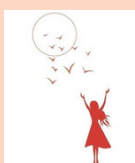#womenBOSSproject

BOSS
WOMEN IN FAMILY BUSINESSES

Heritage Business Strategies for Sustainable Development

Work package 3
**Training Programme For Leader Women
in Europe Family Businesses**

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MANAGING MULTICULTURALISM IN GLOBAL BUSINESS

Content:

1. Introduction

In this modul, participants will get knowledge about managing multiculturalism in global businesses. It is designed as a part of BOSS project to give the participants information about effects of culture in global markets and how culture effects business relationships .

The terms of negotiation , empathy, networking, conflict management, etc. is explained clearly in the next chapters.

Cultural intelligence will be explained in details which will give the women leaders a vision to manage the cultural diversity.

In the end you will see some inspiring videos which will give you some tips about managing multiculturalism.

The skills and knowledge table will give you detailed information about the skills and knowledge you will get at the end of trainings.

The training materials will fit the needs of target group of the project who is mostly 2nd or 3rd generation of young women going to the university or already working and has a family business and especially the women who took over the responsibility as her husband or parent disappeared. But it is a useful source for all women who are interested in business.

This module includes 3 main topics

- Effects of Culture on Business in Global Markets
  You will learn some theoretical knowledge about cultural context, cultural orientations and culture and workplace.

- The Effect of Culture on Business Relationships
  You will learn intercultural skills, negotiation, conflict management, empathy.

- Intercultural Skills
  You will learn The Cultural Intelligence Model, the elements of Cultural Intelligence, best personal characteristics to have/improve Cultural Intelligence and how can you develop your organisational CQ?

2. Skills/Knowledge Table

The content in this module is linked to the <u>BOSS Competences Framework</u> (WP2) and will offer you introductory information and tools to develop the following skills and knowledge

CONTENT	LEARNING OUTCOMES	
	SKILLS FOR TARGET GROUP	KNOWLEDGE FOR TARGET GROUP
Modeling cultural orientations	* To recognize the importance of culture for the global business world.	To know the effect of culture on global marketing strategies.
Cultural contexts	analyses relationships according to the low and high context of culture	have knowledge about the low and high context of culture
Culture, status and function	predicts the behaviours that managers and experts may exhibit according to country culture.	learns which behaviours managers and experts can exhibit according to country culture.
Culture and workplace	To recognize the importance of culture for the global business world.	To know the multicultural business environment.
Intercultural Communication	To strengthen intercultural communication	To have knowledge about the types of intercultural communication
Networking and Participation	To develop skills for communication and connection with others	To have knowledge about creating a network and/or participating a network
Respect to Differences	To create a working environment by respecting differences	Analysing good examples about respecting diversity and managing diversity.
Negotiation	To create a constructive interaction	To have knowledge about negotiation and necessary negotiation skills
Conflict Management	To determine Conflict Management strategies	To have knowledge about Conflict Management and Strategies
Empathy	To develop a strong sense of empathy for employees from different cultures	What is empathy? How to develop empathy skills and understand the importance of Empathy
Cultural Diversity	To have respect for cultural diversity	To understand cultural diversity in the business world

Cultural Competence	Managing cultural competence with a high awareness	* To know the features required for cultural competence and the requirements
Cultural Intelligence	To gain awareness about cultural intelligence	To understand the definition and importance of Cultural Intelligence. To have information about the studies on cultural intelligence

3. Managing Multiculturalism In Global Business

3.1. Effects of Culture on Business in Global Markets

I. Effects of Culture on Business in Global Markets

Culture - Definition: A way in which a group of people solves problems and reconciles dilemmas. [Trompenaars & Hampden-Turner, 2005, p.6]

A problem which is solved regularly disappears from consciousness and becomes a basic assumption, an underlying premise. Basic assumptions define the meaning that a group shares. They are implicit. There is no understanding individual and organisational behaviour without understanding the meanings they attribute to their environment. [Trompenaars & Hampden-Turner, 2005, p.19]

Levels of culture:
- Professional;
- Organisational (e.g. corporate, family business);
- National (or regional);
- Global (is there one?).

