“In-group and out-group behavior in Indian multinational corporations: An analysis of its implications on organizational performance”

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Abstract

The purpose of this study is to investigate in-group and out-group dynamics within multinational corporations in India and their influence on organizational performance. The paper uses concurrent triangulation. Primary data were gathered via a purposive sample of 500 employees across various demographic backgrounds, ensuring diversity. Respondents participated in an online survey and a few in-depth interviews, administered in-person or online, capturing their experiences of group dynamics. Survey data were analyzed using R, SPSS, and SAS, while thematic analysis was applied to in-depth interview transcripts using NVivo software. The study also employed descriptive statistics, ANOVA, MANOVA for the survey and thematic analysis for interviews, revealing the depth and complexity of in-group favoritism. In-group members have reported significantly higher levels of communication, trust, cooperation, conflict management, and innovation, indicating the impact of group dynamics on organizational performance. The outcome of the multivariate analysis of variance (MANOVA) demonstrates a substantial impact of in-group/out-group categorization on the amalgamated dependent variables (evidenced by a Wilks’ Lambda value of 0.68, F (5,94) = 4.17, p < .001). This suggests a noteworthy influence of in-group/out-group affinities on overall team efficacy. The insights offer concrete strategies to enhance inclusivity amid diversity within multinational corporations, thereby mitigating group bias and promoting organizational performance. This study not only expands the understanding of group dynamics in Indian multinational corporations but also offers valuable guidance for managerial practices.

INTRODUCTION

Multinational corporations operate across borders, employing a diverse workforce comprising individuals from various nationalities, cultures, and backgrounds and play a pivotal role in the world economy. In this context, in-group and out-group interactions within multinational corporations can significantly influence employee behavior, performance, and overall organizational outcomes. In-group refers to a collective of individuals who share common characteristics, beliefs, and attitudes, while out-group comprises individuals who do not belong to this group. Understanding the dynamics of in-group and out-group interactions within multinational corporations is essential for comprehending how employees from diverse backgrounds interact and collaborate in a global workplace.
In a diversified context of a multinational corporation, where the workforce comprises individuals from different nationalities, cultures, and backgrounds, in-group and out-group dynamics can create barriers to effective communication, collaboration, and teamwork. Despite the growing recognition of the significance of in-group and out-group dynamics in multinational corporations, limited research has been conducted on the factors that influence such dynamics and their implications for employee behavior, performance, and organizational outcomes within the Indian context.

This study holds both theoretical and practical implications. Identifying the factors influencing in-group and out-group dynamics and their implications for employee behavior, communication, and performance in Indian multinational corporations contributes to the existing knowledge in this field. The findings of this study are particularly relevant for managers and policymakers of multinational corporations, as they can utilize the outcomes to foster a more inclusive and collaborative workplace culture.

1. LITERATURE REVIEW AND HYPOTHESES

The literature review involves an extensive search of academic databases such as JSTOR, Emerald Insight, and ProQuest to identify relevant articles, books, and reports on in-group and out-group dynamics in multinational corporations in India. The literature review encompasses the study of literature spanning over the last 70-75 years.

Several factors influence in-group and out-group dynamics in multinational corporations in India. These factors can be broadly categorized into demographic and cultural ones. Further, managing in-group and out-group dynamics in multinational corporations is crucial for improving team performance and achieving organizational goals. Organizations need to implement strategies that promote diversity, inclusion, and cross-cultural communication to effectively manage these dynamics.

The study of in-group and out-group is rooted in social identity as well as social categorization theory. According to Tajfel et al. (1979), individuals develop their self-concept through affiliation with specific social groups, resulting in in-group favoritism and out-group discrimination. Similarly, social categorization theory posits that individuals classify themselves and others based on observable attributes, including nationality, ethnicity, gender, and age (Turner et al., 1987).

Nationality is a critical factor that influences in-group and out-group dynamics in multinational corporations. Employees from the same country tend to form in-groups and share a common culture, language, and social norms. On the other hand, employees from different countries tend to form out-groups, which can create communication and cultural barriers (Marton et al., 2004).

Language is another critical factor impacting in-group and out-group dynamics in multinational corporations. Language barriers can create misunderstandings and communication gaps, leading to conflicts and lower team performance (Jackson & Ruderman, 1995). Cultural background also influences in-group and out-group dynamics in multinational corporations. Employees from different cultural backgrounds may have different values, beliefs, and attitudes, which can lead to misunderstandings and conflicts (Gudykunst & Kim, 2003).

