Students as New Venture Teams: Outlining the Role of Culture in Entrepreneurship Projects

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ABSTRACT

Entrepreneurship has been recognized as an important driver of economic development and prosperity. Consequently, as a course or as a program of study, entrepreneurship has increasingly occupied a prominent place in business education not just in the U.S., but across many countries. Traditionally, in entrepreneurship programs, student teams are tasked with the challenge of developing and proposing a new business venture, thus assuming the role of new venture teams (NVTs). NVTs have been defined as all team members that actively participate in both the development and implementation of the evolving strategy of new ventures (Klotz et al., 2014).

In this paper, we review pertinent advances in entrepreneurship and innovation literature, and extend research in this area to student-based NVTs across different cultural contexts by arguing that innovation and entrepreneurial success is a function of the underlying processes that take place within these unique team settings, and the cultural context in which these processes take place. Our model uses a grounded theory approach to integrate prior research in this area with insight gained from in-depth interviews with members of student NVTs. Our preliminary results seem to support the “equifinality” of innovation in NVTs. In other words, student teams succeed, but the underlying processes that lead to success differ across different cultural settings. We discuss the implications for course design, assessment, and suggest ways to adapt and localize best practices.

Key words: Entrepreneurship, Innovation, Student New Venture Teams, Culture
The head of Strategic Planning for a major oil company once said "The great leap of faith in HR these days seems to be that excellent individuals make excellent organizations. The reality is that our employees aren't any smarter or hard working than our competitors'. It's only the way we combine people and align them that gives us competitive advantage" (Snell, 1999).

In their study of interorganizational networks an innovation within multinationals, Tsai and Ghoshal (1998) found that product innovation at the organizational network level was a function of the type of relationships that exist between various units of the organization. In particular, these authors showed that trust and shared vision were important drivers of the nature of exchange between these units, which in turn fostered innovation. Their research focused on the network ties that link various subsidiaries of the multinational network, and investigated the role such networks play in driving product innovation at the organizational level.

We build on this work and complement it by looking at the processes within these organizational units that drive innovation. We argue that given that many multinationals adopt a multidomestic or a transnational organizational strategy, teams and organizational units have a key role in initiating and fostering innovation within their local boundaries (Birkinshaw, 1997; Klotz, et al., 2014)). A number of researchers have shown that subsidiaries play a vital role in overall network effectiveness and success. Often, entire innovation functions, such as R&D are localized within certain units. In their study of the role of subsidiaries in creating firm-level advantage, Birkinshaw, Hood, and Jonsson (1998) showed that internal subsidiary resources drive the contributory role of the subsidiary, that subsidiary culture and autonomy were
important factors in its role as creator of firm-level advantage; hence, emphasizing the independent role of various divisions within multinationals in generating value. Furthermore, we acknowledge the role of trust and shared vision within the organizational unit as important antecedents for innovation. Consequently, we look at how trust and commitment to the organization drive the innovation process. Here we use O’Reilly and Chatman’s (1986) view of commitment as the embodiment of a shared vision within the organization. We also maintain that at the unit level exchange can be in two forms: cooperation and conflict. These two modes of exchange have been advanced as key processes within organizations underlying many organizational-level outcomes (Barnard, 1938; Wall and Callister, 1995). In our paper, we present cooperation and conflict as underlying processes that drive innovation. Throughout this paper, we use the term organizational units as a more inclusive way to describe the various units that constitute the organizational network of the multinational corporation. Such units could represent subsidiaries, franchises, sales offices, R&D units, or service teams located within a given cultural and institutional setting.

This manuscript is organized as follows: First we offer a brief review of innovation and its value to organizations. Second, we discuss cooperation and conflict as forms of exchange in organizations. Third, we outline how trust and commitment affect cooperation and conflict. We then discuss the role of the cultural context in shaping the process of innovation. We conclude by discussing the theoretical and practical implications of our model.