Layers of culture [according to Hofstede]:
- Outer layer: explicit products - observable reality of language, food, buildings, fashion, art,
- Middle layer: norms and values.
a. Norms: mutual sense a group has of what is "right" or "wrong" [formal: written laws; informal: social control].
b. Values: determine the definition of "good" and "bad" and are related to ideals shared by the group.
- Core: Assumptions about existence - fundamental ways of dealing with the (local) environment. Groups organise to assure better problem-resolution. Different geography = different problem-solving skills = different sets of logical assumptions.

Culture is:
- Man-made ("by us for us");
- Confirmed by others (acceptance);
- Conventionalised;
- Passed on to younger people through upbringing and socialisation;
- Taught to newcomers (they must learn it, in order to "fit in" and be able to effectively function);

Other than language and religion, there are two important institutions that affect culture.
1. Family - The fundamental unit of organisation. Plays an important role in the implementation of cultural values.
a. Core layer of culture: creating solutions to dealing with challenges of existence.
The family provides:
- Knowledge of the surrounding environment.
- Knowledge of how to deal with environmental challenges (passing of previously acquired info).
- Provides support in dealing with challenges.
b. Middle layer of culture: norms and values.
- Norms: mutual sense a group has of what is "right" or "wrong". [Formal: written laws; informal: social control].
- Values: determine the definition of "good" and "bad". Are related to ideals shared by the group.

The family:
- Passes the understanding of what is "right" and "wrong".
- Enforces models of social control (unwritten laws).
- Passes understanding of what is "good and bad".
- Works as a conduit for information and concepts from the outside.
c. Outer layer of culture: explicit products.
The family:
- Shapes understanding of language.
- Shapes appreciation (or…tolerance) of food.
- Guides towards understanding of architecture and symbolism.
When combined with the role that the Family plays in economic socialisation, it becomes the fundamental source of cultural transplantability upon any individual.

2. Education - Formal education is one of the fundamental ways of shaping culture. It is:
a. A medium through which individuals learn:
- Language;
- Conceptual skills;
- Mathematical skills;

that are necessary to function effectively in society.
b. A carrier of norms and values, which are enforced in addition to within the family.
c. A carrier of cultural norms:
- Respect for others;
- Obedience to authority;
- Honesty;
- Neatness;
- Punctuality;
d. Its grading system teaches the value of personal achievement and competition.

Education also defines national competitive advantage. The number and quality of the pool of educated and skilled labour (human resources) in the country has a sizable influence on assuring national economic success. M.Porter analysed Japan's post-war success and concluded that: "With a long tradition of respect for education that borders on reverence, Japan possessed a large pool of literate, educated and increasingly skilled human resources."
In terms of international business, the level of education is an important factor in determining the location choices for international firms:
- Knowledge-intensive businesses will look for countries where the pool of highly educated employees will be sizeable (and prices reasonable);
- Firms needing large pools of unskilled labour will look elsewhere, searching for low-cost labourers (as hiring high-cost well-educated employees to do simple tasks would be illogical).

In internationalised economic activity, businesspeople are faced with challenges of:
- Personal culture;
- Organisational culture;
- Location culture;
The key challenge is one of understanding what every (even the smallest) thing means to people in each culture.

To understand the impact that cultures have on business and international business, it is important to first ponder their possible categorisations, as the different vectors of possible orientation will differently affect people, product, services, companies, norms.
What is important is that each culture category can be analysed from two opposing perspectives of potential impact:
- When carried out of a nation/region and into a new location;
- When it resides within a given location.

3.1.1. Modeling Cultural Orientations

Kluckhohn & Strodtbeck (1961) designed a comparative model, focusing on:
- Assumption 1: cultures are stable;

-        Assumption 2: cultures exhibit constant "orientations" towards the world and mankind.

They proposed six basic cultural orientations:
1. What is the nature of people? Scale: good – mixed - evil.
2. What is the person's relationship to nature? Scale: dominant - in harmony - subjugation.
3. What is the person's relationship to other people? Scale: lineal (hierarchical) - collateral (collectivist) - individualist.
4. What is the modality of human activity? Scale: doing - being in becoming - being.
5. What is the temporal focus of human activity? Scale: future – present - past.
6. What is the conception of space? Scale: private – mixed - public.

