CHAPTER 13

The Effects of Cultural Intelligence on Interpersonal Trust in Multicultural Teams

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With increasing globalization, growing diversity in workforce demography, and the popular use of team-based organizational structures (Ilgen & Pulakos, 1999), multicultural teams (MCTs) are a central feature in organizations today. As employees are increasingly required to work interdependently with team members that have different culturally significant affiliations (Cox, 1995), understanding the effective functioning of members in MCTs is a rising concern of organizations and their employees.

A critical challenge faced by members of MCTs is the development of interpersonal trust. Trust is particularly difficult to foster in MCTs because members with different cultural values and perspectives may have different understandings of the goals, roles, and rules for the team (Gibson & Zellmer-Bruhn, 2001), which can result in reduced understanding and, hence, predictability of the other team members' intentions and actions (Child, 2001; Earley & Mosakowski, 2000). Moreover, social categorization theory (Tajfel, 1981; Turner, 1987) suggests that members of MCTs are less likely to trust one another because of the human tendency to classify those who are different as members of the out-group, as opposed to in-group members.

Gaining trust is a key intervening process in culturally diverse teams that influences their effectiveness (Earley & Mosakowski, 2000). Therefore, understanding factors that alleviate the negative consequences of cultural diversity on interpersonal trust has immense implications for MCTs. In this study, we examine how differences in ethnicity—a salient surface-level attribute that engenders social categorization—affect team members' trust in each other. More importantly, we investigate whether the negative effect of cultural diversity on trust between members in MCTs differs across individuals. Here, we advance the

range of intercultural effectiveness outcomes (e.g., Ang, Van Dyne, Koh, Ng, Templer, Tay, & Chandrasekar, 2007; Templer, Tay, & Chandrasekar, 2006), research has yet to examine how CQ affects interpersonal trust in the context of MCTs. Specifically, our study examines how CQ affects the level of interpersonal trust a member has in another member of a multicultural project team. Thus, our focus is on the dyadic level (between any pair of members within the team) because social categorization, the common theoretical perspective for explaining the detrimental effects of diversity, is fundamentally an interpersonal phenomenon. Our key research objective is to examine whether the effect of dyadic-level cultural diversity on interpersonal trust is moderated by the level of CQ that members in the dyad possess.

Our findings contribute to two streams of research. First, we expand our current understanding of the nomological network of CQ by extending its application to trust and MCTs. By examining group members' CQ, we highlight the importance of individuals' cross-cultural capabilities in MCTs, and attempt to provide insight into how such capabilities may influence members' experiences in culturally diverse teams.

Second, we delineate dyadic-level and group-level cultural diversity by focusing on the dyadic level, in order to highlight the importance of precise theorizing and adoption of the correct level of analysis for research on group diversity. Although much research has been done in recent years to understand how cultural diversity in teams affects team functioning and member experiences (for reviews, see Jackson, May, & Whitney, 1995; Stewart, 2006; Williams & O'Reilly, 1998), most of these studies have examined diversity at the group level. We suggest that a reason for the many inconsistent findings reported in the field is the lack of attention paid to interpersonal dynamics within the team (Jackson et al., 1995). This omission results in an underspecified model that fails to account more fully for the effects of diversity on the outcomes of interest, thus impeding the field's advancement.

We tested our hypotheses using data collected from 40 project teams comprising 259 team members. Data were analyzed using the social relations model (Kenny, 1994) to segregate variance at the appropriate level of analysis. Finally, we discuss our results and implications for future research as well as for practice.

THEORY DEVELOPMENT

In this section, we review the literature and research on interpersonal trust, group diversity and social categorization theory, followed by the development of our hypotheses.

Interpersonal Trust

Trust involves the willingness to make oneself vulnerable to another person despite uncertainty regarding motives, intentions, and prospective actions (Kramer, 1999; Mayer, Davis, & Schoorman, 1995). Mayer et al. (1995, p. 712), for example, defined trust as "the willingness to be vulnerable to the actions of another party based on the expecta-

an individual's confidence in the goodwill of others and the expectation that others will act in beneficial ways (e.g., Pruitt, 1983).

