

**A STUDY ON CULTURAL FACTORS AFFECTING TEAM  
EFFECTIVENESS AMONG MULTI – CULTURAL TEAMS IN THE  
CONTEXT OF KNOWLEDGE MANAGEMENT**

A thesis submitted to the Graduate School in partial fulfillment of the  
requirements for the degree Master in Business Administration,  
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By

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## **ABSTRACT**

In view of the escalating interests in the study of diverse workforce, this study is undertaken to explore the effect of cultural factors on team effectiveness in the context of knowledge management. This study looks at the knowledge sharing aspect of knowledge management. The role of the organization as a moderator between the two factors and in encouraging knowledge sharing is also examined.

The objective of this research was to study the cultural factors that positively contributed towards team effectiveness and assisted in the process of knowledge sharing among team members. It also examined the cultural factors that inhibited the progress of these teams and hinders the process of knowledge sharing among team members. The sample chosen for this study comprised of middle management personnel representing the three major races; Malays Chinese and Indians from three American multi-national companies located in Northern Kedah and Perlis.

The findings confirmed that cultural factors do contribute towards team effectiveness and assisted in the process of knowledge sharing. The findings concurred that there was a positive correlation between Islamic work ethics and team effectiveness. The relationship between ingroup/outgroup interpersonal relationship, power distance and 'gotong-royong and budi' values and team effectiveness were partially supported. No significant relationship was found between collectivism, self vs collective interests, concern for face and team effectiveness. However the role of the organization significantly moderated the relationship in Islamic work ethics, 'gotong-royong and

budi' values, and ingroup/outgroup interpersonal relationship and team effectiveness and contributed towards knowledge sharing. Organizational role significantly moderated the relationship between Concern for face and team effectiveness although this relationship was found to hinder knowledge sharing among team members. The relationship between collectivism, self vs collective interests were partially supported. It was observed that management had to play lead role in cultivating these traits so that members willingly give up their personal interests over collective interests and share their knowledge without feeling threatened. The relationship between power distance and team effectiveness were found to be not significant and this is important as it will not hinder knowledge sharing.

This study was significant as it shows the impact of cultural factors on team effectiveness in the context of knowledge sharing. Another important finding was the significant relationship between 'gotong-royong and budi' values, Islamic work ethics and team effectiveness and its positive contribution towards knowledge sharing. These factors need to be further explored, as they will provide valuable insight into the work behavior patterns of the Malaysian workforce particularly in the context of knowledge management

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## **LIST OF ABBREVIATIONS**

DV – Dependent Variable

IV – Independent Variable

MV – Moderating Variable

IWE – Islamic work ethic

vs - versus

eg - example

## **Chapter One: Introduction**

### **1.0 Overview**

In this chapter, the introduction, the research problem, study context, objectives and the significance of the study are presented.

### **1.1 Introduction**

Wan Rafaei (2000) contends that teams are replacing individuals as the organizations' core unit, as teams prove to be more effective than individuals in certain situations. The onset of globalization has forced organizations to deal with multinational and multi-cultural work teams which is now a business imperative. Cross-cultural teams can be either highly effective or ineffective depending on the nature of the task and the conditions that prevail. When successfully managed, however, differences in the culture can lead to innovative business practices, faster and better learning within the organization and sustainable sources of competitive advantage (Hoecklin, 1996 in Low&Shi, 2002).

Knowledge has become a critical factor to organizations to gain competitive edge. Organizations are keenly aware that their people are their most important asset. The successful implementation of knowledge management is linked to culture and people.

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