

## Teamwork atmosphere, team diversity and team leadership: Basis for team effectiveness framework

Hao, Jin ✉

Graduate School, Lyceum of the Philippines University - Batangas, Philippines

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### ***Abstract***

This study aimed to investigate the team effectiveness in small and medium-sized enterprises (SMEs) in depth, with a key focus on team atmosphere, team diversity, and team leadership. A descriptive design was used as it allows to collect data and identify potential relationships about the current state of teams, their atmosphere, diversity and leadership practices. Questionnaire was the data gathering instrument used as it offers a valuable and practical tool for gathering data. The research locale were the 10 small and medium sized enterprises from five different provinces in China and 393 managerial and non-managerial employees were used as participants of the study. Based from the results, the respondents moderately agreed that they have established team communication, trust and support and resource sharing in their company. This indicates a high level of cohesion and collaboration, which are vital for achieving team goals. There is a moderate agreement on the team's diversity as to cultural diversity, professional diversity and skills level diversity which signifies a highly positive situation with immense potential for success. The respondents agreed on team leadership skills across organizational and planning, communication, and decision-making which indicates a well-functioning team with a competent leader and a promising outlook for success. There is a high significant relationship among teamwork atmosphere, team diversity and team leadership skills. A team effectiveness framework was developed for SME's in China. This study suggest that positive teamwork atmosphere, diverse teams, and effective leadership styles in SMEs are crucial for team effectiveness. Creating a supportive and trusting environment, valuing diverse perspectives, and adapting leadership styles can all contribute to improved performance of SME's in China.

***Keywords:*** team effectiveness, teamwork atmosphere, team diversity, team leadership

## Teamwork atmosphere, team diversity and team leadership: Basis for team effectiveness framework

### 1. Introduction

In the dynamic landscape of China's economy, small and medium-sized enterprises (SMEs) play a vital role, contributing significantly to job creation and economic growth. As these businesses strive for innovation and navigate an increasingly competitive global market, effective teamwork and leadership become crucial for their success. Yet, limited research explores the specific dynamics of teamwork in Chinese SMEs, particularly regarding the impact of team diversity and leadership styles. This paper aimed to address this gap by investigating the interplay between teamwork atmosphere, team diversity, and leadership effectiveness within Chinese SMEs. The teamwork atmosphere in Chinese SMEs is a complex blend of collaboration and hierarchy, fueled by collectivism and performance pressure. Strong personal relationships can foster cohesion, but indirect communication and limited diversity can pose challenges. While traditional authoritarian leadership remains common, there's a shift towards participative styles, especially in technology-driven and innovative companies.

The teamwork atmosphere in Chinese SMEs presents a dynamic interplay of cultural influences, performance pressures, and technological advancements. While collectivism fosters collaboration (Li et al., 2018), hierarchical structures and indirect communication can limit open dialogue (Li et al., 2017). Intense competition fuels performance-oriented dynamics (Wang et al., 2019), and digital tools increasingly shape communication patterns (Zhang et al., 2022). Leadership styles significantly impact team atmosphere, with transformational approaches fostering psychological safety and innovation (Wang et al., 2017; Jiang et al., 2023). However, the specific nuances of teamwork atmosphere vary greatly across industries, regions, and company structures, demanding in-depth research tailored to your specific area of interest.

In Chinese SMEs, team diversity extends beyond demographics to encompass varying educational backgrounds, functional expertise, cognitive styles, personalities, and work styles (Li, et. al., 2024). While traditional diversity in age, gender, and ethnicity is still evolving, recognizing its potential alongside cognitive and experiential variety holds significant benefits. From enhanced innovation and problem-solving to improved customer understanding and talent attraction, embracing diverse perspectives can significantly boost SME performance. However, fostering an inclusive culture where all voices are heard remains crucial to unlock the true power of these differences (Zhang, et. al., 2020).