Trust is a complex, multidimensional construct that operates on different bases (Lewicki & Bunker, 1996; Lewis & Weigert, 1985; McAllister, 1995). One common distinction is that of affect-based versus cognition-based trust. Building on the work of Lewis and Weigert (1985), McAllister (1995) proposed that affect-based trust is founded on the emotional bonds between individuals, where individuals express care and concern for the welfare of their partners, believe in the intrinsic virtue of such relationships, and believe that these sentiments are reciprocated (Rempel, Holmes, & Zanna, 1985). On the other hand, cognition-based trust hinges on an appraisal of the other's track record—the competence and reliability this person has demonstrated in the past. Thus, cognition-based trust provides a rational basis upon which individuals develop confidence in the other party.

In this study, we focus on affect-based trust to be consistent with the nature of diversity that is examined. According to Jackson et al.'s (1995) diversity framework, ethnicity is a relations-oriented characteristic that is more likely to invoke affect-based responses through social cognitive processes such as social categorization. Thus, examining affect-based trust as the criterion outcome is more conceptually aligned with our focus on ethnic diversity.

Social Categorization Theory and Diversity

Social categorization theory (Tajfel, 1981; Turner, 1987) argues that individuals frequently classify themselves and others into social categories using salient characteristics such as age, race, status, and organizational membership. Based on these classifications, individuals who perceive themselves as similar to others are more likely to view these others as common in-group members, while those who perceive differences are likely to view others as out-group members. This in-group versus out-group categorization in turn brings about important consequences. For example, to maintain a positive social identity, individuals often demonstrate favoritism toward in-group members, and derogation toward out-group members.

Many diversity studies have relied on social categorization theory to explain why diverse groups are more likely to experience problems such as lower cohesion (Smith, Smith, Olian, Sims, O'Bannon, & Scully, 1994), greater conflict (Pelled, Eisenhardt, & Xin, 1999), and poorer performance (Pelled, 1996). The argument is that compared to homogeneous groups, members in diverse groups are more likely to classify other members as in-group or out-group, leading to negative behaviors toward out-group members that, in turn, disrupt the group's functioning.

In these studies, diversity is typically operationalized at the group level, which can mask important dynamics of interpersonal interactions within the team. We contend that examining group-level diversity based on social categorization theory is imprecise, because the target of social comparison is not specified at this level of analysis. In a completely

that the degree of interpersonal attraction within each dyad is similar across all dyads (cf. Klein & Dansereau, 1994). This however, is a questionable assumption because whether one arrives at an in-group or out-group classification depends very much on the targets being compared. For example, in a bicultural team where a strong faultline divides the team into two dominant subgroups, specifying the target of comparison is critical since the interactions between members belonging to the same subgroup should differ quite considerably from interactions between members across the two subgroups (Dreachslin, Hunt, & Sprainer, 2000; Lau & Murnighan, 1998).

We therefore propose that examining diversity of dyads *within* the team is more appropriate when social categorization theory is used to explain effects of diversity on outcomes such as trust and commitment. This is because at the dyadic level of analysis, a specific target in the group is identified. Hence, based on social categorization theory and prior research that has shown that people often view in-group members as more trustworthy than out-group members (Brewer, 1981), we expect that a member (focal individual) will develop lower trust in a target team member (partner) if they do not share the same ethnic cultural background because of the out-group characterization processes than if they both have the same ethnic cultural background.

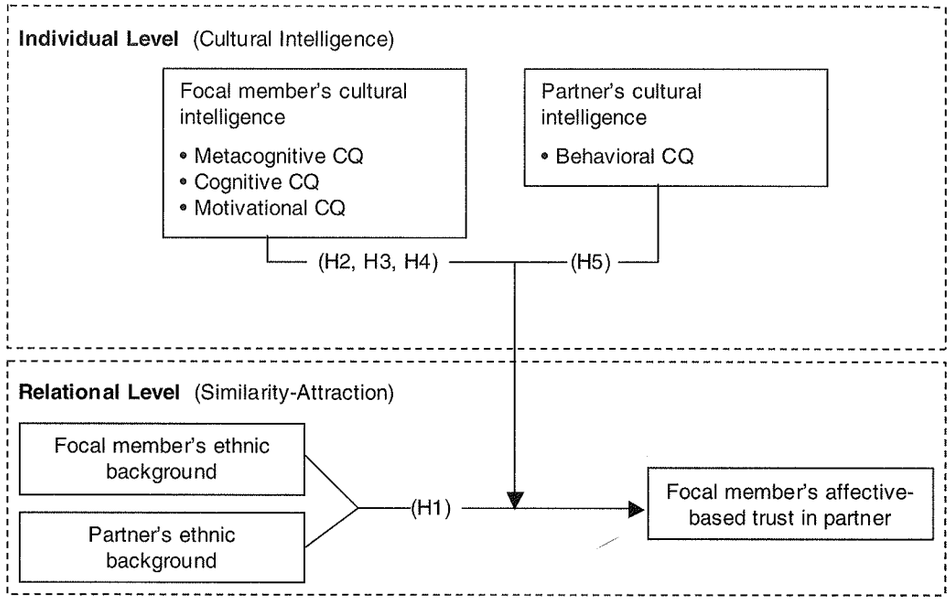
H1: A focal member's trust in his/her partner team member will be lower if the two do not share the same ethnic cultural background than if they do.