In real life the model is too simplistic, as not all members of a group must practise the same behaviour. However, when we consider the predominant and subordinate variations, the same model can be used to explain the overall behaviour (predominant) from behaviour of smaller (subordinate) groups.
Subordinate variations are significant when:
-Researching the behaviour cultural sub-groups;
-Analysing mainstream groups in abnormal (unusual) situations.
While the first orientation (good-evil) may be difficult to apply in real life, the second categorisation (relationship to nature) already has an impact on business activity, especially in the 21st century with its pro-ecological approaches, strategies at battling global warming and sustainable development. A society centred on harmony with nature will focus on different products/services and may have (or favour) an alternative approach not only to business but also to industry (e.g. a focus on renewable energy, closure of polluting industries, recyclable nature of products and their containers).
A society where individualism dominates will be organised in a specific way (e.g. personal achievement is valued) while a society that is hierarchical will be more difficult to penetrate. Similarly, in a society focused on doing, the work environment may be much more intense and demanding, whereas in society interested in "being" leisure is more valued, arts, past-times and even the workweek may be shorter. While the temporal focus may seem a strange concept, many societies that are past-oriented (excited with their history and past greatness) may be less able and willing to pursue a bright future, unlike future-oriented cultures pursuing a futuristic goal, are able to embrace rapid and discontinuous change, welcome entrepreneurs that bring ground-breaking innovations. Space in cultures also affects business, as private-centric cultures will favour private transport, less communal spaces, preference for isolation of people from others, while a public-space-approach allows for differently designed architecture, services or infrastructure**.**

3.I.2. Cultural Contexts

Hall (1976) focused on how people interpret and create communications in reference to the

context. Cultural experiences determine the understanding of context and define the way people structure their life. Cultures vary in terms of programming their members to depend on the context when communicating. Hall categorised cultures as: high- and low-context.

1. High-context.

External environment, situation, non-verbal behaviours are crucial in understanding (and creating) messages. Examples include the Japanese, Arabic and Chinese cultures. Characteristics:

>-Subtlety is often valued.

>-Relationships are long lasting, there is deep personal involvement.

>-A lot of shared "code" assures economic, fast and efficient communication (yet, often communication is an art form, like in Japan).

>-People in authority are personally responsible for the actions of subordinates.

>-Agreements are more often spoken than written.

>-Insiders and outsiders are tightly distinguished (outsiders may include non-members of family, clan, organisation).

>-Cultural patterns are ingrained and slow to change.

2. Low-context - Characteristics:

>-Relationships between individuals are relatively shorter, there is less involvement.

>-Messages must be explicit (they cannot depend on the receiver using the context to acquire more information).

>-Authority is diffused throughout the bureaucratic system.

>-Personal authority is difficult to pin down.

>-Agreements are written (rather than spoken). Contracts are final and legally binding.

>-Insiders and outsiders are not so distinguished/separated (good for immigration, and immigrants finding their place in the country).

>-Cultural patterns change faster.

In this categorisation, the duality makes it simpler to comprehend the differences (of course, many cultures fall on different points along the scale, between both perfect extremes). The low-context cultures feature more impermanent relationships, with messaging that may appear crass to a foreigner and there is a focus on documentation (e.g. extensive contracting) – because everything changes faster, more guarantees are needed. High-context cultures are more meaning-oriented but that is both a result of stability and a contributor to it. Deep experience with the culture is needed for effective communication and operations within it, often best achieved by local representatives.

3.I.3. Culture, status and function

Laurent & others (1983) analysed the attitudes of managers towards organisational power. They looked at management as an implementation process by which managers expressed their cultural values in explicit management decisions. Mead [1994, p. 61] provides the categorisation:

1. Hierarchy.

-Cultures that value hierarchical structuring as a means of social cohesion impose severe restrictions on communication flow.

-In the case of non-hierarchical systems, communication is tolerated and encouraged, information can be sent/channelled effectively.

2. Manager as an expert vs manager as facilitator.

-In Asia the manager must be a specialist/authority (if not, then: losing status).

-Technical efficiency of the organisation is dependent upon the efficiency and professionalism of the superior.

-In Europe the manager must be able to tap into pools of knowledge/competence to get a problem solved.

