

# Chapter 7


## The Influence of Transformational Leadership, Cultural Orientation, and Emotional Conflict on Innovation in Multicultural Teams

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### ABSTRACT

*Multicultural teams represent a key strategic action that generate significant competitive advantages and innovation. The authors address the question of how transformational leadership, cultural orientation, and emotional conflict impact on multicultural teams focused on innovation. The methodology used has a quantitative and transversal approach because the measurement is carried out in a specific moment. The sample is composed by 415 multicultural-team members working in multinational companies. Results indicate that the dimension of intellectual stimulation and a horizontal hierarchy are factors that influence the team innovation. In contrast, the emotional conflict did not show a significant relationship. The positive moderating effect of organizational support on intellectual stimulation and team innovation's relationship is proven. This study contributes significantly to international human resource manage-*

DOI: 10.4018/978-1-7998-4099-2.ch007

*ment domain by leading to a better understanding of the functioning of work teams to ensure business innovation and the need for internationalization.*

## **INTRODUCTION**

In the rapidly changing and challenging environment, innovation as a business management model has been positioned as a new paradigm for business strategy (Lopez, Jaramillo, & Susaeta, 2019; Perry-Smith, & Mannucci, 2017). Hence, organizations are oriented to constantly apply innovation in order to maintain and enhance the effectiveness, create corporate value and promote the competitive advantage (Bouncken, Brem, & Kraus, 2016; Lee, Yen, & Perromat, 2019). In this matter, diversity in workforce and collaborative work are determinant to reach an effective implementation of business (Lopez, Jaramillo, & Susaeta, 2019) thus, organizations are increasingly using team members of different nationalities, taking the path of cultural diversity and thus, giving rise to multicultural teams (Neukam, 2017; Snell, Snow, Davison, & Hambrick, 1998; Winkler & Bouncken, 2011) to generate new ideas and solving difficult problems (Fisher, Pillemer, & Amabile, 2018; Li & Huang, 2019).

According to some authors, multicultural teams are considered a key strategy to reach creativity and innovation (Bouncken, et al., 2016; Leung & Wang; 2015; Lisak, Erez, Sui, & Lee, 2016) in order to face challenges in a globalized competitive environment (Cheng, Chua, Morris, & Lee, 2012; Chua, Morris & Mor, 2012; Kraus, Mensching, Calabrò, Cheng, & Filser, 2016; Yasini, 2016) and enhance organizational performance and innovation (Xie, Wu & Zeng, 2016).

In past, several factors and their impact on teams have been analyzed. For example, leadership style (Al-edenat, 2018; Bednall, Rafferty, Shipton, Sanders & Jackson, 2018; Ochieng & Price, 2009, 2010; Jiang, Wang, Chu, & Zheng, 2019; Odoardi, Battistelli, Montani, & Peiró, 2019); multicultural personality (Van Der Zee & Van Oudenhoven, 2000); intercultural competence (Matveev, 2016, 2017); cultural empathy (Lvina, Matveev & Grishin, 2019); trust (Earley & Mosakowski, 2000; Ochieng & Price, 2009; 2010); cultural diversity (Chen, Zheng, Yang, & Bai, 2016). Dutra, Mazza, & Menezes, 2014; Han & Beyerlein, 2016; Hofstede, 1980, 1991; Kirkman, Shapiro, Lu, & McGurrin, 2016; Nielsen & Nielsen, 2011; Leung & Wang, 2015; Lvina et al., 2019); and team conflict (Jehn & Mannix, 2001; Santos, Uitdewilligen, & Passos, 2015; Tjosvold, 2008) among others.

Although there is a growing body of literature on multicultural teams (Kirkman & Shapiro, 2005), innovation and creativity in multicultural teams have been a neglected issue, therefore, more studies need to be done (Bai, Lin, & Li, 2016; Bouncken et al., 2016; Chen, et al., 2016; Goodwin, Whittington, Murray, & Nichols, 2011; Johnsson, 2018; Nielsen & Nielsen, 2011). In this sense, the main purpose of this chapter is to contribute in bridging this gap in literature, by stressing the impact of transformational leadership, cultural orientation and affective conflict on multicultural team innovation, because so far, there is no study which analyses such variables jointly. Additionally, perceived organizational support takes a positive moderating role on analysis.

Significant findings highlight that intellectual stimulation dimension of transformational leadership and low distance power degree dimension impact on team innovation. At team level, leaders must find the way to stimulate intellectually to team member to innovate. In addition, perceived organizational support provided through transformational leaders has a positive moderating effect on intellectual stimulation and team innovation relationship. Surprisingly, affective conflict has no significant impact on innovation.

This study provides valuable managerial implications in International Resource by providing a better understanding about managing multicultural teams when innovating. For example, this knowledge is

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