Cultural Intelligence

More importantly, our major research interest is to examine how CQ moderates the negative relationship between cultural diversity and interpersonal trust as proposed in hypothesis 1. Specifically, we argue that the CQ capabilities of both the focal member and the partner play an important role in attenuating the negative impact of cultural diversity on the level of interpersonal trust. However, different CQ capabilities operate for the focal and partner members, as depicted in our model presented in Figure 13.1.

The general underlying mechanism for the role of CQ in our model is that it reduces the tendency of focal members to view partners with different ethnic cultural backgrounds as out-group members. Hence, we expect focal members' capabilities in metacognitive CQ, cognitive CQ, and motivational CQ to enable them to develop a more accurate understanding of their partners' cultural background, thus helping them to overcome negative reactions and misunderstandings that arise from social categorization processes. Although partners' CQ capabilities also play an important part in enhancing the quality of interactions, we propose that it is essentially only the partners' capability to demonstrate appropriate behaviors (behavioral CQ) that will be most directly observed by the focal members. This, in turn, will help focal members dampen out-group classifications based on ethnic differences, which in turn, promotes greater trust in their partners. We elaborate on our arguments for each of our hypotheses below.

Figure 13.1 **Theoretical Model and Hypotheses**



accuracy of cultural assumptions (Ang et al., 2007; Earley & Ang, 2003). We propose that focal members' metacognitive CQ will attenuate the negative impact of diversity on their trust in their partners. This is because focal members with greater metacognitive CQ are more conscious of the cultural differences and influences present in their interactions with partners from different cultural backgrounds, and, hence, are less likely to make superficial and inaccurate judgments based on salient ethnic differences. They are also better at checking the accuracy of cultural assumptions and adjusting their mental models during and after interactions (Brislin, Worthley, and MacNab, 2006; Triandis, 2006), thus enabling them to develop a more accurate and deeper understanding of partners from different cultural backgrounds. We argue that the metacognitive CQ of focal members in culturally diverse dyads will enable them to counter the negative effects of social categorization on interpersonal trust (Gaertner & Dovidio, 2000).

On the other hand, focal members' CQ should be less relevant for interpersonal trust in culturally homogeneous dyads, because a common ethnic cultural background mitigates social categorization processes based on cultural identity and therefore negates the need for cross-cultural capabilities.

H2: In culturally diverse dyads, focal members with higher metacognitive CQ should report greater trust in their partners than those with lower metacognitive CQ,

Cognitive CQ focuses on knowledge of norms, practices, and conventions in different cultural settings acquired from education and personal experiences (Ang et al., 2007; Earley & Ang, 2003). Likewise, we argue that focal members' cognitive CQ will attenuate the negative impact of diversity on their trust in their partners. This is because focal members with good knowledge of culture should have a more in-depth understanding and accurate attribution of cross-cultural similarities and differences (Brislin et al., 2006). Intergroup contact theory (Allport, 1954; Pettigrew, 1998) also posits that one reason that contact reduces intergroup prejudice is the development of more accurate knowledge about the out-group. As such, individuals with high cognitive CQ are less likely to form negative stereotypes based on superficial cultural characteristics such as ethnicity (Abreu, 2001).

We therefore argue that when interacting with other members from a different cultural ethnic background, focal members with higher cognitive CQ should develop greater trust because of a more accurate understanding of the cultural norms and preferences of their partners. On the other hand, cognitive CQ has less relevance and effect on the development of trust with members from a similar cultural ethnic background.