Team leadership in Chinese SMEs demands a nuanced approach, balancing traditional values with modern trends. While **authoritarian leadership**, emphasizing hierarchy and respect for authority, remains prevalent, a **shift towards participative and coaching styles** is gaining traction, particularly in young and innovative companies (Jiang et al., 2023). Building strong **relationship-based leadership** through personal connections fosters trust and cultural understanding (Li et al., 2018). However, navigating **indirect communication** styles can pose challenges, requiring leaders skilled at interpreting subtle cues and promoting open dialogue (Xiao et al., 2020). Balancing **performance-driven** goals with maintaining **team harmony** is crucial, often achieved through consensus building and collective decision-making (Zhang, et. al., 2020).

**Emerging trends** further shape this dynamic landscape. Technology-driven communication tools influence leadership styles and necessitate adaptability (Zhang et al., 2022). Moreover, increasing awareness of **diversity and inclusion** encourages leaders to adjust their approaches to cater to diverse perspectives and experiences (Chen et al., 2020). Ultimately, effective leadership in Chinese SMEs hinges on understanding the interplay of cultural norms, team dynamics, and individual context. By embracing flexibility and cultural sensitivity, leaders can unlock the full potential of their teams and navigate the unique challenges and opportunities this environment presents.

While Chinese SMEs hold immense potential, numerous challenges hinder their journey towards effective teamwork, diverse talent utilization, and capable leadership. One major hurdle lies in the **traditional, top-down culture**, where deference to hierarchy stifles open communication and diverse perspectives. This, coupled with **indirect communication norms**, creates obstacles to expressing dissent and providing constructive feedback, hindering both problem-solving and team learning (Li, et al, 2018). Additionally, intense **performance pressure** fuels stress, prioritizes individual achievement over team goals, and discourages collaborative behaviors. Trust also often remains elusive, impacting knowledge sharing and hindering team cohesion. Furthermore, **homogeneity** in terms of demographics, experience, and background limits the range of ideas and approaches within Chinese teams. **Unconscious bias** creates additional barriers, while the **lack of inclusive practices** renders diversity efforts ineffective. Leaders themselves face challenges, including a **skills gap** in navigating cultural nuances, fostering open communication, and managing diverse teams. **Resistance to change** and an overemphasis on **short-term performance** further complicate their efforts (Chen, et al., 2020).

Moving forward, addressing these challenges necessitates **cultural sensitivity training**, encouraging **open communication**, and actively **building trust** (Zhang, 2022). Implementing **diversity and inclusion initiatives**, coupled with **leadership development programs**, are crucial steps towards unlocking the full potential of diverse talent and fostering strong leadership practices. By acknowledging these complexities and proactively seeking solutions, Chinese SMEs can cultivate positive teamwork atmospheres and achieve long-term success in today's competitive landscape. **This study aimed to provide valuable insights for both academic and practical audiences. The findings will contribute to a deeper understanding of how teamwork, diversity, and leadership interact to shape SME success in China. Additionally, the research will offer practical recommendations for SME owners, managers, and team leaders on cultivating effective and diverse teams, ultimately enhancing their business competitiveness and performance.**

**Objectives of the Study** - The study aimed to examine the teamwork atmosphere, team diversity and team leadership among SME's and was made the basis in developing a team effectiveness framework for SME's in China. Specifically, it determined the teamwork atmosphere in terms of team communication, trust and support, and resource sharing; described team diversity in terms of cultural diversity, professional diversity and skill levels diversity; assessed the team leadership skills as to organizational and planning skills, communication skills and decision-making skills, tested the significant relationship between teamwork atmosphere, team diversity and team leadership and developed a team effectiveness framework for SME's in China.

## 2. Methods

**Research Design** - The researchers employed the descriptive correlation method to explore the interconnections among the three variables. Descriptive research plays a crucial role in initial explorations of teamwork, diversity, and leadership in Chinese SMEs. A descriptive design allows for **exploration and in-depth understanding** of these phenomena within their unique cultural context.