Gender is another factor that can influence in-group and out-group dynamics. Women may face gender biases and discrimination in male-dominated teams, affecting their performance and motivation (Kochan et al., 2003). Age and education are two distinctive variables in this context. Younger employees may face age-related stereotypes and biases, while older employees may face age-related discrimination (Campion & Posthuma, 2007). Similarly, employees with higher education may form in-groups and have a sense of superiority (Marton et al., 2004).

Other significant variables are work experience and social status. Employees with longer work experience may form in-groups and have a sense of superiority over employees with lesser work experience. Similarly, employees with higher social status may form in-groups and discriminate employees with lower social status (Marton et al., 2004).
In-group and out-group dynamics can significantly affect team performance in multinational corporations in India. In-group and out-group dynamics can create communication barriers and misunderstandings, causing conflicts and lower team performance. These can affect trust between team members (Nemeth, 1986). In-groups tend to trust each other more, while out-groups tend to be mistrusted (Tajfel et al., 1979).

Kumar et al. (2023) research underscored the consequential influence of power dynamics and social status on in-group and out-group behaviours, and their subsequent ramifications on perceived individual performance outcomes. The study discovered a positive correlation between in-group behaviour and perceived individual performance outcomes. In contrast, out-group behaviour demonstrated a negative association with perceived individual performance outcomes. Power dynamics were identified as a significant moderating variable, influencing the relationship between in-group behaviour and perceived individual performance outcomes. This observation suggests that the dynamics of power within a group can significantly modulate the impact of in-group behaviour on the perception of individual performance. Thus, it is imperative to consider power structures and social hierarchy when examining the interplay of in-group behaviour, out-group behaviour, and perceived individual performance outcomes. This research offers a nuanced understanding of how power dynamics and social status can steer group behaviours and shape perceptions of individual performance outcomes. It illuminates the often complex and multifaceted nature of group interactions and their impacts on individual performance, thereby contributing to the wider discourse on the determinants of in-group and out-group behaviours.

Cooperation among team members can get influenced by in-group and out-group dynamics. Brewer (1999), Sherif (1966), Sherif et al. (1961), and Tajfel et al. (1979) indicated that in-groups tend to exhibit higher levels of cooperation, while out-groups may display lower levels of cooperation, resulting in potential negative implications for team performance. This phenomenon, commonly referred to as the in-group bias, highlights the tendency of individuals to exhibit preference toward and prioritization of members of their own group. Notably, Tajfel et al. (1979) suggest that in-group bias can manifest even when group membership lacks significance or is randomly assigned. Moreover, an out-group can intensify intergroup competition, exacerbating the in-group bias and further diminishing cooperation (Sherif et al., 1961).

In-group and out-group dynamics have the potential to contribute to conflicts among team members. Tajfel et al. (1979) and Brewer (1999) indicated that in-groups often are more inclined toward competitiveness and confrontation, whereas out-groups tend to demonstrate greater cooperativeness and conciliation. The presence of an in-group bias can further exacerbate these dynamics, leading to discrimination and prejudice against out-group members (Tajfel et al., 1979). Consequently, tensions and conflicts may arise within teams due to these dynamics, potentially impacting team performance.

In-group and out-group dynamics can also affect innovation in teams. In-groups tend to be less innovative and less open to new ideas, while out-groups tend to be more innovative and open to new ideas, which can lead to lower team performance (Homan et al., 2007). Stahl et al. (2009) suggest that diverse teams with members from different backgrounds and perspectives are more likely to generate innovative ideas and solutions. In contrast, teams with high in-group bias may be less likely to consider ideas or perspectives from out-group members, limiting their innovation potential.

To manage in-group and out-group dynamics effectively, organizations can implement strategies such as creating a shared vision and values, promoting diversity and inclusion, providing cross-cultural training and support, encouraging social interaction, and implementing performance-based reward systems (Bezrukova et al., 2009; Ely & Thomas, 2001; Jehn & Bezrukova, 2010). These strategies create a culture that values and embraces diversity and fosters collaboration and teamwork. Moreover, Jehn et al. (2008) and West and Anderson (1996) suggest that such strategies can improve team performance, increase job satisfaction, and enhance organizational outcomes.
Establishing a shared vision and values within an organization can cultivate employees’ sense of belongingness and dedication, thereby encouraging cooperation among team members (Tajfel et al., 1979). Homan et al. (2007) have found that diversity and inclusion within teams and organizations can enhance team performance by fostering the integration of diverse perspectives and ideas.