H3: In culturally diverse dyads, focal members with higher cognitive CQ should report greater trust in their partners than those with lower cognitive CQ, whereas in homogeneous dyads, cognitive CQ of focal members should not have an effect on trust ratings.

Motivational CQ is the capability to direct attention and energy toward learning about and functioning in situations characterized by cultural differences (Ang et al., 2007; Earley & Ang, 2003). Since individuals with high motivational CQ have a strong desire and a high self-efficacy to communicate with people from different cultural backgrounds (Earley & Ang, 2003), we argue that they are less likely to maintain a strong in-group–out-group distinction when interacting with different ethnic members in the group (Reynolds & Oakes, 2000). In fact, these individuals may actively look for opportunities to interact with group members of different cultural backgrounds. Thus, we propose that focal members' motivational CQ will attenuate the negative impact of diversity on their trust in their partners, such that those with higher motivational CQ will develop greater trust in partners from different cultural ethnic backgrounds. Conversely, motivational CQ should be less relevant for the trust development between two culturally similar team members.

H4: In culturally diverse dyads, focal members with higher motivational CQ should report greater trust in their partners than those with lower motivational CQ, whereas in homogeneous dyads, motivational CQ should not have an effect on trust ratings.

Behavioral CQ is the capability to exhibit situationally appropriate behaviors from

ber's behavioral CQ, that will enhance interpersonal trust. This is because partners who possess the flexibility to adapt behaviors in their interactions to suit team members from different cultural ethnic background will enhance the sense of familiarity and similarity in the relationships (Earley & Mosakowski, 2004; Gudykunst, Ting-Toomey, & Chua, 1998), weaken perceptions of salient cultural differences, and increase predictability of behaviors, thereby building the focal members' trust in them. Conversely, the focal member's behavioral CQ should also affect the partner's trust in him or her, rather than affect trust in the partner.

H5: In culturally diverse dyads, focal members should report greater trust in their partners who have higher behavioral CQ than in partners with lower behavioral CQ, whereas in homogeneous dyads, behavioral CQ of the partners should not have an effect on focal member's trust ratings.

METHODS

Sample and Procedures

Data for the study were collected from 259 participants from 40 project teams in a large business school in Singapore. The average age was 22 years (SD = 1.9), and 75 percent were female. A total of 197 were local Singaporean students. The remaining were exchange students from 19 countries, including the United States, United Kingdom, Canada, New Zealand, Finland, Norway, Sweden, Holland, and Germany. In terms of ethnic background, 190 participants were Chinese, 62 were Caucasian, 4 were Indian, and 3 were Malay.

Students were enrolled in a four-month international organizational behavior class, where they were assigned by the course instructor to culturally diverse teams at the beginning of the course. A major task for each team was to make a 45-minute presentation to the class on an international management topic. The presentation was evaluated by both the instructor and other students in the class, and constituted 20 percent of the course grade.

We collected data on CQ and demographics at the beginning of the semester, and data on members' trust ratings at the end of the semester. In the second data collection, we employed a round-robin design (Kenny, 1994) in which every participant had to rate his or her trust level in each group member. We emphasized to participants that the data collected was strictly for research purposes and would not influence their grades, and that participation was voluntary.

Measures

Trust

share my ideas, feelings and hopes with this person." All items were rated on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Cronbach's alpha was 0.89.

Dyad-Level Cultural Diversity

Within each group, we coded for the cultural diversity of every possible pair of group members. In total, 623 dyads from the 40 groups were coded. A dyad was coded 1 when the two members had different ethnic backgrounds, and 0 when they had the same ethnic background. In total, 32 percent (199) of the dyads were cross-cultural.

Group-Level Cultural Diversity

We control for group-level diversity to partial out group-level dynamics that may affect interpersonal trust. For instance, Earley and Mosakowski (2000) found that bicultural groups (groups with two subgroups) are less likely to develop a "hybrid team culture" than more culturally diverse groups, which in turn, could affect the predictability of team members' behavior via shared group norms. As such, controlling for group-level diversity allows us to partial out group-level effects that may otherwise affect interpersonal trust in the dyads.