**Participant of the Study** - A total of 393 questionnaires were sent to the respondents through online platforms. The targeted participants for this survey comprise a diverse range of professionals, including managers, executives, and various employees within Small and Medium Enterprises (SMEs) across China. The research aims to capture insights from individuals involved in the operational fabric of SMEs, offering a nuanced understanding of their perspectives on teamwork atmosphere, team diversity, and team leadership. The participant selection process involves a randomized approach, drawing respondents from 10 distinct SMEs situated in five provinces of China, namely Anhui, Shandong, Henan, Hubei, and Jiangsu. Within each chosen enterprise, 40 individuals spanning managerial roles, administrative positions, and other staff categories were selected to ensure a representative cross-section of perspectives. This meticulous sampling strategy seeks to gather a rich array of responses from individuals actively engaged in the daily dynamics of SMEs across diverse provinces, contributing valuable insights to the overarching research on team effectiveness frameworks in the Chinese SME context.

**Instrument of the Study** - In line with the objectives of this study, the researchers conducted a predictive study of small and medium-sized enterprises (SMEs) in China. The reliability of the questionnaire has been validated and tested (Talmor Irit et al., 2022). The first part of the questionnaire briefly introduced the participants, including gender, age, educational background, nature of occupation, income, and other relevant information. The second part includes assessment on teamwork atmosphere, team diversity and team leadership. The researchers collected data through an online questionnaire. The survey assessed teamwork atmosphere through three dimensions: team communication, trust and support, and resource sharing. It identified team diversity in three dimensions: cultural diversity, diversity of areas of expertise, and diversity of skill levels. Team leadership was assessed in three dimensions: organizational and planning skills, communication skills and decision-making skills. A Likert scale was used with a four-point scale, with higher scores indicating higher levels of agreement (4 means strongly agree, 3 means agree, 2 means disagree, and 1 means strongly disagree).

In order to ensure the reliability, stability and consistency of our questionnaire and scales, the internal consistency and reliability of the questionnaire sample was examined using Cronbach's alpha analysis. In today's academic environment, scholars usually use reliability coefficients to indicate reliability when using Cronbach's alpha analysis. Higher reliability coefficients indicate higher reliability of the measure, with values ranging from 0 to 1. In general, coefficients below 0.6 indicate a lack of internal consistency reliability, while coefficients between 0.7 and 0.8 indicate fairly high reliability. Coefficients between 0.8 and 0.9 indicate excellent reliability. Teamwork atmosphere, gauging team communication, trust and support, and resource sharing, demonstrated an exceptionally high level of reliability ( $\alpha = 0.955$ ). Similarly, team diversity, encompassing cultural diversity, professional diversity, and diversity of skill levels, showcased outstanding reliability ( $\alpha = 0.925$ ). The evaluation of team leadership, considering organization and planning skills, communication skills, and decision-making skills, yielded consistently high reliability ( $\alpha = 0.905$ ).

In accordance with George and Mallery's guidelines, which classify reliability as Excellent for  $\alpha > 0.9$ , Good for  $\alpha > 0.8$ , and Acceptable for  $\alpha > 0.7$ , all dimensions surpassed these benchmarks. This reaffirms the robustness and reliability of the survey instrument, providing valuable insights into the intricacies of teamwork, diversity, and leadership within Chinese SMEs. These findings not only contribute to the existing body of knowledge but also offer a solid groundwork for future research endeavors and organizational development initiatives in the SME sector (Barak, et. al., 2022).

**Data Gathering Procedure** - A total of 393 survey questionnaires were distributed through an online platform, targeting a diverse group of professionals, including managers, executives, and various employees from small and medium-sized enterprises (SMEs) in China. The aim of this research was to gain insights directly from individuals involved in the operational structures of SMEs, providing a nuanced understanding of their perspectives on teamwork atmosphere, team diversity, and team leadership (Imhof, et. al., 2022). The participant selection process employed a randomized approach, drawing respondents from ten different SMEs across five provinces in China—Anhui, Shandong, Henan, Hubei, and Jiangsu. Within each selected enterprise, 40 individuals from various roles, including management, administrative positions, and other staff categories, were randomly chosen to ensure representative viewpoints across departments (Khan, et. al., 2022).