This categorisation is more of a management issue within the business organisation, but it has a direct impact on transnational operations of the enterprise (in this case the TNE, trans-national enterprise, operating in multiple markets).

3.I.4. Culture and Workplace

Hosftede (1984 and later) looked at the underlying values of the culture group and their impact on the workplace. This is probably the most well-known study ever undertaken.

1. Power distance.

Focuses on how a society deals with fact that people are unequal in physical and intellectual capabilities:

-High power distance: societies that let inequalities grow/increase;

-Low power distance: societies that play down inequalities.

2. Individualism versus collectivism.

Focuses on the relationship between the individual and his fellows:

-Individualistic: societies where ties between people are loose, and individual freedom and achievement are most prized;

-Collectivism: ties between individuals are tight.

3. Uncertainty avoidance.

Focuses on the extent people are able to accept ambiguous situations and tolerate uncertainty:

-High uncertainty avoidance: societies where important is job security, career patterns, retirement promises. Strong need for rules and regulations;

-Low uncertainty avoidance: greater readiness to take risks and less emotional resistance to change.

4. Masculinity versus femininity.

Focuses on the relationship between gender and work roles:

-Masculine: sex roles are sharply differentiated and traditional "masculine" values are strong (achievement, exercise of power);

-Feminine: sex roles are less distinguished.

5. Long-term versus short-term orientation.

-Long-term focus assures pragmatism and modesty, value compromise.

-Short-term care about truth, consistency, principles.
6. Indulgence versus restraint.
      -Indulgence assures greater appreciation of life and achievements.
      -Restraint rewards not boasting about achievements, more rigid behaviour and being more controlled.

The 1st dimension underscores the existence of inequality in the working environment, i.e. difference between people with power and without. A high score shows that society has come to terms with the uneven distribution of power and to a great effect, members know where they stand in an organisation and "their place."

The 2nd dimension defines, with a high score, weaker and shakier interpersonal bonds, where it is less likely for people to take blame and responsibility for others outcomes and actions. In individualistic communities and workspaces, people separate work-life from social life, place time, personal freedom, and privacy on top of all, and enjoy the time to time challenges. In more collectivist systems, people keep close ties to the group they participate in and are more susceptible to take part in group actions. In return, they are accepted into the group with open arms, and the group stands by their side in defending their rights. In these societies, people do care for each other, and one's well-being is always on the top of another's list.

The 3rd dimension shows cultures with high avoidance are described as systems where people want to take control of everything and have fewer surprises on their paths. If, by any means, they can't control their lives, they leave everything up in the hands of faith and go with the flow of the river. This translates into a more conservative, rigid, and framed working culture.

In the 4th dimension, working in a masculine society, the roles of men and women don't overlap that much. Here, it's expected of men to exert their power and take on the leading roles. They are to be reliable, healthy, decisive, fast, and limit-pushing.

The 5th dimension focuses on the time horizon people of a society display. Basically, what it tries to point out is that countries and cultures who like to do things in the long-term are more pragmatic and modest. Members of these types of societies often wonder what is right and value education. They are more likely to compromise but in their own unique way. On the other side, the short-term oriented communities, people care more about principles, truth, and consistency. They often want to be clear on the reason behind events and pay tremendous attention and respect to religious and national subjects.

The 6th dimension demonstrates that indulgence defines countries with a greater appreciation of life and with the mentality of enjoying life. With greater appreciation, come more positive vibes and other highly-disputed social behaviours, like freedom of speech or

personal happiness. The workforce enjoys flexible work-hours and bestows the balance between their work and social life.

3.2. The Effect of Culture on Business Relationships
3.1.1.Intercultural Communication

Businesses thrive on communication, and they communicate to the world every day. They communicate with stakeholders, with buyers and suppliers, employers across the globe, and the communities and societies at large. They communicate differently depending on whom they are communicating with as they adjust their communication style knowingly or unknowingly depending on their counterpart. Many researchers have analysed the different means of communicating as it derives mainly from cultural differences. The differences lie in both overt and covert communication, behavioural differences where signs, gestures, rituals, religion, beliefs, tone of voice and sounds are different and display different meanings.