**Innovation in organization.**

For many years, organization scholars and practitioners alike have been researching ways to better understand innovation and identify its components and antecedents (Damanpour, 1991,
Janssen, Van de Vliert, West, 2004; Kodama, 2005; Pearce and Ensley, 2004). Due to its practical and research importance, this subject area has received a great deal of attention as witnessed by the numerous popular books and articles written about it (Anderson, Carsten, De Dreu, and Nijstad, 2004; Damanpout, 1991; Wolfe, 1994). Despite extensive work in the area however, considerable debate still surround the central concept of innovation, its dimensions, and its drivers.

A growing amount of research has focused on organizational attributes that differentiate between innovative and less innovative firms. A number of attributes have been examined including structure, managerial characteristics, available resources, administrative intensity, and internal/external communication (see Damanpour (1991) for a review), although no set of explanatory variables has emerged (Wolfe, 1994). This may be because research in this tradition typically centers on whether or not organizations innovate (e.g., adoption decisions), rather than on how they innovate. We focus on the nature and degree of cooperative and/or conflictual exchange processes in organizations and theorize about how these impact innovation processes and outcomes.

Researchers have distinguished among several types of innovation based on certain characteristics or attributes. Examples include radical vs. incremental (Dewar and Dutton, 1986), sustaining vs. disruptive (Christensen, 1997), competence enhancing vs. competence destroying (Tushman and Anderson, 1986), product vs. process (Utterback and Abernathy, 1975), and technical vs. administrative (Damanpour and Evan, 1984). Much of the research on innovation type is concerned with the industry-level phenomena, such as environmental change (Tushman and Anderson, 1986) and innovation diffusion (Rogers, 2003; Teece, 1980), rather than its firm unit-level determinants, which are our concern, although some has also focused on innovation-
performance links and innovation adoption at the firm level (Damanpour et al., 1989). Here, we adopt the view taken by a number of researchers and argue that innovation should encompass the two elements of initiation and implementation (Damanpour, 1991). Initiation refers to the original stage of idea generation. However, such ideas are of little value if they are not adopted by organizations. Consequently in discussing innovation, one must keep in mind that innovation has multiple dimensions, and that processes within organizations may affect these dimensions differently (Zmud, 1982).

Innovation requires perspectives gained from observation and activity in many business domains. Ideas for innovation may arise from environmental sources, such as new technologies, competitive pressures, or customer requests. Innovation also may be influenced by internal sources, through the work of a firm’s research and development personnel or advances in throughput and efficiency methodologies. Innovation may further be influenced by factors that arise from the intersection of internal and external forces. For example, firms may access information from external sources then utilize it to alter their internal characteristics and activities. From an organizational perspective, we should expect that firms with different internal processes and characteristics related to cooperation, trust, conflict, and commitment, will address innovation in different ways. Our propositions and theoretical model develop these ideas further.

A closer examination of the innovation literature has shown that despite great advances in this stream of research, two area warrant further investigation. First, most research has focused on a single level of analysis where innovation has mainly been considered at the individual, team or organizational level. As such there is a greater need to look at multilevel models of innovation (Anderson, De Dreu, and Nijsrad, 2004). Furthermore, little research exists to date
that examines how innovation processes are affected by the cultural context (Miron, Erez, and Naveh, 2004). A number of cross-cultural researchers have argued that the cultural setting, especially as manifested by the cultural value of individualism-collectivism, has significant effects on interpersonal interactions in organizations (Hofstede, 1980; Triandis, 1995). For example, individuals’ willingness to form collectives and their willingness to engage in cooperative efforts has been shown to be affected by their collectivist tendencies (Chen, Meindel, and Hunt, 1998; Triandis, 1989). Culture determines the context in which interpersonal interactions take place and thus affects the nature and level of cooperation and conflict in organizations. We address these two issues and build on previous research on trust and commitment in order to develop a cross-culture, multilevel model of innovation in organizational units within the multinational network. We therefore recognize the role of the cultural context in affecting interpersonal processes in organizations including innovation (Miron, Erez, and Naveh, 2004; Erez and Earley, 1993). The model we proposed is depicted in Figure 1.