We used Blau's (1977) index to compute the cultural diversity of the 40 groups based on four ethnic categories: Chinese, Caucasian, Malay, and Indian. Because the numerical value for the maximum of Blau's index is dependent on the number of categories used in its calculation, we standardized it by dividing it with its theoretical maximum (see Agresti & Agresti, 1978). This index therefore has a minimum of zero, and a maximum of 1 (M = 0.37, SD = 0.26).

Cultural Intelligence

We assessed CQ with Ang and colleagues' (2007) 20-item cultural intelligence scale. Metacognitive CQ was assessed using four items (e.g., "I adjust my cultural knowledge as I interact with people from a culture that is unfamiliar to me"; Cronbach's alpha = 0.77); cognitive CQ was assessed using six items (e.g., "I know the religious beliefs of other cultures"; Cronbach's alpha = 0.87), motivational CQ was measured with five items (e.g., "I enjoy interacting with people from different cultures"; Cronbach's alpha = 0.85); and behavioral CQ was assessed with five items (e.g., "I change my verbal behavior [e.g., accent, tone] when a cross-cultural interaction requires it"; Cronbach's alpha = 0.81). All items were rated on a seven-point Likert scale (1 = strongly disagree and 7 = strongly agree).

Data Analytic Strategy

person in the group on a particular measure. In its most basic form, the social relations model describes a dyadic variable as the sum of four components: a constant, an actor effect, a partner effect, and a relationship effect.

The *actor effect* represents an individual's tendency to generally trust other people. The *partner effect* represents an individual's tendency to be generally trusted by other people. Both actor effect and partner effect are individual-level effects that refer to a person. Neither of these effects is relational. The *relationship effect* represents one individual's unique tendency to trust in a particular individual. The *constant* represents the mean rating across all actors, partners, and relationships, and across multiple groups it can be understood as measuring the mean level of trust in each group. These effects in the social relations model are conceived as random effects to be estimated. For the testing of our hypotheses, fixed effects are added to the model after establishing random effects.

The model essentially treats dyadic ratings as nested within raters and ratees, which in turn are crossed factors nested within groups. We used the proc-mixed procedure in SAS 9.1 for the estimation of the model and the testing of our hypotheses. Based on the social relations model methodology (Kenny, 1994), the first step in the analysis was to estimate a model with no predictor variables. This model separates the variance in trust ratings into the following: groups, dyads, actor, partner, and error.

To test hypothesis 1 (H1), we added group-level diversity as the control variable, followed by the dummy variable assessing cultural diversity of the dyad. To test hypotheses 2 through 5 (H2–H5) on the moderating role of CQ, we entered the four dimensions of CQ followed with one product term (cultural diversity × one CQ dimension) at a time to avoid multicollinearity between multiple product terms.

RESULTS

Results for the variance partitioning of interpersonal trust demonstrate that there was significant variance at the level of the self, partner, and the dyad, but not at the group level. According to Kenny (1996), we fixed the group variance estimate to zero for more efficient parameter estimation in all our subsequent analyses, while still including cultural diversity at the group level for control purposes.

Table 13.1 presents the multilevel regression results for our hypotheses. Our first hypothesis proposes that culturally diverse dyads will show lower levels of affect-based trust than monocultural dyads. Our results supported this hypothesis ($\beta = -0.21$, $p < 0.01$), after controlling for group-level diversity. Cohen's d, as an estimate for the effect size of cross-cultural dyads on relationship-specific affect-based trust, is –0.91, indicating a rather large effect.

Hypotheses 2 through 4 proposed that focal members' CQ in the dyad would attenuate the negative effect of cultural diversity on trust. For metacognitive CQ (H2), results show a significant interaction between metacognitive CQ of the focal individual and dyadic diversity ($\beta = 0.24$, $p < 0.11$) in predicting trust. For cognitive CQ (H3), the interaction

Table 13.1

Results for Hypotheses 1–5

		cc-dyad	Focal Individual's CQ			Partner's CQ
	Empty model	(H1)	(H2)	(H3)	(H4)	(H5)
Intercept	4.13**	4.35**	3.81**	3.83**	3.82**	4.46**
Cultural diversity (group)		–.41*	–.39*	–.37*	–.39*	–.36*
Cross-cultural dyad		–.21**	–.24**	–.25**	–.24**	–.27**
Metacognitive CQ			.16*	.16**	.17**	–.05†
Cognitive CQ			.04	.04	.04	–.02
Motivational CQ			–.04	–.04	–.04	.02
Behavioral CQ			–.05	–.05	–.06	.03
Metacognitive CQ * cross-cultural dyad			**.11***			
Cognitive CQ * cross-cultural dyad				**.08†**		
Motivational CQ * cross-cultural dyad					.03	
Behavioral CQ * cross-cultural dyad						**.08†**

†$p < 0.1$
*$p < 0.05$
**$p < 0.01$
Note: coefficients are unstandardized parameters.

the negative effect of cultural diversity. As expected, results show that behavioral CQ of the partner interacted with dyadic diversity to predict trust ratings ($\beta = 0.08$, $p < 0.06$). Thus H2, H3, and H5 received support, but not H4.