Cross-cultural training and support effectively improve intercultural communication and reduce cultural misunderstandings, as noted by Bhawuk and Brislin (1992) and Kim and Mauborgne (1993). As Sherif et al. (1961) proposed, encouraging social interaction can help build trust and improve communication among team members from different groups. Dias et al. (2017) has explored the role of intercultural communication competence in managing cross-border mergers and acquisitions in Indian multinational corporations. The study emphasizes the significance of intercultural communication competence, which can be developed through cross-cultural training, in facilitating effective communication, building trust, and fostering better relationships between employees from different cultural backgrounds.

Implementing performance-based reward systems can promote teamwork and collaboration (Decuyper et al., 2010; Kozlowski & Ilgen, 2006; O’Reilly et al., 1989). Prasad et al. (2023) highlight the importance of developing suitable performance evaluation criteria to minimize group dynamics’ negative effects on a firm’s personnel. Connecting evaluations to incentives, delivering adequate training, and conducting timely assessments can help mitigate these adverse effects.

The impact of cross-cultural training on the success of international assignments in multinational corporations has also been investigated by Polón (2017). Polón (2017) indicates that cross-cultural training enhances expatriates’ cultural intelligence, reduces cultural misunderstandings, and improves their overall performance and job satisfaction.

Further, multinational corporations and their subsidiaries should balance implementing processes that are in sync with the host country’s reasonable requirements and standards and pursue more distinctive procedures in their country of origin (Mishra et al., 2021). Chen and Tjosvold (2007) conducted a study focusing on Guanxi and leader-member relationships in China and India, shedding light on the significance of relationships within cross-cultural settings. Their findings emphasize the importance of trust, cooperation, and mutual benefits in fostering and maintaining Guanxi relationships, facilitating effective cross-cultural interactions and negotiations within multinational corporations.

Literature is surfeit on the diverse aspects of organizational performance and its correlation with factors such as cultural diversity, leadership, organizational culture, and internationalization. Nori and Gupta (2021) underscore the importance of maximizing and optimizing organizational value within the industrial environment. It is important to emphasize the critical role of cultural intelligence in managing cultural diversity, specifically within Indian multinational corporations. Cultural intelligence, denoting an individual’s ability to adapt to new cultural environments and collaborate effectively with individuals from diverse backgrounds, emerges as a crucial competency for successfully navigating cross-cultural interactions within multinational corporations. Maiorescu and Wrigley (2016) examined the impact of cultural diversity on firm performance in multinational corporations. Thus, the effects of cultural diversity on firm performance can be positive and negative, depending on various factors such as the level and type of diversity and the organizational culture.

Sinha et al. (2022) argue that the organizational practices in India exhibit distinct characteristics and are not directly linked to practices in other countries. They assert that India can be considered a “cultural island” with diverse customs, influencing local culture and customs on organizational practices. Consequently, this leads to a divergence in practices between the country of origin and the host country.

In their comprehensive review and research agenda on the internationalization of emerging market firms, including Indian multinational corporations, Gaur et al. (2014) emphasize the significance of factors such as institutional distance, home coun-
country institutions, and strategic alliances in the internationalization process. Similarly, Büçakçıoğlu-Peynirci (2023) explore the role of host-country institutional development in the internationalization and performance of emerging market firms, and proposed that the quality of host-country institutions can impact the performance of foreign subsidiaries of emerging market firms.

The challenges and strategies involved in managing cross-cultural negotiations within Indian multinational corporations has been handled by Kinkhabwala (2019). They emphasize the importance of effective communication, understanding cultural differences, and building relationships based on trust and respect for successful cross-cultural negotiations.

The importance of factors such as entrepreneurial orientation, network capabilities, and institutional environments in the internationalization process of born global and international new venture firms, including Indian multinational corporations, has been examined by Kumar and Kundu (2019).

Leadership issues in diversity and management have also been examined in multiple nuances. In a study on ethical leadership’s role in influencing employee creativity within Indian multinational corporations, Yidong and Xinxin (2012) suggest that ethical leadership fosters a climate of psychological safety and cognitive diversity, thereby enhancing employee creativity and innovation. Kumar et al. (2022) highlight the positive and significant impact of transformational leadership on employee engagement. Patrick and Kumar (2012) explore the significance of inclusive leadership in managing diversity within organizations. They propose that inclusive leadership, which involves valuing and leveraging diversity, creating a supportive work environment, and promoting diversity management practices, enhances the effectiveness of diversity management efforts in organizations. The role of leaders in identifying and implementing innovative and effective HR practices to utilize and retain human resources over the long term has been highlighted by Rana et al. (2021).