**Cooperation in Organizational Units**

Cooperation has long been considered an essential component of successful teamwork and efficient organizational functioning (Ghoshal and Bartlett, 1994; Lester, Meglino and Korsgaard, 2002; Smith, Carroll, and Ashford, 1995). As early as the 1930’s, organizations were conceived as associations of cooperative efforts, and cooperation has been defined as the “willingness of persons to contribute efforts to cooperative systems” (Barnard, 1938:83). Numerous researchers have studied various facets of cooperation in organizations including extra-role behavior, stewardship, and information exchange, and have further underscored the vital role that cooperation plays in achieving organizational goals (Smith, Organ, and Near,
In recognition of this important fact, many organizations have adopted certain structures and processes such as teams in order to foster interpersonal cooperation (Jones and George, 1998). Additionally, many argue that cooperation may foster creativity by promoting open and voluntary exchange of information and knowledge in organizations. Bartlett and Ghoshal (1993), for example, advance cooperation as an important determinant of collective learning in MNEs, which in turn is argued as an essential aspect of quality management. Nahapiet and Ghoshal (1998) propose that extensive exchange in organizations facilitates the creation of intellectual capital and affects the speed and efficiency of knowledge creation and sharing. Based on a review of the literature, Smith, Carroll, and Ashford (1995) found substantial support for the relationship between cooperation and the organizations ability to meet new technological and competitive challenges in their environment. Consequently, it is argued that by fostering extensive exchange of ideas and knowledge, cooperation promotes the initiation of new ideas and is thus associated with the initiation of innovation.

Furthermore, social networks and social capital researchers have argued that networks of cooperative relationships that develop within groups and organizations provide foundations for stable and prosperous collectives (Putnam, 1993; Coleman, 1990; Lester et al., 2002). Interpersonal cooperative relationships reinforce norms of reciprocity, and further the development of enduring and stable structures (Blau, 1964). In support of this argument, Leena and Van Buren (1999) contend that stability of organizations lies in the extensive network of social ties that foster spontaneous cooperative efforts. These networks then provide the channels for enduring exchange of all types, and become the means for providing support to achieve common goals. Since innovation adoption requires strong relational ties that make it possible to
accept and adopt new ideas initiated by members within this network, we argue that cooperation is also associated with the adoption phase of innovation. The above discussion can be formally stated as follows:

Proposition 1: Cooperation is positively associated with innovation in organizational units.

Conflict in Organizational Units

Conflict has been defined as a process in which one party perceives that its interests are being opposed or negatively affected by another party (Shelton and Darling, 2004; Wall and Callister, 1995). Conflict is an important phenomenon in organizations with significant effects on a range of outcomes including stability, effectiveness and well-being. Pondy (1967), for example, argues that conflict disturbs the equilibrium of organizations, and that the reaction of organizations to disequilibrium is the mechanism by which conflict affects their stability and their adaptability to change. There is a general consensus in the literature that conflict is a multidimensional construct that can be task or relationship based (Amason, 1996; Jehn, 1995). Task conflict refers to disagreements about the content of the tasks being performed, including differences in viewpoints ideas and opinions, whereas relationship conflict refers to interpersonal incompatibilities, which typically includes tension, animosity and annoyance among the parties involved (Jehn, 1995). Whether conflict is functional or dysfunctional to the organization depends on the type of conflict in question. For example, Jehn (1995) has found that the moderate levels of task conflict have positive consequences for the organization, but relationship conflict was associated with negative effective reaction of employees. Amason (1996), in support of Jehn’s argument, finds that task conflict is positively related to decision quality in top
management teams, while relationship conflict is negatively associated with the quality of the
decisions. The effects of relationship conflict on behavior have been widely documented and
researched. Power struggles, blocking others’ goals and avoidance are but a few of the negative
effects identified in the literature. Of particular interest in this paper is the finding that
relationship conflict reduces spontaneous interactions and minimizes interpersonal
communication (Wall and Callister, 1995). In organizations, relational conflict is associated
with a rise in anger, hostility and animosity. This, in turn, creates unstable environments where
hidden agendas get in the way of cooperative efforts (Wall and Callister, 1995; Pondy, 1967). In
such environments, people are less likely to engage in any endeavor that is above and beyond
what is contractually mandated, and as such as less likely to propose new ideas and ways of
running things. Simultaneously, in environments where relational conflict is high, it is less likely
that when a new idea initiated that it will be adopted. In fact, such process may be cause for more
conflict where relational issues may be masked by an eagerness to challenge and question every
aspect of the new idea (Thatcher, Jehn, and Zanutto, 2003). Consequently, the following two
propositions:

*Proposition 2: Relationship conflict is negatively associated with cooperation.*

*Proposition 3: Relationship conflict is negatively associated with innovation.*

In contrast, task conflict can have positive effects on both teams and organizations (Jehn,
1995, 1997; Amason, 1996). Task conflict encourages group members to challenge existing
assumptions, and acts as a guarantor against groupthink (Janis, 1972). As a result, more diverse
ideas and proposals are put on the table, and a more comprehensive evaluation of these ideas
takes place in the presence of task-conflict. In recognition of this fact, many organizations
attempt to improve decision-making processes and interpersonal interactions by employing techniques such as devil’s advocacy and dialectical inquiry in order to induce certain levels of task conflict (Schweiger, Sandberg, and Ragan, 1986). Where initial ideas are challenged, new and improved proposals may be generated and a more thorough assessment takes place. In such context, it is likely that more ideas will be initiated. Therefore,

Proposition 4: Task conflict is positively associated with innovation.

Having addressed the links between cooperation, conflict and innovation, we proceed with addressing the antecedents of conflict and cooperation processes and outline the important role of the cultural context in affecting these relationships. Specifically, we focus on trust and commitment as antecedents of cooperation and conflict and use individualism-collectivism as the embodiment of the cultural context.

Trust in organizational units

Trust has long been recognized in the organization literature as an important determinant of cooperation among individuals, groups, and organizations. This link between trust and various forms of cooperative behaviors has been advanced and tested by a number of researchers. For example, Deutsch (1962) has shown that trust is fundamental to cooperative relationships, while Jones and George (1998) argue that in the presence of trust, shared values underlying trust provide individuals with the assurance that knowledge and information will be used for the greater good. In addition, McAllister (1995) has found that trust affects the level of citizenship behavior in organizations as well as the quality of employee/supervisor relationships.
Trust is recognized in the organization literature as a multidimensional phenomenon and various definitions and conceptualizations of the construct exist. For example, Rousseau, Sitkin, Burt, and Camerer (1998) define trust in psychological terms as a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another. Others define trust in terms of positive expectations of the role behavior of others (Lewis and Weigert, 1985; Fukayama, 1995). The various dimensions of trust identified result out of the various ways in which it is conceptualized. For example, Lewis and Weigert (1985) suggest that trust includes cognitive and emotional dimensions and that both are functionally necessary for the continuous of harmonious social relations. Cognition-based trust originates out of knowledge about the role performance and trustworthiness of others. In this case, confident positive expectations arise from the reputation of exchange partner (experience, competence, reliability, etc.). Relational-based trust, on the other hand, is the result of the trustor’s attachment to, and feeling of closeness toward, the trustee. Here, emotions enter into the relationship and foster strong social bonds between the parties. Consequently, such bonds become the basis for long-term cooperative relationships.

Jones and George (1998), who distinguish conditional and unconditional trust, suggest that the nature of cooperation between individuals depend on the type of trust that exists between them. Conditional trust is based on calculative expectations whereas unconditional trust is based on shared values and a high level of affectivity. Jones and George further argue that cooperation driven by conditional trust will be sustained only as long as expectations are realized while unconditional trust will guide people to form strong bonds that foster long-term interpersonal cooperation and teamwork.
In summary, there is a consensus in the literature that trust is a multifaceted construct, and that different dimensions relate differently to cooperation among individuals. Trust can develop on the basis of cognition or affect (McAllister, 1995). Cognition-based trust originates out of knowledge about the role performance and trustworthiness of others. In this case, confident positive expectations arise from others’ reputation (experience, competence, reliability, etc.). Affect-based trust, on the other hand, is the result of the trustor’s attachment to, and feeling of closeness toward, the trustee. Here, emotions enter into the relationship and foster strong social bonds between exchange partners. Consequently, such bonds become the basis for long-term cooperation.