We also conducted two sets of post hoc analyses to further illuminate our findings. First, we ran a set of analyses with the subsample of monocultural dyads to examine whether the four CQ factors affected trust when cultural diversity was absent. As expected, none of the CQ factors affected affect-based trust in monocultural dyads. Given that approximately 70 percent of our dyads are monocultural, suggesting that statistical power is generally not an issue, these nonsignificant results provide further evidence to support the notion that CQ is a set of capabilities targeted at culturally diverse settings and interactions.

Second, we tested for interactions between group-level diversity and individuals' CQ to examine whether diversity at the group level exerts similar effects as diversity at the dyadic level. As expected, none of these moderation effects was significant, suggesting that individuals' CQ operates more at the dyadic rather than the group level of diversity.

DISCUSSION

Fostering trust between culturally dissimilar individuals constitutes a major challenge for MCTs. In this study, we examine how individuals' CQ alleviates the detrimental effect of cultural diversity on interpersonal trust, thereby demonstrating the relevance of CQ

gling dyadic- and group-level diversity offers a more precise approach to understanding interpersonal dynamics within the team, and also facilitates a better understanding of the importance of an individual's CQ in MCTs.

Our study yields two major findings. First, our results demonstrate that dyadic- and group-level diversity exert a unique impact on group members' trust for each other, confirming the importance and utility of segregating the two levels in examining cultural diversity effects. Not surprisingly, our results show that dyadic-level diversity ($\beta = -0.21$, $p < 0.01$) had a stronger effect on members' trust for the other member in the dyad than group-level diversity ($\beta = -0.41$, $p < 0.05$), supporting our contention that social categorization and interpersonal trust are more appropriately examined at the dyadic level.

Second, our results demonstrate that CQ is an important capability for MCT members. In particular, we found that in cross-cultural dyads, focal members with higher metacognitive CQ and cognitive CQ reported greater trust in their culturally different partners. Behavioral CQ, as we expected, operated from the partner's perspective because partners who were able to demonstrate appropriate behaviors were more likely to weaken focal members' perceptions of salient cultural differences that could lead to out-group classification. Taken together, these results suggest that the negative effects of social categorization on cross-cultural interactions within the MCT can be reduced by increasing the CQ of both parties in the interactions.

Surprisingly, motivational CQ did not affect trust in the dyad. A possible reason was the ceiling and restriction of range observed in the motivational CQ scores in the sample. The mean level of motivational CQ was 5.14 (SD = 0.93) and, although not significantly higher than the mean level of metacognitive CQ, was significantly higher than the mean level of cognitive CQ ($t = 20.12$; $p < 0.01$) and behavioral CQ ($t = 2.63$; $p < 0.01$).

Theoretical Implications

Findings in this study have three major implications for existing research. First, this study offers important support to the construct validity of CQ. Although prior research (Ang et al., 2007) has demonstrated the importance of CQ in predicting outcomes in culturally diverse settings, our research extends these efforts by showing that CQ affects the interpersonal trust in cross-cultural dyads but not in monocultural dyads where cultural diversity is absent.

Second, our findings that the various CQ factors attenuate the negative effect of diversity on trust offer new insight to social categorization theory (Fiske, 1998). Specifically, our results suggest that the effect of social categorization may depend on individual characteristics. Social categorization research has shown that automatic biases can be influenced by knowledge about the attitude object (Fiske, 1998). Our findings confirm existing research by demonstrating the positive impact of knowledge (cognitive CQ) on trust, and offer further insight by demonstrating the importance of metacognitive capabilities and behavioral flexibility for overcoming the potential negative consequences of social categorization between two culturally different individuals.