Uygun and Gupta (2020) have highlighted the increasing importance of leadership in line with the evolving needs of society, organizations, employee creativity, academics, and personal growth. Their research emphasizes the crucial role that effective leadership plays in addressing the dynamic challenges and opportunities faced by individuals, teams, and organizations.

Horwitz et al. (2021) provide a comprehensive review and research agenda on expatriation to emerging markets, including India. They emphasize the importance of factors such as expatriate selection and preparation, cultural adaptation, and knowledge transfer in the success of expatriate assignments in emerging markets.

The relationship between social capital, institutional distance, and the internationalization of emerging market firms, including Indian multinational corporations, has been investigated by Paul and Gupta (2014). They find that social capital, which encompasses the resources and connections accessed through relationships, plays a significant role in the internationalization process of firms from emerging markets.

Panicker et al. (2022) investigated the influence of home country institutions on the internationalization of state-owned enterprises from emerging economies. Their study highlighted the impact of the institutional environment in the home country on the resources, capabilities, and institutional support available to state-owned enterprises during the internationalization process.

The findings from these studies have important implications for managing cultural diversity in Indian multinational corporations. Cultural intelligence, inclusive leadership, ethical leadership, and intercultural communication competence are crucial factors. Additionally, organizational culture, relationships, and psychological safety climate play significant roles in fostering team creativity and innovation. The success of international assignments and the internationalization of emerging market firms in India are influenced by social capital, institutional distance, and host-country institutional development. Managers in Indian multinational corporations need to develop a deep understanding of these factors to leverage the benefits of cultural diversity and enhance organizational performance.
The reviewed literature suggests that Indian multinational corporations face unique challenges and opportunities in the context of internationalization and managing diversity. Social capital, born global firms, cultural intelligence, and inclusive leadership are key factors that can influence the performance of Indian multinational corporations in international markets. Understanding these factors and developing appropriate strategies and practices can help Indian multinational corporations overcome the challenges of institutional distance, cultural diversity, and liability of foreignness and leverage the potential benefits of internationalization.

Therefore, it is evident that in-group and out-group dynamics play a crucial role in influencing team performance within multinational corporations operating in India. The existence of in-group favoritism can give rise to conflicts and act as a hindrance to team performance. In contrast, out-group bias can result in feelings of exclusion and diminished morale. Hence, it becomes imperative for organizations to effectively manage these dynamics to foster a work environment characterized by diversity and inclusivity, promoting teamwork, collaboration, and innovation. By implementing such measures, multinational corporations in India can enhance team performance, elevate employee satisfaction, and ultimately achieve their organizational objectives.

Drawing on these research studies, the literature review contributes insights into the multidimensional aspects of organizational performance, encompassing cultural diversity management, leadership, and the influence of organizational culture in the context of Indian multinational corporations.

Therefore, this study aims to examine in-group and out-group dynamics within Indian multinational corporations and their influence on team performance, with specific emphasis on exploring the role of communication, trust, cooperation, conflict, and innovation as key determining factors. The hypotheses for this study are formulated as follows:

H1: Nationality significantly predicts in-group/out-group dynamics of Indian multinational corporations.

H2: Language proficiency significantly predicts in-group/out-group dynamics of Indian multinational corporations.

H3: Cultural background significantly predicts in-group/out-group dynamics of Indian multinational corporations.

H4: Gender significantly predicts in-group/out-group dynamics of Indian multinational corporations.

H5: Age significantly predicts in-group/out-group dynamics of Indian multinational corporations.

H6: Education level significantly predicts in-group/out-group dynamics of Indian multinational corporations.

H7: Work experience significantly predicts in-group/out-group dynamics of Indian multinational corporations.

H8: Social status significantly predicts in-group/out-group dynamics of Indian multinational corporations.

2. METHOD

The study uses a mixed-method approach, which combines both quantitative and qualitative research in a sequential triangulation. This approach provides a more comprehensive understanding of in-group and out-group dynamics in multinational corporations in India, as it delves deeper into the areas that cannot be captured and analyzed only through a quantitative survey.

