversity and Firm Performance: Examining the Role of Cognitions</p>
Harvard Business Review	<p>Katzenbach J.R. 1997. The myth of the Top Management Team</p>
Journal of International Management	<p>Geringer J.M., Frayne C.A & Olsen D. 1998. Rewarding growth or profit?: Top management team compensation and governance in Japanese MNEs</p>

Journal of International Business Studies	Athanassiou N. & Nigh D. 2000. Internationalization, Tacit Knowledge and the Top Management Teams of MNCs Reuber A.R. & Fischer E. 1997. The Influence of the Management Team's International Experience on the Internationalization Behaviors of SMEs
International Journal of Management Reviews	Lohrke F.T., Bedeian A.G. & Palmer T.B. 2004. The role of top management teams in formulating and implementing turnaround strategies: a review and research agenda
Human Resources Management	Martell K. & Carroll S.J. 1995. Which Executive Human Resource Management Practices for the Top Management Team Are Associated with Higher Firm Performance?

Table 3: Literature search result for International Joint Venture Management Team

Journal	Authors
Human Relation	Brannen, M. Y., & Salk, J. E. 2000. Partnering across borders: Negotiating organizational culture in a German-Japanese joint venture.
Strategic Management Journal	Hambrick, Li, Xin & Tsui. 2001. Compositional Gaps and Downward Spirals in International Joint Venture Management Groups.
Sloan School of Management	Salk J.E. 1992. International Shared Management Joint Ventures: Their Developmental Patterns. Challenges and Possibilities. Ph.D. dissertation , Massachusetts Institute of Technology, 1992.
International Studies of Management and Organization	Salk J. E. 1996. Partners and other strangers: Cultural boundaries and cross-cultural encounters in international joint venture teams.
The Academy of Management Journal	Salk & Brannen. 2000. National Culture, Networks, and Individual Influence in a Multinational Management Team

Table 4: Literature search result for Management Team of Business Units

Journal	Authors
The Academy of Management Journal	<p>Bunderson S. 2003. Team Member Functional Background and Involvement in Management Teams: Direct Effects and the Moderating Role of Power Centralization.</p> <p>Bunderson & Sutcliffe. 2002. Comparing Alternative Conceptualizations of Functional Diversity in Management Teams: Process and Performance Effects</p>

Table 5: Literature search result for Global Virtual Team

Journals	Authors
Group & Organization Management	Bell, B. S., & Kozlowski, S. W. J. 2002. A typology of virtual teams: Implications for effective leadership
Organization Science	<p>Maznevski M.L. & Chudoba K. M. 2000. Bridging Space Over Time: Global Virtual Team Dynamics and Effectiveness</p> <p>Fiol C.M. & O'Connor E.J. 2005. Identification in Face-to-Face, Hybrid, and Pure Virtual Teams: Untangling the Contradictions</p> <p>Jarvenpaa, S. L, D. E. Leidner. 1998. Communication and trust in global virtual teams</p>
Research in Organizational Behavior	Griffith, T. L., M. A. Neale. 2001. Information processing in traditional, hybrid, and virtual teams: From nascent knowledge to transactive memory
Journal of Management Information Systems	<p>Jarvenpaa, S., Knoll, K., & Leidner, D. 1998. Is anybody out there? Antecedents of trust in global virtual teams</p> <p>Kayworth, T. R., D. E. Leidner. 2002. Leadership effectiveness in global virtual teams</p> <p>Kankanhalli A., Tan B. C. Y. & Kwok-Kee W. 2006. Conflict and Performance in Global Virtual Teams</p> <p>Paul S., Samarah I.M., Seetharaman P. & Mykytyn Jr.P. P. 2004. An Empirical Investigation of Collaborative Conflict Management Style in Group Support System-Based Global Virtual Teams</p>