The Cultural Side of Trust

As stated earlier cultural values affect the context in which interpersonal processes take place in organizations (Erez and Earley, 1993). In particular, the cultural dimension of individualism-collectivism has been shown to affect the dynamics of cooperation (Triandis, 1995; Chen, Meindel, and Hunt, 1998). Below we review pertinent research on this cultural value and advance ways in which it affects the relationship between trust and cooperation.

A general consensus that can be drawn from studies on individualism-collectivism is that, compared to individualists, collectivists have higher tendencies to subordinate individual goals for the goals of the collective, are more likely to develop a stronger sense of group identity, and are more likely to opt for working in groups (Hofstede, 1980; Triandis, 1995; Kagitcibasi, 1994, 1997). Cross-cultural researchers distinguish between individualism-collectivism at the societal level and its corresponding construct at the individual level. Triandis (1989), for example, proposed ideocentrism and allocentrism as the individual level counterparts of the country-level
construct as a way to emphasize the distinction between the two. Of all cultural dimensions identified in cross-cultural research, individualism-collectivism seems to be the most extensively studied, and has been shown to be a valid predictor of an array of phenomena at multiple levels of analysis (Earley, 1994; Wagner, 1995, Hofstede, 1980, 1991).

One of the most extensive works on individualism-collectivism was undertaken by Triandis (1995) who, based on a comprehensive literature review, proposed four dimensions of individualism-collectivism. The first dimension related to the conception of the self. Here, it was argued that individualists define self as autonomous from groups, while collectivists see themselves as part of a collective. The second dimension related to goal relationships, and spoke to the tendency of collectivists to subordinate individual goals for those of the group, and the tendency of individualists to place higher priority on individual goals. The third dimension concerned the relative importance of attitudes and norms. Here, Triandis (1995) argued that social norms, duties, and obligations drive the behavior of collectivists, while individual attitudes and preferences drive the behaviors of individualists. The fourth and final dimension proposed related to the emphasis placed on relationships. The argument here was that collectivists place a high emphasis on relationships and harmony, while individualists place more emphasis on tasks and tend to view relationships as a means to achieve specific goals.

The higher emphasis on relationships in collectivist environments solidifies norms of reciprocity and allows for the development of positive affect and mutual liking (Chen, Meindel, and Hunt, 1998). As such, affect becomes a more important predictor of cooperation than rational expectations regarding the role performance of others. On the other hand, the stress on task and individual goals among individualists leads to higher emphasis on knowledge and competence of exchange partners as to their ability to reciprocate the exchange or assist in
achieving the task at hand. That is, in this case, cooperation will be achieved when positive expectations arise out of the reputation and competence of exchange partners in facilitating the attainment of individual goals. This point is further supported by Hofstede’s extensive cross-cultural research, which affirms that interpersonal relationships prevail over task in collectivist societies, while tasks generally prevail over relationships in individualist societies. Furthermore, the cost-benefit approach that drives behavior in individualistic settings necessitates greater reliance on objective information regarding the potential positives and negative consequences of any undertaking (Kagitcibasi, 1997). Consequently,

Proposition 5: The relationship between trust and cooperation is moderated by individualism-collectivism such that affective trust will be more strongly associated with cooperation in collectivist setting, whereas cognitive trust will be more strongly associated with cooperation in individualist settings.