This meticulous sampling strategy sought to collect rich responses from individuals actively engaged in the day-to-day dynamics of SMEs across different provinces, offering valuable insights for an overarching study on team effectiveness frameworks in the context of Chinese SMEs. All survey questionnaires were administered online through the [www.wjx.cn](http://www.wjx.cn) platform, accessible via <https://www.wjx.cn/vj/r5bcx3r.aspx>. Wjx is a professional online survey, examination, assessment, and voting platform focused on providing robust and user-friendly services for online questionnaire design, data collection, customized reporting, and survey result analysis (Wjx's homepage: [www.Wjx.cn](http://www.Wjx.cn)). Given the survey's focus on investigating Teamwork Atmosphere, Team Diversity, and Team Leadership from the perspectives of managers, executives, and employees in Chinese SMEs, participants were voluntarily recruited from ten different SMEs in five provinces (Anhui, Shandong, Henan, Hubei, and Jiangsu). A total of 400 surveys were initiated in May 2023, resulting in 393 valid responses

with an impressive response rate of 98.25%.

**Data Analysis** - Weighted mean and rank were used to determine teamwork atmosphere from three aspects: team communication, trust and support, and resource sharing; describe team diversity in terms of three dimensions: cultural diversity, professional diversity and skill levels diversity; assess team leadership skills in three areas: organizational and planning skills, communication skills and decision-making skills. The result of Shapiro-Wilk Test showed that p-values of all variables were less than 0.05 which means that the data set was not normally distributed. Therefore, Spearman rho was used as part of the non-parametric tests to determine the significant relationship. All analyses were performed using SPSS version 28.

**Ethical Considerations** - Ethical considerations were taken into account before the research work was carried out. Before the commencement of the questionnaire, it was made clear to the respondents that the survey was to be used for academic research only in order to maintain the quality and integrity of the questionnaire returned. The researcher also sought the consent of the respondents' business leaders through letters and correspondence. Also, the target respondents answered the questionnaires in an anonymous manner online. This also fully ensured the confidentiality and anonymity of the target respondents. Finally, the dignity and privacy of the target respondents were protected. All information in the questionnaire was kept strictly confidential to fully protect the privacy of the respondents (Jing, et al., 2022).

### 3. Results and discussion

**Table 1**

*Summary Table on Teamwork Atmosphere*

Key Result Areas	Composite Mean	VI	Rank
Team Communication	2.89	Agree	2
Trust and Support	2.93	Agree	1
Resource Sharing	2.82	Agree	3
<b>Grand Composite Mean</b>	<b>2.88</b>	<b>Agree</b>	

Legend: 3.50 – 4.00 = Strongly Agree; 2.50 – 3.49 = Agree; 1.50 – 2.49 = Disagree; 1.00 – 1.49 = Strongly Disagree

According to Table 1, the team has performed well in key areas such as team communication, trust and support, and resource sharing, with a grand composite mean of 2.88, which falls within the agree range and reflects a positive collaborative atmosphere within the team. Overall, the comprehensive mean is 2.88, which falls within the agree range and reflects the overall positive team atmosphere. However, the differences in rankings also highlight the team's strengths and improvement points in various aspects. By deeply understanding these results, team leaders can develop targeted strategies to further consolidate the team's strengths, optimize the team's work environment, and improve overall performance. In future team development, it is recommended that the team continue to focus on improving communication effectiveness, encouraging more information sharing and open discussions. In addition, strengthening the fairness and transparency of resource sharing can help further promote team collaboration and innovation. Through continuous evaluation and improvement, the team can continuously develop, adapt to changing environments, and maintain competitiveness. This series of efforts will help the team maintain an efficient working atmosphere in all aspects and achieve common success

Table 5 summarizes the comprehensive results of the team in terms of team communication, trust and support, and resource sharing. Firstly, the team performed the best in terms of trust and support, with a comprehensive average of 2.93, which is the highest level in the agree range, highlighting the team's collaborative ability built on strong trust. This culture of trust not only helps to improve collaboration efficiency, but also alleviates potential conflicts and provides a solid foundation for the overall success of the team.