	<p>Pauleen D.J. 2003. An Inductively Derived Model of Leader-Initiated Relationship Building with Virtual Team Members.</p> <p>Robert Jr., Lionel P.; Dennis, Alan R.; Hung, Yu-Ting Caisy. 2009. Individual Swift Trust and Knowledge-Based Trust in Face-to-Face and Virtual Team Members</p>
Journal of Strategic Information Systems	Kanawattanachai, P., Y. Yoo. 2002. Dynamic nature of trust in virtual teams
Academy of Management Executive	<p>Furst S. A., Reeves M., Rosen B. & Blackburn R. S. 2004. Managing the life cycle of virtual teams</p> <p>Kirkman, B. L., Rosen, B., Gibson, C. B., Tesluk, P. E., & McPherson, S. O. 2002. Five challenges to virtual team success: Lessons from Sabre, Inc</p> <p>Townsend, A., DeMarie, S., & Hendrickson, A. 1998. Virtual teams: Technology and the workplace of the future.</p>
The Academy of Management Journal	<p>Kirkman B.L., Rosen B., Tesluk P. E. & Gibson C.B. 2004. The Impact of Team Empowerment on Virtual Team Performance: The Moderating Role of Face-to-Face Interaction</p> <p>Montoya-Weiss M. M., Massey A.P. & Song M. 2001. Getting It Together: Temporal Coordination and Conflict Management in Global Virtual Teams</p>
HRMagazine	Townsend, A. M., S. M. DeMarie, A. R. Hendrickson. 1996. Are you ready for virtual teams?
Human Resources Management	<p>Brandl J & Neyer A.K. 2009. Applying cognitive adjustment theory to cross-cultural training for global virtual team</p> <p>Rosen B., Furst S. & Blackburn R. 2006. Training for virtual teams: an investigation of current practices and future needs</p>
International Journal of Project Management	<p>Lee-Kelley L. 2006. Locus of control and attitudes to working in virtual teams</p> <p>Lee-Kelley L. & Sankey T. 2008. Global virtual teams for value creation and project success: A case study</p> <p>Lee M.R. 2008. E-ethical leadership for virtual project</p>



	teams
Journal of International Management	Van Ryssen S. & Godar S. H. 2000. Going international without going international: multinational virtual teams.
Communications of the ACM	Panteli N. & Tucker R. 2009. Power and Trust in Global Virtual Teams Dubé L. & Paré G. 2001. Global virtual teams
Journal of Production Innovation Management	E. McDonough, K. B. Kahn, and G. Barczak. 2001. An investigation of the use of global, virtual, and co-located new product development teams.
IEEE Transactions on Professional Communication and STC's Technical Communication	D. Robey, H. M. Khoo, and C. Powers. 2000. Situated learning in cross-functional virtual teams.
Academy of Management Perspectives	Malhotra, A., Majchrzak, A., & Rosen, B. 2007. Leading virtual teams.

Table 6: Literature search result for Transnational/Multinational Team

Journals	Authors
Journal of World Business	Chevrier S. 2003. Cross-cultural management in multinational project groups Goodall K. & Roberts J. 2003. Only connect: teamwork in the multinational Joshi A., Labianca G. & Caligiuri P.M. 2002. Getting along long distance: understanding conflict in a multinational team through network analysis. Lagerström K. & Andersson M. 2003. Creating and sharing knowledge within a transnational team—the development of a global business system. Lunnan R. & Barth T. 2003. Managing the exploration vs. exploitation dilemma in transnational “bridging teams” Schweiger, Atamer T. & Calori R. 2003. Transnational project teams and networks: making the multinational organization more effective
Journal of Organizational	Shapiro D.L., Furst S.A., Spreitzer G.M. & Von

Behavior	Glinow M.A. 2002. Transnational Teams in the Electronic Age: Are Team Identity and High Performance at Risk?
Organizational Dynamics	Davison, Hambrick, Snell & Snow. 1996. Use Transnational Teams to Globalize Your Company
The Academy of Management Journal	Earley & Mosakowski. 2000. Creating Hybrid Team Cultures: An Empirical Test of Transnational Team Functioning Watson & Kumar & Michaelson. 1993. Cultural diversity's impact on interaction process and performance: comparing homogeneous and diverse task groups
Academy of Management Best Conference Paper 2005	Haas M.R. 2005. Cosmopolitans and locals: knowledge gathering and project quality in transnational teams
The Academy of Management Review	Von Glinow M.A., Shapiro D.L. & Brett J.M. 2004. Can We Talk, and Should We? Managing Emotional Conflict in Multicultural Teams
MIT Sloan Management Review	Gupta, A. K. & Govindarajan, V. 2001. Building an effective global business team.
Organization Science	Haas M. 2006. Acquiring and Applying Knowledge in Transnational Teams
Organization Studies	Hambrick, Davison, Snell & Snow. 1998. When Groups Consist of Multiple Nationalities: Towards a New Understanding of the implications.
International Journal of Project Management	Schneider A. 1995. Project management in international teams: instruments for improving cooperation
Human Resource Management	Snell S. A., Snow C. C., Davison S. C. & Hambrick, D. C. 1998. Designing and supporting transnational teams: The human resource agenda Maznevski M.L. & DiStefano J.J. 2000. Global leaders are team players: developing global leaders through membership on global teams
International Business Review	Adenfelt M. & Lagerström K. 2006. Knowledge development and sharing in multinational corporations: The case of a centre of excellence and a transnational team
Journal of International Business Studies	Stahl G. K., Maznevski M.L., Voigt A. & Jonsen K. 2010. Unraveling the effects of cultural diversity in teams: A meta-analysis of research on multicultural work groups