Third, our study highlights the importance of an appropriate specification of levels of

processes at both the group level (Earley & Mosakowski, 2000; Lau & Murnighan, 1998) and the dyadic level (Tajfel, 1981; Turner, 1987), empirical research has often not been specific in aligning the level of analysis of the theoretical mechanism with the level of analysis of the empirical constructs. This omission in existing research results in underspecified models that fail to account more fully for the effects of diversity on outcomes of interest. For instance, recall that our post hoc analyses did not yield any significant interactions between group-level diversity and members' CQ. Thus, had we only examined the interaction between group-level diversity and individuals' CQ, we would have concluded that CQ had no effects on group-level trust. However, by segregating group- and dyadic-level effects, we were able to demonstrate that CQ had an important role in enhancing interpersonal dynamics within the team. Hence, the present research extends prior research by showing that both group-level and dyadic-level dynamics independently contribute to the formation of trust in MCTs, and an accurate specification of the level of analysis is critical.

Managerial Implications

The results of this study suggest several important lessons for MCTs. First, selection of members based on CQ capabilities, in addition to technical qualifications, is important to help reduce the negative effects of diversity on team functioning.

Second, training that targets the different facets of CQ should be considered for MCT members. We suggest that existing diversity programs may focus too narrowly on the knowledge component, since they are typically designed to sensitize employees to the impact of stereotypes on their own and others' behaviors (Ely, 2004). Hence, these programs seem to focus more on increasing employees' knowledge about accurate "cultural explanations" of behavior, or cognitive CQ, and less on metacognitive or behavioral facets. As discussions in the area of expatriates' cultural awareness training suggest, while being a necessary first step, such a focus also faces the danger of replacing simple stereotypes with "sophisticated stereotypes" (Bird, Osland, Mendenhall, & Schneider, 1999). Diversity programs that focus too superficially on communicating diversity as a company value rather than giving people concrete skills for using diversity as a resource and managing conflict constructively may fall short of their intentions.

Future Research

Our findings in this study suggest several interesting areas for future research. We focus on three areas that will yield further insights into CQ and MCTs. First, we have examined cultural diversity as a "surface-level" characteristic, given that visible differences in ethnicity are more likely to activate social categorization processes. Future research however, can examine the role of CQ in mitigating effects of "deep-level" diversity on trust. This is because research shows that as teams mature, team performance is affected

such cultural value differences lead to different behaviors (Adler, 2002; Elron, 1997).

Second, our research has focused on the relationship between cultural diversity and CQ from a social categorization perspective. Future research might also investigate the role of CQ in culturally diverse teams from an information and decision-making perspective. Although cognitive resource theory (Cox & Blake, 1991) generally proposes that diversity has positive impact on group performance because of increased breadth in the skills, abilities, information, and knowledge that diverse team members bring, recent research suggests that these advantages can only be realized if a psychologically safe communication climate exists (Gibson & Gibbs, 2006). Since trust among team members is important in fostering a psychologically safe communication climate, we expect trust to accentuate the informational benefits of MCTs. In light of our current results, future research could investigate whether MCTs with higher CQ are more likely to benefit from the diverse perspectives as suggested by the information perspective.

Third, even though our model is multilevel in nature, we have focused on the dyadic level of analysis (controlling for group-level diversity), given our interest in interpersonal trust. Future research could examine group and dyadic effects simultaneously in greater depth, to arrive at a more fully specified model that considers both interpersonal and team dynamics within MCTs. For instance, in addition to the dyadic model examined in this study, future research could also examine compositional models of CQ and group-level trust, to better understand group-level dynamics. This would require careful design considerations, such as measures of trust that are conceptualized at the appropriate level of analysis. In our study, we measured trust at the dyadic level. While we are confident that the average level of interpersonal trust in a group is an important conceptualization of trust at the group level, it is clearly not the only one. Trust at the group level could also be understood as trust *in* the group, which will then require a shift to the group as the reference (Chan, 1998).

CONCLUSION

In conclusion, we agree with Jackson and Joshi (2004, p. 697) that "multilevel and cross-level investigations offer some potential for improving our understanding of diversity dynamics within organizations." Our study builds on this recommendation by highlighting the importance of aligning theoretical mechanisms with the appropriate level of empirical analysis. Our study also highlights the importance of members' CQ in ameliorating the negative effects of diversity on team and member experiences in MCTs.

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