Secondly, the team's overall average in team communication is 2.89, ranking second. Frequent sharing of information, raising questions, and providing suggestions among members can help facilitate the smooth progress of tasks. Although within the agree range, the ranking is relatively low, which may indicate that the team still has room for further optimization in certain communication aspects. Team leaders can further enhance the communication efficiency of the team by promoting a more open and transparent communication atmosphere. In terms of resource sharing, the overall mean is 2.82, which falls within the agree range and ranks third. Although the team has performed well in resource sharing, there may be some challenges in ensuring fair allocation of resources, as mentioned in the previous analysis. Team leaders can ensure that team members can share and utilize resources equally through a more fair and transparent resource allocation mechanism.

**Table 2**

*Summary Table on Team Diversity*

<b>Key Result Areas</b>	<b>Composite Mean</b>	<b>VI</b>	<b>Rank</b>
Cultural Diversity	3.11	Agree	1
Professional Diversity	2.90	Agree	2
Skill Levels Diversity	2.81	Agree	3
<b>Grand Composite Mean</b>	<b>2.94</b>	<b>Agree</b>	

*Legend: 3.50 – 4.00 = Strongly Agree; 2.50 – 3.49 = Agree; 1.50 – 2.49 = Disagree; 1.00 – 1.49 = Strongly Disagree*

Table 2 summarizes the diversity performance of the team in three key areas: cultural diversity, professional diversity, and skill level diversity. Cultural diversity received the highest score, followed by professional diversity, and skill level diversity ranked third. The overall comprehensive mean is 2.94, which falls within the agree range, indicating the team's positive performance in diversity. Summarized the key indicators of team diversity, providing a comprehensive perspective for team leaders. In this manifestation of diversity, each key area has its unique challenges and opportunities. Team leaders can develop targeted strategies through more specific analysis to enhance team diversity and improve overall performance. By continuously promoting diversity at the cultural, professional, and skill levels, teams will better adapt to changing environments, create more innovative solutions, and achieve long-term success.

Firstly, cultural diversity ranks first in the overall mean with a score of 3.11, which falls within the higher level of agreement. This indicates that the team has done quite well in attracting members from different cultural backgrounds and promoting the positive impact of cultural differences. This cultural diversity brings different perspectives and problem-solving abilities to teams, helping to enhance their innovation and adaptability. Professional diversity ranks second in the overall mean with a score of 2.90, which also falls within the agree range. Professional diversity drives collaboration among members from different professional backgrounds within a team, providing a multidimensional perspective for comprehensive problem-solving. Although the score is high, team leaders can further encourage the recruitment of talents from a wider range of professional fields to further enrich the team's professional diversity. Finally, skill level diversity ranked third in the overall mean with a score of 2.81. This indicates that the team has achieved good results in the skill level and skill diversity of each member. However, for indicators that ensure members have a wide range of skills, scores are lower, indicating that the team may need to strengthen training and development plans to ensure that each member can contribute diverse skills.

Table 3 summarizes the performance of team leaders in organizational and planning, communication, and decision-making skills. The overall comprehensive mean is 3.03, which falls within the agree range, indicating the positive performance of team leaders in leadership skills. By conducting a detailed analysis of each key area, team leaders can gain a more comprehensive understanding of their strengths and areas of improvement, in order to develop targeted development plans. Leaders can continuously develop their leadership skills through training,

feedback, and self-improvement to better lead the team to achieve outstanding performance.

**Table 3**

*Summary Table on Team Leadership Skills*

Key Result Areas	Composite Mean	VI	Rank
Organizational and Planning Skills	2.99	Agree	2
Communication Skills	2.98	Agree	3
Decision-making Skills	3.13	Agree	1
<b>Grand Composite Mean</b>	<b>3.03</b>	<b>Agree</b>	

*Legend: 3.50 – 4.00 = Strongly Agree; 2.50 – 3.49 = Agree; 1.50 – 2.49 = Disagree; 1.00 – 1.49 = Strongly Disagree*

The highest score is in decision-making skills (3.13) followed by organizational and planning skills (2.99) and communication skills (2.98). Decision-making skills rank first with the highest overall mean, indicating that team leaders excel in handling challenges, considering diverse perspectives, and making timely decisions. The ability of leadership to quickly make wise decisions in complex situations provides a solid foundation for the success of the team. Leaders set the vision and direction for the team, requiring strong decision-making to navigate challenges, prioritize tasks, and allocate resources effectively (Murphy et al., 2021). Teams inevitably face issues. Leaders with strong decision-making skills can analyze situations, weigh options, and find solutions that benefit the team and project.