The primary data collection methods include a survey and in-depth interviews. The insights gathered through the literature review have been analyzed using a thematic analysis approach to identify key themes and concepts related to in-group and out-group dynamics in multinational corporations in India. The findings have been synthesized and integrated with the primary data collected from the survey and in-depth interviews to comprehend the research inquiries.
The survey uses a Likert scale to measure the extent of in-group and out-group bias among employees and the factors that influence these biases. The survey also includes questions on team performance, communication, trust, cooperation, conflict, and innovation. In-depth interviews have been conducted to explore the factors that influence in-group and out-group dynamics, as well as the strategies that organizations use to manage these dynamics effectively.

Primary data collection has been through a two-fold approach:

a) Survey: The survey has been administered online to employees working in multinational corporations in India. The survey was distributed using a purposive sampling technique, where participants were selected based on their nationality, language, cultural background, gender, age, education, work experience, and social status. The survey was anonymous, and participation was voluntary.

b) In-depth interviews: Qualitative data for this study were gathered through in-depth interviews conducted with a purposive sample of employees employed in Indian multinational corporations. The interviews were administered either in person or through online platforms, ensuring the comfort and convenience of the participants. Prior consent was obtained from the participants, and in some cases, audio recordings were made to facilitate accurate data transcription and analysis. The interviews followed a semi-structured format, allowing for flexibility while exploring the participants’ firsthand experiences with in-group and out-group dynamics within their workplace. Furthermore, the interviews sought to capture the participants’ perspectives regarding the strategies implemented by their respective organizations to effectively manage these dynamics.

The collected survey data underwent comprehensive analysis employing various descriptive statistical techniques, including mean, median, standard deviation, standard error of the mean (SEM), analysis of variance (ANOVA), and multivariate analysis of variance (MANOVA). Data analysis was conducted using statistical software packages such as R, SPSS, and SAS. The data collected from the in-depth interviews were analyzed using thematic analysis. The data were transcribed, and the transcripts were coded and analyzed for themes and patterns. The analysis was conducted using NVivo software, and the results have been presented in narrative form.

Therefore, a mixed-methods approach facilitated a thorough comprehension of in-group and out-group dynamics within Indian multinational corporations. The primary data collection methods of survey and in-depth interviews provided numerical and descriptive data on the extent of in-group and out-group bias among employees and the factors that influence these biases. The secondary data collection method of the literature review provided a theoretical framework and identified research gaps. The data analysis methods provided a rigorous analysis of the data collected, leading to meaningful conclusions and recommendations for managing in-group and out-group dynamics in multinational corporations in India.

3. RESULTS

For this study, a sample of 500 employees was selected from diverse multinational corporations operating in India. Descriptive statistics were computed for all the variables under investigation, including nationality, language, cultural background, gender, age, education, work experience, and social status. The study findings, including means, standard deviations, and ranges for each variable, are presented in Figure 1 and Table 1.

Using the standard deviations provided in Table 1, the standard error of the mean (SEM) was calculated for each variable:

1. Nationality:

   \[
   SEM = \frac{0.85}{\sqrt{500}} = \frac{0.85}{22.36} \approx 0.038.
   \]

2. Language:

   \[
   SEM = \frac{1.20}{\sqrt{500}} = \frac{1.20}{22.36} \approx 0.054.
   \]
3. Cultural Background:

\[ SEM = \frac{1.10}{\sqrt{500}} = \frac{1.10}{22.36} \approx 0.049. \]

4. Gender:

\[ SEM = \frac{0.50}{\sqrt{500}} = \frac{0.50}{22.36} \approx 0.022. \]

5. Age:

\[ SEM = \frac{5.40}{\sqrt{500}} = \frac{5.40}{22.36} \approx 0.241. \]

6. Education:

\[ SEM = \frac{0.90}{\sqrt{500}} = \frac{0.90}{22.36} \approx 0.040. \]

7. Work Experience:

\[ SEM = \frac{3.20}{\sqrt{500}} = \frac{3.20}{22.36} \approx 0.143. \]

8. Social Status:

\[ SEM = \frac{0.90}{\sqrt{500}} = \frac{0.90}{22.36} \approx 0.040. \]

To examine the hypothesized relationships between in-group/out-group dynamics and team performance, a multivariate analysis of variance (MANOVA) was performed. The MANOVA assessed whether there were significant differences between the in-group and out-group members on the dependent variables of communication, trust, cooperation, conflict, and innovation. Figure 2 and Table 2 display the MANOVA results for the study variables.

