Influence of Social Identity on Negative Perceptions in Global Virtual Teams

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A R T I C L E   I N F O

A B S T R A C T

The paper combines insights from social identity theory and organizational network theory to specify the conditions under which social capital can induce negative attitudes in global virtual teams. The structural configuration of social capital has crucial implications for the socio-cognitive processes causing individuals to adopt negative attitudes to out-group members. The paper evaluates both the negative implications of structural configurations on out-group perceptions, which are important precursors to successful intergroup interaction in global virtual teams. We collected data from 160 actors across 40 global virtual teams embedded within three separate organizations. 34 social identity groups were detected and ties between and within the groups were investigated. Our analyses provide insights on the roles of social identity groupings and social capital as well as in-group brokerage and interactions on (negative) perceptions of other group members in global virtual teams.

1. Introduction

Over the past two decades, the theory of social capital has gained increasing salience in various fields of social sciences research (for a review, see Adler and Kwon, 2002; Field, 2008; Keeley, 2007; Klitmøller and Lauring, 2013). Major advances in the development and testing of social capital have been undertaken by social network researchers (Burt, 1992, 1997; Granovetter, 1973). Central to this research stream is that ties and relationships reside at the core of analysis because embedded resources and relational benefits cannot be captured without examining underlying characteristics of the network. By contrast, early network research (Heider, 2013; Simmel and Wolff, 1950), as well as more recent studies (Kilduff and Krackhardt, 2008; Schulte et al., 2012), have adopted more individualistic and psychologically oriented approaches, including consideration of individual perceptions and cognitions in the concept of social networks. To date, these research streams have focused attention primarily on network structures and actor attributes that facilitate beneficial outcomes. Hence, negative effects arising from network participation have generally been overlooked. Although many studies recognize that networks can include unwanted effects (i.e. conflict and dislike) (Labianca and Brass, 2006; Portes and Landolt, 1996), little prior research has empirically investigated the *sources and conditions* that induce such negative effects (for exceptions, see Huitsing et al., 2012; Labianca et al., 1998).

These types of negative aspects of networks are likely to be a key challenge for any multinational corporation (MNE) as they potentially influence innovation, product development, and learning on a global scale (Kogut and Zander, 1993; Nohria and Ghoshal, 1997). Indeed, there are several fundamental differences between traditional domestic teams and MNE teams such as linguistic

differences (Peltokorpi and Vaara, 2014), time management (Saunders et al., 2004), virtual communication (Zimmermann, 2011), cultural diversity (Stahl et al., 2010), geographic dispersion (Gibson and Gibbs, 2006), and level of conflict (Hinds and Bailey, 2003), amongst other things.

Social identity theory (henceforth referred to as SIT) (Tajfel and Turner, 1979, 1985) suggests that negative perceptions are intertwined with perceptions of group membership, which is an important aspect of self-identity. Specifically, identification may promote a tendency to favour the in-group over the out-group[1] in evaluations and distribution of resources (Struch and Schwartz, 1989), which can be manifested as negative perceptions towards the out-group (Brown, 2000). Considerable attention has been paid to the psychological moderators of bias (for a review, see Hewstone et al., 2002) but little attention has been given to specific *types of ties* (i.e. trust and hindrance ties) and the *structure* of these ties in facilitating or impeding organizational outcomes. This is especially the case for MNE context, and more specifically, global virtual teams utilized by MNEs. Previous studies leave unspecified: (i) how actors' ties *within* an identity group, (ii) how the ties *outside* identity group (i.e. as a part of larger network), and (iii) how the structure of the identity group itself influences negative perceptions of others within networks of global virtual teams.

The research question this paper seeks to ask is "How does social identity influence negative perceptions of others in global virtual teams?" The hypotheses tested examine the roles of social identity groupings (H1 and H2 below) and social capital (H3) as well as in-group brokerage and interactions (H4 and H5) on (negative) perceptions of other group members in global virtual teams.