Distrust or the lack of trust of others has been advanced as a factor that contributes to conflict (Wall and Callister, 1995). However, we argue that this relationship is culturally bound. Specifically, individualists are more task than relationship oriented and place higher emphasis on individual achievements and qualifications than the nature of the relationships with others. While interacting with others, individualists are more likely to experience task conflict when they have low cognitive trust of others as opposed to affective trust. In other words, since individualists tend to approach tasks with greater objectivity, the determinants of interactions are much more cognitive-based. On the other hand, since collectivists tend to place a higher value on relationships, the lack of cognitive trust is less likely to lead task conflict. However, lack affective trust may have a much more impact on task conflict since the negative relationships
may take priority of competence and qualifications of others. As such, we propose the following:

Proposition 6: The relationship between trust and task conflict is moderated by individualism-collectivism such that affective trust will be more strongly associated with task conflict in collectivist setting, whereas cognitive trust will be more strongly associated with task conflict in individualist settings.

Organizational Commitment

Organizational commitment refers to a person’s attachment to and identification with his or her organization, and has been shown to affect an array of individual and organizational level outcomes such as turnover, organizational citizenship behavior, and performance (Mathieu and Zajac, 1990; Organ and Ryan, 1995; Angle and Lawson, 1994). Ghoshal and Bartlett (1994) argue that high trust in organizations may not be enough as time constraints and other obstacles may get in the way of extensive mutual cooperation. Therefore, successful cooperation that is beneficial to the organization also requires discipline and a shared vision. This discipline and shared vision are the embodiment of organizational commitment (Tsai and Ghoshal, 1998). In fact, as O’Reilly and Chatman (1986) contend, aspects of organizational commitment represent the internalization of organizational goals and objectives, which develop into a shared vision among employees. This shared vision, in turn, acts as an inducement for increased cooperative efforts among employees in organizations (Mowdy, Porter, and Steers, 1982).

O’Reilly and Chatman (1986) advance a three-component model of organizational commitment where compliance, identification, and internalization are offered as distinct bases for commitment. Compliance refers to a calculative type of commitment where a person’s
commitment is based on his/her desire to obtain certain rewards and avoid specific punishment. Identification, on the other hand, is associated with a satisfying relationship with the organization. Finally, internalization refers to commitment based on value congruence between employees and organizations. That is an individual commits to the organization because it has values and goals that are similar his/hers.

Mayer and Schoorman (1992) argue that it is difficult to differentiate between the last two bases of commitment in O’Reilly and Chatman’s model described above. These authors have tested a two-dimensional model of organizational commitment and found support for a more parsimonious conceptualization of the construct. Specifically, two aspects of commitment, continuance and value can be distinguished and can be related to a battery of organizational outcomes such as cooperation, performance, satisfaction, and turnover.

In this study, we adopt Mayer and Schoorman’s (1992) model of commitment since, as argued by these authors, for all practical purposes it is difficult to distinguish between identification and internalization bases of commitment. Both of them refer to the belief in and acceptance of the goals and values of the organization, and can be described as the value component of organizational commitment. The desire to remain in the organization based on compliance and calculative self-centered reasoning describes the continuance aspect of commitment.

The Cultural Side of Organizational Commitment

The impact of cultural values on organizational commitment has been addressed by few cross-cultural researchers (Boyacigiller and Adler, 1991; Randall, 1993). For example, in his extensive cross-cultural study, Hofstede (1980) suggests that employees in collectivist cultures
would have greater moral or affective attachment to their organizations, while employees in individualist cultures would have greater calculative involvement. Kalleberg and Reve (1992) also found commitment to be associated with interdependence and successful teamwork for Japanese employees, but not for US employees. Consequently, it is expected that for collectivists, value commitment which is based on identification with, and feeling of closeness to the organization to be especially important in fostering cooperative behaviors. On the other hand, employees with high continuance commitment tend to emphasize self-interest and adopt a cost-benefit approach. This rationality has been advanced as a characteristic of individualism by many cross-cultural researchers. In other words, individualists interact with others utilizing rational principles and analyze the advantages and disadvantages of maintaining and fostering relationships (Leung and Bond, 1984; Triandis, 1995). Therefore, individualist will cooperate as long as being a member of the organization entails more rewards than costs. As described by Hofstede (1991), the relationship between employees and organizations in individualist societies tend to be primarily conceived as a calculative relationship between buyers and sellers on the “labor market”. Therefore, we propose the following:

Proposition 7: Individualism-collectivism will moderate the relationship between commitment and cooperation such that continuance commitment will be more strongly related to cooperation in individualist settings, whereas value commitment will be more strongly related to cooperation in collectivist settings.