Figure 3 and Table 3 display the results of univariate ANOVAs for dependent variables. The results of the MANOVA, illustrating the variations between in-group and out-group members on the...
Table 2. MANOVA results for the study variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Group</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationality</td>
<td>In-group</td>
<td>3.8</td>
<td>0.62</td>
<td>2.00–5.00</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>2.95</td>
<td>0.88</td>
<td>1.00–5.00</td>
</tr>
<tr>
<td>Language</td>
<td>In-group</td>
<td>4.05</td>
<td>0.58</td>
<td>2.00–5.00</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>3.35</td>
<td>0.8</td>
<td>1.00–5.00</td>
</tr>
<tr>
<td>Cultural Background</td>
<td>In-group</td>
<td>4.2</td>
<td>0.55</td>
<td>2.00–5.00</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>3.4</td>
<td>0.82</td>
<td>1.00–5.00</td>
</tr>
<tr>
<td>Gender</td>
<td>In-group</td>
<td>1.25</td>
<td>0.43</td>
<td>1.00–2.00</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>1.64</td>
<td>0.48</td>
<td>1.00–2.00</td>
</tr>
<tr>
<td>Age</td>
<td>In-group</td>
<td>29.87</td>
<td>5.09</td>
<td>22–40</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>28.52</td>
<td>5.84</td>
<td>20–40</td>
</tr>
<tr>
<td>Education</td>
<td>In-group</td>
<td>3.6</td>
<td>0.73</td>
<td>1.00–5.00</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>2.72</td>
<td>1.16</td>
<td>1.00–5.00</td>
</tr>
<tr>
<td>Work Experience</td>
<td>In-group</td>
<td>5.1</td>
<td>3.48</td>
<td>1.00–20.00</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>3.47</td>
<td>2.57</td>
<td>1.00–15.00</td>
</tr>
<tr>
<td>Social Status</td>
<td>In-group</td>
<td>4.2</td>
<td>0.6</td>
<td>3.00–5.00</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>3.25</td>
<td>0.9</td>
<td>1.00–5.00</td>
</tr>
</tbody>
</table>
composite dependent variables, are depicted in Figure 4 and summarized in Table 4.

Univariate analyses of variances (ANOVAs) were conducted for each dependent variable to gain a deeper understanding of the observed effect. Table 3 displays the means, standard deviations, and ANOVA results, highlighting the significant differences between in-group and out-group members on communication (F(1,98) = 12.67, p < .001), trust (F(1,98) = 11.26, p < .001), cooperation (F(1,98) = 8.23, p = .005), conflict (F(1,98) = 7.36, p = .008), and innovation (F(1,98) = 6.14, p = .015). In all cases, in-group members reported higher levels of communication, trust, cooperation, conflict management, and innovation than out-group members.

The results of the MANOVA revealed a significant effect of in-group/out-group status on the combined dependent variables (Wilks’ Lambda = 0.68, F(5,94) = 4.17, p < .001), indicating that in-group/out-group status significantly influences team performance.

The p-value for communication is below .05, indicating a significant difference at the .05 significance level. Similarly, the p-value for trust is below .05, indicating a significant difference at the same significance level.

The standard error of the mean (SEM) estimates the sample mean’s accuracy in reflecting the population mean. Lower SEM values indicate higher precision, whereas higher SEM values indicate lower precision. In this case, variables such as age and work experience have relatively higher SEM values, suggesting lower precision in estimating the population mean for these variables than the other study variables.

Table 3. Outcomes of the univariate analyses of variance (ANOVAs) for the dependent variables

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>F-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>12.67</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Trust</td>
<td>11.26</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Cooperation</td>
<td>8.23</td>
<td>0.005</td>
</tr>
<tr>
<td>Conflict</td>
<td>7.36</td>
<td>0.008</td>
</tr>
<tr>
<td>Innovation</td>
<td>6.14</td>
<td>0.015</td>
</tr>
</tbody>
</table>

Figure 4. Results of MANOVA illustrating the variations between in-group and out-group members on composite dependent variables
Figure 5 shows a pie chart representation of the standard error of the mean (SEM) for each variable. Statistical analyses were employed to examine the hypotheses formulated for this study (Table 5). The qualitative data collected through employee interviews were analyzed using content analysis.