**Table 4**

*Relationship Between Team Atmosphere and Team Diversity*

Variables	rho	p-value	Interpretation
<b>Team Communication</b>			
Cultural Diversity	0.147**	0.003	Significant
Professional Diversity	0.223**	<.001	Highly Significant
Skill Levels Diversity	0.239**	<.001	Highly Significant
<b>Trust and Support</b>			
Cultural Diversity	0.121*	0.017	Significant
Professional Diversity	0.219**	<.001	Highly Significant
Skill Levels Diversity	0.241**	<.001	Highly Significant
<b>Resource Sharing</b>			
Cultural Diversity	0.197**	<.001	Highly Significant
Professional Diversity	0.168**	<.001	Highly Significant
Skill Levels Diversity	0.157**	0.002	Significant

*Legend: Significant at p-value < 0.01*

Table 4 shows the relationship between team atmosphere and team diversity. There is a significant positive correlation between team communication and cultural, professional, and skill level diversity, and there is also a significant positive correlation between trust and support and these diversity. In terms of resource sharing, there is a significant positive correlation between cultural and professional diversity, and there is also a certain

correlation between skill level diversity and resource sharing. The results revealed the relationship between team atmosphere and team diversity. Firstly, in terms of team communication, the diversity in culture, profession, and skills is positively correlated with the frequency of information exchange among team members. This emphasizes the positive role of diversity in promoting effective communication and information sharing within teams.

In terms of trust and support, cultural, professional, and skill diversity is significantly positively correlated with mutual respect, support, and collaboration among team members. This indicates that in a diverse team, members are more inclined to build trust, provide support, and work together to solve problems. In terms of resource sharing, there is a significant positive correlation between cultural and professional diversity and the degree of resource sharing among members, and there is also a certain correlation between skill level diversity and resource sharing. This highlights the important role of diversity in ensuring fair allocation of resources, jointly solving problems, and promoting innovation and cooperation. Overall, these results emphasize the close interrelationship between team atmosphere and diversity. In a diverse team, good communication, trust, and resource sharing are key factors that help improve team performance and creativity. Team leaders and managers should value and promote diversity, while striving to create a positive team atmosphere to maximize team potential and address complex challenges.

**Table 5***Relationship Between Team Atmosphere and Team Leadership Skills*

<b>Variables</b>	<b>rho</b>	<b>p-value</b>	<b>Interpretation</b>
<b>Team Communication</b>			
Organizational and Planning Skills	0.129*	0.010	Significant
Communication Skills	0.175**	<.001	Highly Significant
Decision-making Skills	0.288**	<.001	Highly Significant
<b>Trust and Support</b>			
Organizational and Planning Skills	0.182**	<.001	Highly Significant
Communication Skills	0.218**	<.001	Highly Significant
Decision-making Skills	0.322**	<.001	Highly Significant
<b>Resource Sharing</b>			
Organizational and Planning Skills	0.207**	<.001	Highly Significant
Communication Skills	0.217**	<.001	Highly Significant
Decision-making Skills	0.356**	<.001	Highly Significant

*Legend: Significant at p-value < 0.01*

Table 5 shows the relationship between team atmosphere and team leadership skills. There is a significant positive correlation between team communication and organizational planning, communication, and decision-making skills. There is also a significant positive correlation between trust and support and organizational planning, communication, and decision-making skills. In terms of resource sharing, organizational planning, communication, and decision-making skills are significantly positively correlated with the degree of resource sharing among members.