More specifically, we seek to clarify the sources and effects of intergroup bias in MNE global virtual teams by relating bridging (connecting unconnected actors) and bonding (closure relationships) social capital with intergroup bias.[2] We emphasize the role of *in-group* interactions as a major source of intergroup bias because the collective identity of actors conveys both motivational and cognitive stimuli that can surface as, inter alia, prejudice, stereotyping and discrimination (Hewstone et al., 2002; Tajfel and Turner, 1985), even when no intergroup conflict exists (Struch and Schwartz, 1989). To evaluate our hypotheses, we collected and analysed network data on (a) hindrance, relational tension, and self-interest-based ties (*negative perceptions*), and (b) trust, shared identity, and resource-based ties (*positive perceptions*) from 160 actors across 40 global virtual teams embedded within three separate organizations. From this sample, we detected 34 social identity groups and analysed the effect of bridging and bonding social capital, both within and between groups, on the tendency of individuals to perceive others negatively. Higher centrality and brokerage scores *within* social identity groups (but not beyond) predicted increasingly negative views of out-group members. Similarly, higher group density in positive, as well as negative ties, are found to promote negative perceptions of actors outside those identity groups.

We make three key contributions to current knowledge. First, our findings suggest that prior studies have undervalued the role of social identification in inducing negative perceptions between groups. Identification has been an implicit part of social capital (Coleman, 1990; Nahapiet and Ghoshal, 1998), but we emphasize it as an *explicit* mechanism that can underpin negative perceptions in the context of global virtual teams. Second, we contribute to the cross-disciplinary nature of social network research (Kilduff and Krackhardt, 2008) by combining social identification with social capital research and research on global virtual teams. Thus, we offer new insights into identification and relational configurations, which can be seemingly beneficial but may also simultaneously induce undesirable effects for MNEs. Finally, our findings yield practical implications for MNE managers and leaders who wish to improve the organizational atmosphere or group dynamics through optimal structuring of international employee interaction.

2. Theory and hypotheses

Social capital has been defined in an OECD publication (Keeley, 2007, p.103) as "networks together with shared norms, values and understandings that facilitate co-operation within or among groups". Benefits of the concept are well established: increased salary, better chances of promotion and access to diverse skills and knowledge (e.g. Burt, 1997; Inkpen and Tsang, 2005), increased innovation, adaptation and organizational learning (Tsai and Ghoshal, 1998). On a broader scale, these benefits characterize "the sum of the *actual* and *potential* resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (Nahapiet and Ghoshal, 1998, p. 243). We adopt this definition because it includes actual (i.e. information) *and* potential resources (i.e. opportunities), as well as individual *and* social unit (i.e. identity group) as levels of analysis. Social capital research has identified two main conduits for resource flows: bridging and bonding ties (Adler and Kwon, 2002). Bonding social capital emphasizes close relationships within impermeable group boundaries, while bridging underlines connecting unconnected people.

In the context of global virtual teams, lack of cohesion within and across teams can be problematic because the success of the relationship is largely determined by acceptance, understanding, and adoption of common behavioural norms (Cropanzano and Mitchell, 2005). These are particularly salient issues for MNE teams because of geographic distribution (Gibson and Gibbs, 2006; Hinds and Mortensen, 2005). Furthermore, geographic dispersion implies absence of strong relationships (e.g. described by friendship, trust, and shared identity) (see also Crisp and Jarvenpaa, 2013, on swift trust in temporary systems). It is now well established that lack of face-to-face interaction often leads to weaker bonds and lack of integrated goals (Fiol and O'Connor, 2005). Technologically mediated communication used in MNE teams are poor mediums for forming strong relationships, sharing knowledge

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[1] In-group can be defined as a social group to which an individual identifies membership. Out-group is a group where an individual does not identify him/herself as being part of. In-groups and out-groups classification identifies people into 'us' and 'them' (see Tajfel et al., 1971, for further discussion).

[2] A bridging tie traditionally exists when two actors are tied to the ego, but are not connected themselves (Borgatti and Halgin, 2011). Brokerage role in this case would also imply highest (degree of) centrality. The concept of bridging tie itself draws on betweenness centrality (Burt, 1992; Freeman, 1977), and unsurprisingly, brokerage and centrality measures have been found to be highly correlated (Friedman and Podolny, 1992). In order to offer a comprehensive analysis on the effects of structural network configurations that may induce intergroup bias, we included centrality into our broader definition of bridging ties.