Table 4. Representation of the MANOVA results illustrating the variations between in-group and out-group members on composite dependent variables

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Group</th>
<th>Mean</th>
<th>SE</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>In-group</td>
<td>4.2</td>
<td>0.32</td>
<td>&lt;.05 * (p &lt; .05)</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>3.4</td>
<td>0.42</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>In-group</td>
<td>4.05</td>
<td>0.27</td>
<td>&lt;.05 * (p &lt; .05)</td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>3.2</td>
<td>0.37</td>
<td></td>
</tr>
<tr>
<td>Cooperation</td>
<td>In-group</td>
<td>3.95</td>
<td>0.35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>3.1</td>
<td>0.44</td>
<td></td>
</tr>
<tr>
<td>Conflict</td>
<td>In-group</td>
<td>3.45</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>2.75</td>
<td>0.38</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>In-group</td>
<td>3.6</td>
<td>0.33</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Out-group</td>
<td>2.95</td>
<td>0.45</td>
<td></td>
</tr>
</tbody>
</table>

Note: (*) denotes a statistically significant difference between the in-group and out-group means for communication and trust.

Table 5. Outcomes of the hypotheses testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Test</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Nationality significantly predicts in-group/out-group dynamics of Indian multinational corporations.</td>
<td>Regression Analysis</td>
<td>Significant</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2: Language proficiency significantly predicts in-group/out-group dynamics of Indian multinational corporations.</td>
<td>Regression Analysis</td>
<td>Significant</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3: The cultural background significantly predicts in-group/out-group dynamics of Indian multinational corporations.</td>
<td>Regression Analysis</td>
<td>Significant</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4: Gender significantly predicts in-group/out-group dynamics of Indian multinational corporations.</td>
<td>Regression Analysis</td>
<td>Not Significant</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5: Age significantly predicts in-group/out-group dynamics of Indian multinational corporations.</td>
<td>Regression Analysis</td>
<td>Significant</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6: Education level significantly predicts in-group/out-group dynamics of Indian multinational corporations.</td>
<td>Regression Analysis</td>
<td>Significant</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7: Work experience significantly predicts in-group/out-group dynamics of Indian multinational corporations.</td>
<td>Regression Analysis</td>
<td>Significant</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8: Social status significantly predicts in-group/out-group dynamics of Indian multinational corporations.</td>
<td>Regression Analysis</td>
<td>Significant</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
The themes that emerged from the analysis are:

1. Communication: Communication was a critical factor in managing in-group/out-group dynamics. Employees emphasized the importance of clear and transparent communication to build trust and cooperation among team members.

2. Trust: Trust was identified as a critical factor in managing in-group/out-group dynamics. Employees emphasized building trust among team members to foster cooperation and collaboration. Trust was seen as an essential ingredient for effective communication and problem-solving.

3. Cooperation: Cooperation was identified as a crucial outcome of effective management of in-group/out-group dynamics. Employees emphasized the need for team members to work together toward a common goal, despite their differences in background and perspectives.

4. Conflict: Conflict was identified as a potential negative outcome of in-group/out-group dynamics, particularly when there is a lack of effective management. Employees shared their experiences of conflicts arising from misunderstandings or differing opinions among team members.

5. Innovation: Innovation was identified as a potential positive outcome of effective in-group/out-group dynamics management. Employees emphasized the importance of diverse perspectives and backgrounds in fostering team creativity and innovation.

4. DISCUSSION

The findings of this study indicate that in-group/out-group dynamics play a crucial role in shaping team performance within multinational corporations operating in India. Communication, trust, cooperation, conflict, and innovation were key factors influencing these dynamics (Taher et al., 2018). Effective in-group/out-group dynamics management requires strategies that promote open and transparent communication, build trust among team members, and encourage innovation (Kumar et al., 2023).

Organizations can adopt various approaches to address the challenges associated with in-group/out-group dynamics. Promoting diversity and inclusion can contribute to a more harmonious and inclusive work environment (Kumar et al., 2023). By embracing individuals from different backgrounds and perspectives, organizations can tap into a broader range of knowledge and experiences, enhancing team performance. Cross-cultural training and support can help team members understand and appreciate cultural differences, minimizing misunderstandings and conflicts (Dias et al., 2017).

Furthermore, performance-based reward systems can incentivize collaboration and cooperation among team members (Mishra et al., 2021). By linking rewards to team outcomes rather than individual achievements, organizations can encourage a collective focus and foster a sense of shared responsibility. This can strengthen in-group/out-group dynamics and promote a collaborative team culture (Lee & Brand, 2005).
In managing in-group/out-group dynamics, organizations need to recognize the potential negative consequences that can arise. Conflicts and misunderstandings may emerge due to differing perspectives and interests within teams. By promoting a culture of inclusivity and encouraging social interaction among team members, organizations can create opportunities for dialogue and mutual understanding (Mishra & Maiti, 2018).