The results revealed a close connection between team atmosphere and team leadership skills. Firstly, in terms of team communication, organizational planning, communication, and decision-making skills are positively correlated with the frequency of information exchange among team members. This indicates that the leadership's ability in organization and planning is closely related to effective communication within the team.



Similar to the research findings of Stratone, et al. (2022). In terms of trust and support, organizational planning, communication, and decision-making skills are significantly positively correlated with mutual respect, support, and collaboration among team members. This indicates that high-level leadership skills in organization, planning, communication, and decision-making contribute to building trust, providing support, and working together to solve problems. In terms of resource sharing, organizational planning, communication, and decision-making skills are significantly positively correlated with the degree of resource sharing among members. This emphasizes that the efficient ability of leaders in these areas helps to ensure fair allocation of resources, promote joint problem-solving, and enhance innovation and cooperation.

Overall, these results emphasize the crucial relationship between team atmosphere and leadership skills. While creating a positive team atmosphere, leadership organizational planning, communication, and decision-making skills are crucial for team collaboration and success. Team leaders can improve these key leadership skills to better lead the team and drive greater achievement towards common goals.

**Table 6**

*Relationship Between Team Diversity and Team Leadership Skills*

<b>Variables</b>	<b>rho</b>	<b>p-value</b>	<b>Interpretation</b>
<b>Cultural Diversity</b>			
Organizational and Planning Skills	0.169**	<.001	Highly Significant
Communication Skills	0.176**	<.001	Highly Significant
Decision-making Skills	0.270**	<.001	Highly Significant
<b>Professional Diversity</b>			
Organizational and Planning Skills	0.260**	<.001	Highly Significant
Communication Skills	0.272**	<.001	Highly Significant
Decision-making Skills	0.306**	<.001	Highly Significant
<b>Skill Levels Diversity</b>			
Organizational and Planning Skills	0.214**	<.001	Highly Significant
Communication Skills	0.219**	<.001	Highly Significant
Decision-making Skills	0.278**	<.001	Highly Significant

*Legend: Significant at p-value < 0.05*

Table 6 shows the relationship between team diversity and team leadership skills. There is a significant positive correlation between cultural, professional, and skill diversity and organizational planning, communication, and decision-making skills. The results reveal a close relationship between team diversity and leadership skills. Firstly, in terms of cultural diversity, organizational planning, communication, and decision-making skills are positively correlated with the frequency of information exchange among team members. This emphasizes the positive impact of cultural diversity on leadership's organizational and planning abilities, as well as effective communication within the team.

In terms of professional diversity, organizational planning, communication, and decision-making skills are significantly positively correlated with mutual respect, support, and collaboration among team members. This indicates that professional diversity helps leaders to demonstrate high-level abilities in organization, planning, communication, and decision-making, promoting collaboration and support within the team. In terms of skill level diversity, there is a significant positive correlation between organizational planning, communication, and decision-making skills and the degree of resource sharing among members. This indicates that the diversity of

skill levels has a significant impact on the leader's ability in these areas and the degree to which the team shares resources. Overall, these results highlight the positive impact of team diversity on leadership skills. The introduction of diversity helps to enhance the leadership's abilities in organization, communication, and decision-making, thereby promoting team collaboration and success. Leaders can achieve stronger leadership and team performance by supporting and promoting diversity while cultivating and developing relevant leadership skills.

### Team Effectiveness Framework

From the figure, presents the complex relationship between the key components of team effectiveness. Team atmosphere, team diversity, and team leadership are intertwined and together affect overall team performance. In terms of team climate, communication, trust, support, and resource sharing form a tightly interconnected network that directly influences the level of team collaboration and cooperation. Team diversity infuses teams with the power of innovation through differences at the cultural, professional, and skill levels, while also posing the challenge of collaborative work. Team leadership plays a key role in organisational planning, communication skills and decision-making ability, guiding the team towards a common goal.