The relationship between commitment and conflict in organization has rarely been addressed. However, in an early experiment conducted by Sherif (1958) it was found that superordinate goals are highly effective in reducing tension and conflict. Superordinate goals
that are highly appealing and compelling goals guide members to minimize disagreements and work cooperatively toward a common purpose. As discussed earlier, value commitment entails the identification with and internalization of the organization’s values and goals. Therefore, where high value commitment is present, it is expected that members will minimize interpersonal tensions and animosity and emphasize their common commitment to organizational objectives. In addition, commitment based on value congruence is positively related to homogeneity of organizational members (Schneider, Goldstein, and Smith, 1995). This, in turn, will reduce task conflict as members start to possess similar viewpoints and adopt similar approaches to problem solving and become less likely to question policies and ideas (Mowdy et al., 1982; Janis, 1972). Furthermore, according to similarity-attraction paradigm, increased homogeneity and similarity leads increased attraction among members, and thus reduced relation-based animosity and misunderstandings (Byrne, 1971). Consequently,

Proposition 8: Value commitment is negatively associated with both task and relational conflict.

One of the aspects of individualism-collectivism identified by Triandis (1995) is the fact that collectivists place a high emphasis on relationships and harmony, while individualists place more emphasis on tasks and tend to view relationships as a means to achieve specific goals. As such, even in the presence of high goal or value congruence, individualists may exhibit a higher willingness to question ideas and policies if such policies are counter to self-interest. The added emphasis on harmony for collectivists may reinforce the need to avoid task-related conflict. Accordingly,
Proposition 9: Individualism-collectivism moderates the relationship between value commitment and task conflict such that this relationship is stronger in collectivist settings.

The model in Figure 1. Depicts the various drivers and intermediate processes that sanction innovation in teams based on existing literature. We proceed next with model refinement based on feedback from new venture teams, teams assigned innovation-type projects. The goal is to advance a model that incorporates existing theory and insight from practice. We employ a grounded theory methodology where existing literature and new data can serve as sources for theory development. In other words, research can be driven by existing literature that is then modified by comparison with incoming qualitative, interview-based data. This was the process that was employed in this study, and follows the approaches pursued by Eisenhardt (1989) and Madhavan and Grover (1998) where semi-structured interviews are employed. We develop an initial discussion guide that evolved as the data collection and analysis progressed. For the first stage of the grounded theory methodology, we sample teams of students in two entrepreneurship classes. The first set of four teams were at a large university in the United States, a society with the highest score on individualism (Hofstede, 2010), while the other set of four teams were at an English-language-based university in the Middle East where collectivism scores have been confirmed as the highest among over 100 societies (Hofstede, 2010; Taleghani & al., 2012).

We select entrepreneurship classes because of the nature of the deliverable. In both cases, students were tasked with developing a business plan for a new business venture. Based on industry, country and/or region-based research, the teams had to work on advancing an
innovative business idea. This is in line with recent research on new venture teams as a more realistic approach to entrepreneurship than lone entrepreneurs (Klotz et al., 2014). The top four Teams with the most innovative ideas as judged by three faculty raters where selected for the guided, semi-structured interview portion of this study. Interviews were completed in person, and each lasted for about 60 minutes. Detailed notes were recorded for each interview. The qualitative data was then inspected to explore themes that may be associated with construct identified through the literature review, or other constructs associated with the team effort to identify and propose an innovative new business venture.

Across both teams, the importance of trust in both its cognitive and affective dimension was clear. Members talked about working with qualified others who bring-in a great deal of knowledge and expertise to the group. Team members also mentioned the importance of liking others as a facilitator of interaction. Attributes such as “he/she is a nice person,” or “I liked working with him/her” were often mentioned. However, due to the small sample size, it is not possible through the interview to distinguish between the competence-based cognitive trust, and the relational-based affective trust. Notwithstanding, in its totality, the semi-structured interviews with teams highlight the importance of trust as a main driver of innovation in teams, and that is in both collectivist and individualist societies. This is in line with recent research on trust as a precursor for effective and extensive interpersonal interactions in organizations (Interaction Associates, 2013).