Moreover, organizations should strive to create an environment that supports psychological safety, where individuals feel safe to express their opinions and ideas without fear of negative consequences (May et al., 2004). Transformational leaders, who exhibit charismatic and inspirational qualities, can foster psychological safety and enhance in-group/out-group dynamics (Avolio et al., 1999). These leaders motivate and empower their team members, instilling a sense of self-worth and achievement (Shamir et al., 1993). By promoting a positive vision and setting high standards, transformational leaders create a climate that encourages engagement and commitment among team members (Brief & Weiss, 2002).

Thus, effective in-group/out-group dynamics management is essential for optimizing team performance within multinational corporations operating in India. Strategies that prioritize open communication, trust-building, cooperation, and innovation can help organizations navigate the complexities of diverse teams. Embracing diversity, providing cross-cultural training, implementing performance-based reward systems, and fostering a culture of inclusivity and psychological safety are critical approaches to effectively managing in-group/out-group dynamics. By addressing these dynamics proactively, organizations can create an environment conducive to collaboration, innovation, and overall team success.

In addition to the strategies mentioned above, organizations must establish clear goals and expectations to guide team members and minimize the potential for conflicts arising from differing objectives (Paul & Gupta, 2014). By setting common goals that align with the organization’s mission and values, teams can work together toward a shared vision, fostering a sense of unity and collaboration.

Another crucial aspect of managing in-group/out-group dynamics is effective conflict resolution. Conflicts are inevitable within diverse teams, but organizations can equip their leaders and team members with conflict-resolution skills to address and resolve issues constructively (Rahim, 2003). Training programs and workshops on conflict management can provide individuals with the tools and strategies to navigate disagreements and find mutually beneficial solutions.

Moreover, organizations should encourage and support team members’ involvement in decision-making processes. Thus, organizations can enhance inclusivity, increase team members’ sense of ownership and commitment, and promote a culture of shared responsibility (Ragins & Kram, 2007).

It is also crucial for organizations to regularly assess and monitor team dynamics. Conducting periodic team evaluations, collecting feedback from team members, and implementing mechanisms for continuous improvement can help identify any issues related to in-group/out-group dynamics and address them on time (Podsakoff et al., 2003). This proactive approach enables organizations to adapt their strategies and interventions based on the evolving needs of their teams.

Ultimately, the effective management of in-group/out-group dynamics requires a comprehensive and multifaceted approach. Organizations must recognize the importance of promoting diversity, creating inclusive environments, fostering open communication and trust, developing conflict resolution skills, involving team members in decision-making, and continually assessing and improving team dynamics. By implementing these strategies, organizations can harness the benefits of diverse teams and maximize their performance potential within the context of multinational corporations operating in India.
CONCLUSION

The purpose of this study is to examine the in-group/out-group dynamics in multinational corporations in India and identify factors influencing these dynamics, as well as their implications on team performance. The study found that effective communication, building trust, fostering cooperation, managing conflict, and encouraging innovation are critical factors in managing these dynamics.

The study also identified strategies that can be used to manage in-group/out-group dynamics effectively, including creating a shared vision and values, promoting diversity and inclusion, providing cross-cultural training and support, encouraging social interaction, and implementing performance-based reward systems. In-group/out-group dynamics can significantly impact team performance in multinational corporations in India. Organizations that effectively manage these dynamics can benefit from diverse perspectives and backgrounds, improving team performance and innovation.

The findings of the study carry significant implications for practical applications. For organizations operating in culturally diverse contexts like India, it is crucial to prioritize an inclusive culture, cross-cultural understanding, and social interaction among team members. Moreover, organizations should provide comprehensive training and support to enable employees to navigate cultural differences and effectively manage in-group/out-group dynamics. The implementation of performance-based reward systems can catalyze cooperation among team members.

LIMITATIONS AND FUTURE RESEARCH

It is essential to note some limitations of this study that should be considered when interpreting the findings. Firstly, relying on employee self-reported data may introduce potential bias stemming from social desirability. Additionally, the study’s scope was confined to a specific sample of employees from multinational corporations in India, thereby limiting the generalizability of the findings to other cultural contexts or organizational types.

Future research can address these limitations using alternative data collection methods, such as observation or surveys, and including a more diverse sample of organizations and cultural contexts. Future research can also examine the impact of other factors, such as leadership styles or organizational culture, on in-group/out-group dynamics and team performance in multinational corporations in India.

AUTHOR CONTRIBUTIONS

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Writing – review & editing: Vivek Kumar.
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