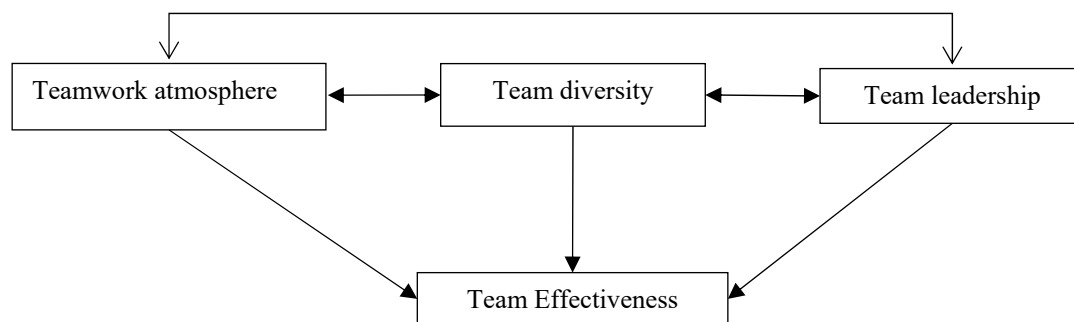


Figure 1. Effectiveness Framework

While a universally "high and significant" relationship between these factors hasn't been definitively established, research suggests a strong potential for **synergy** within Chinese SMEs. The cultural emphasis on **collectivism and group success** provides fertile ground for teamwork atmosphere, which in turn, creates a foundation for embracing **team diversity**. This diversity of perspectives and skills fuels innovation and problem-solving, crucial for success in today's competitive landscape (Chen, et al., 2020). Effective leadership plays a pivotal role in facilitating this synergy. In Chinese SMEs, leadership often transcends mere direction-giving, evolving into a role of **facilitation**, fostering open communication, trust, and **psychological safety** within diverse teams. When diverse voices feel valued and heard, their full potential can be unleashed. However, challenges do exist. Traditional hierarchies can clash with open communication, unconscious bias can hinder diversity's benefits, and leadership skills in managing diverse teams may require development. Recognizing these challenges and implementing solutions like **inclusive leadership practices** and **cultural sensitivity training** are crucial for maximizing the positive impact of this interconnectedness.

Ultimately, while the specific relationships between teamwork atmosphere, team diversity, and leadership might vary across Chinese SMEs, understanding their potential synergy and actively fostering it holds immense promise for **enhanced performance, innovation, and long-term success**. More importantly, the framework diagram highlights the close relationship between these elements. The interplay between team climate and team diversity suggests that a positive team environment may reinforce the positive effects of diversity and vice versa. At the same time, team leadership permeates the entire framework, influencing and mediating the various dynamics within the team through its guidance of communication, planning, and decision-making. The framework as a whole provides a comprehensive perspective to help understand the multifaceted factors of team effectiveness and to provide organisations with guidance to optimise team performance.

#### 4. Conclusions and recommendations

The respondents moderately agreed that they have established team communication, trust and support and resource sharing in their company. This indicates a high level of cohesion and collaboration, which are vital for achieving team goals. There is a moderate agreement on the team's diversity as to cultural diversity, professional diversity and skills level diversity which signifies a highly positive situation with immense potential for success. The respondents agreed on team leadership skills across organizational and planning, communication, and decision-making which indicates a well-functioning team with a competent leader and a promising outlook for success. There is a high significant relationship among teamwork atmosphere, team diversity and team leadership skills. A team effectiveness framework was developed for SME's in China.

The HR manager may foster a culture where team members and leaders are encouraged to continuously learn and improve their skills related to team dynamics, diversity, and leadership. The SME managers may benchmark against best practices. They can track and compare their team's performance and practices against other successful organizations in the industry to identify areas for improvement and maintain a competitive edge. The team leader may map communication and collaboration networks within the team to visualize relationships and identify potential communication gaps or isolated individuals. The team effectiveness framework may be recommended for SME's for reference and utilization in their teams. Future researchers may examine understudied dimensions. They can delve deeper into specific aspects of team atmosphere like psychological safety, conflict dynamics, or emotional intelligence. Investigate the impact of specific diversity dimensions like cognitive diversity or lived experiences. For leadership, explore styles like collaborative leadership or servant leadership in various contexts.

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