High performing teams in both societies also engaged in extensive collaborative effort and included members who were committed to ensuring the completing of high-quality work. A representative statement of the above is: “We all cared a great deal about the success of this project, and collaborated extensively on all facets of the project.”
As expected all teams experienced a certain level of tension and conflict. Episodes where disagreements occurred were numerous. Successful teams used these as opportunities to refine and improve their new business venture ideas. As in the case of trust, while conflict seemed to be an important aspect of intra-team interactions, distinguishing between the effects of task and relational conflict is not feasible given the preliminary nature of the interviews.

Of interest are what we believe are factors affecting team interaction in both contexts that were not included in the literature-review based model of innovation in teams. Teams in the United States seem to accord a great deal of importance to the fair and equitable distribution of work. Statements in this regard include: “everyone pulled his/her own weight,” and “I worked hard because everyone in this group worked hard.” It seems that in the individualist setting the perception of fair and equitable contribution by all members is an important factors in ensuring the success of team-based tasks. It was also critical that everyone’s opinion is taken into consideration, and is accorded the same consideration. Consequently, we argue that based on team interviews, that procedural justice is an important mediator that would allow for trust between members to translate into collaborative effort for innovation (Akgun et al, 2010; Robertson & Williamson, 2012).

The perception of fairness or procedural justice was not clearly apparent in the interviews with the teams in the collectivist society. For these teams, issues associated with hierarchy and status seems to be more relevant. These teams included members from different subgroups whose status within the society is well-established and recognized. This categorization of groups based on region or origin and social status seem to filter down and impact the nature and extent of interaction in these teams. We refer to this variable as power distance, as it is conceptually similar to the concept of power distance as defined by Hofstede in his extensive cross-national
research as the degree to which people in a society accept difference in status and power (Hofstede, 2010).

Based on the preliminary interviews with a small number of new venture teams, we advance two models that illustrate the Equifinality of innovation. It seems that teams in collectivist and individualist settings can be innovative. However, the paths to innovation may differ depending on the cultural context where these teams are embedded. Nonetheless, further theory and practice iterations are needed to refine the innovation model, and identify the variables that drive, mediate, and moderate the processes of innovation in teams. Figures 2a and 2b are a graphical depiction of the models discussed here.

CONCLUSION

This paper proposes a cross-cultural model of innovation where innovation is treated at as the initiation and adoption of a new idea. In this model, the effects of trust and commitment on innovation are mediated by the interpersonal processes of cooperation and conflict. The cultural dimension of individualism-collectivism shapes the context in which these processes take place by influencing the nature and level of cooperation and conflict in organizations. Complementing our theoretically-driven model with a set of new venture teams, we identify power distance as an important moderator in the collectivist setting, while procedural justice as an important mediator in the individualist setting.

The conceptual models we propose are not about new constructs or phenomena; rather, they are about underlying processes that determine how and when teams can be successful across individualist and collectivist settings. Innovation in teams and within organizations remains one
of the most important phenomenon with significant organizational consequences (Janssen, Van de Vliert, West, 2004; Kodama, 2005). In an environment characterized by rapid technological change and growing global competition, organizations of all types are tapping into all and every possible source of competitive advantage. The thrust of this paper is that understanding the underlying processes of innovation in different cultural environments is a must if firms want to be successful in creating a context where innovation is fostered within teams and organizational units.
REFERENCES


Making strategy: Learning by doing


Figure 1. A THEORY-DRIVEN MODEL OF CROSS-CULTURAL INNOVATION
Figure 2a. A MODEL OF TEAM INNOVATION IN THE INDIVIDUALIST SETTING
Figure 2b. A MODEL OF TEAM INNOVATION IN THE COLLECTIVIST SETTING