Appendix 2

Interview guide part 1: exploring the structure and functions of TTMT

1. What do you think were the reasons and motives behind establishing RSC? Where did the idea come from? Who initiated the idea of establishment such a team?

Please describe the process of how was RSC established?

Did all of the RSC members get involved in the process of discussing how to establish RSC? Or was it a decision from top down?

2. What is the purpose of establishing RSC?
3. Why do you think the managing directors of subsidiaries were chosen to be members of RSC? On what ground? What are the criteria to become a member?
4. What is discussed in RSC? What is the task of RSC? Who defines the task?
5. How were these issues handled before establishment of RSC?
6. How often does RSC meet face-to-face? Please describe other means of communication that RSC applies.
7. Does RSC have to comply with any direct instructions/guidance/requirement from Japanese Headquarter? Does RSC have to get the approval from Japanese Headquarter for each project? Or RSC is fully authorized to make decisions on regional projects?
8. Who comes up with the project suggestions? Or how is a project generated? Based on feedback from subsidiaries? Based on what? Some examples with brief descriptions
9. Please briefly describe the project that you are in charge
10. How are the projects discussed: only through official RSC meeting or also through everyday communication between RSC members and CEO of AAP?
11. How the tasks and authority of decision are divided between the team members?
Answered
12. Who has the final word in approving/deciding to launch a RSC project?
13. How is the success of the RSC project measured?
14. Is this RSC structure applied anywhere else in other Alpha regions?
15. What do you think is the role of the Vice President from S Corp in RSC? What is his function?
16. Do you have anything to add?



Interview guide part 2: Investigating Subsidiary power

(1) Subsidiary Independence/autonomy:

How would you describe your independence/authority in decision about these 5 issues **in your subsidiary** has been **changed** since this RSC was established, and the 5 projects are launched? Can you please give an example to compare the situation Before and After joining RSC? How do you experience the difference between the way these issues are handled now with the involvement of RSC and Project Team, and before RSC establishment?

(2) Subsidiary Participatory power:

How would you describe your scope of influence over other subsidiaries (members and non-members of RSC) in these 5 major issues have changed? Does it have anything to do with your influence over 5 respective projects? The input of your ideas in each projects during RSC revise meetings, or your direct influence over the project that you are Sponsor for...

1. How do you experience your influence on strategic decision making has changed?
 - On regional level, over other subsidiaries? Do you think your range of influence is expanded beyond your own subsidiary's boundaries to other subs in the region as well?
 - Do you think what has become of other subs activities today is part of your influence
 - On MNC level
2. Do you have any influence over the selection of members for Project Team
3. How would you describe you can influence the issue/project indirectly?
4. Please describe in what way has your influence changed?
5. Why do you think it has been changed?
6. Do you think by being Sponsor of a project on the regional scale, you can somehow drive the criteria/agenda of the project towards the favorable direction for your subsidiary? Does any detail in the project reflect the interest/favor towards your own subsidiary?
7. How do you perceive the difference between **your influence** over these 5 strategic issues **and those country heads** who are not RSC members?
8. How do you experience the presence of a representative from corporate headquarter in RSC can affect subsidiary power in these 5 projects? In what way: his presence gives subsidiary more power, or tends to reduce it?



9. What is your overall impression, HOW do you think being RSC member CHANGED your influence on larger scale beyond your subsidiary? Comparing Before and After joining RSC

10. Do you have anything to add?



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