Learning about cultural differences yields better understanding and communication with members from other cultures. Links between culture and communication have been extensively examined in terms of behaviour (Adair, Taylor, & Tinsley, 2009), cognition (Baber & Ojala, 2015), cultural dimensions (Luomala, Kumar, Singh, & Jaakkola, 2015) and global exchange of resources (Volkema, 2004). Cultures may support or hinder successful communication between parties involved.

Definition of Intercultural communication: *Intercultural communication involves interaction between people whose cultural perceptions and symbol systems differ enough to alter the communication event.*

> Despite various studies about cultural differences, intercultural communications still seem to remain a challenge for global firms, as applicable intercultural communication contributes to a better organisational performance where the relationships are not at risk. Lack of knowledge in intercultural communication has proven to lead to a lack of clarity which can lead to miscommunication and misunderstanding (Collier, 1989).

This risk is more significant for firms that have employees with different cultural backgrounds. Thus, to prevent miscommunication, each employee must hold particular competence in intercultural communication.

According to the literature, those theoretical approaches to intercultural research competences are listed in table 1:

Source	Perspective	Competences:
Gudykunst (1995, 2002)	Anxiety/uncertainty management (AUM) theory	Superficial causes: ● Self and self-concept motivation to interact with strangers ● Reaction to strangers, social categorization of strangers ● Situational processes ● Connections with strangers Basic causes: ● Uncertainty management ● Anxiety management
Kim (1986)	Personal network approach	Moderation process: mindfulness outcome communication effectiveness: ● Heterogeneity of personal network ● Level of centrality of out-group members in a personal network ● The extent of ego´s association with out-group members.
Kim (1991, 1995, 2002)	Systems-theory approach	Elements that influence cross-cultural adaptation: ● Predisposition of individuals ● The environment of the host culture ● Dynamics of host and personal interpersonal and mass communication ● Intercultural transformation of individual
Martin and Hammer (1989)	Social skills perspective	● Communicative function behaviours ● Verbal and non verbal behaviours ● Conversational management behaviours
Ting-Toomey (1993)	Identity negotiation perspective	● Interactive images: multiple self-identification

		- Interactive motivations and meanings: communicative motivations, identity coherence - Communicative resourcefulness: cognitive resourcefulness, affective resourcefulness, behavioural resourcefulness - Outcome: identity negotiation process
Wiseman et al. (1989)	Knowledge host culture and attitude towards the other culture	- Cognitive: stereotypes - Affective: ethnocentrism - Conative: social distance

Table 1. Intercultural competences.

Some scholars, such as Collier (1989) and Ruben (1976) have identified the need to discern whether cross-cultural competence is related to attitude, knowledge or behaviour. However, the essence of culture is to be found in the fabric of meaning transmitted through language and symbols (Geertz,1973; Katriel and Philipsen, 1981). According to Ruben (1976), the behavioural skills approach focuses on the application of communication skills in an intercultural context while cultural identity is based on ethnic identity and understanding core values and traditions of a given culture (Casmir, 1999; Ting-Toomey, 1993).

On the other hand, some point out that perceived communication competencies are of great importance as „this view of competence as the social impression is useful because it can be equally applied to the study of within cultural competence (an intercultural context) and between cultural competence (an intercultural framework)" (Martin and Hammer, 1989;305).

Therefore, the main challenges in intercultural communication are the individual uniqueness, that there are now two persons precisely alike even though they originate from the same culture, dominant culture or co-culture. Multiple sources shape their behaviour, and each one of them is more than just their culture. Generalisation is often made based on culture, where culture is used as how people potentially react and communicate.

Culture and cultural background can indeed be used as an indicator, but it can be viewed as approximations, not absolute as representations. Generalisations should deal with primary values and behaviours of a particular culture, using those that can be supported by a variety

of sources. Making assumptions is common in intercultural communication, where assumptions are based on generalisations based on cultural origin. People tend to generalise when they do not know.

Edward T. Hall, often referred to as the founder of intercultural communication (Leeds-Hurwitz, 1998), spoke to the problem hidden cultural assumptions play when people step into cross-cultural settings. He introduced the concepts of "in-awareness" and "out-of-awareness" to help distinguish between that which is explicit, known or observable in culture from that which is implicit, unknown and hidden – even to members of the culture.

The goal of intercultural communication research was to identify culturally-mediated phenomena that were "out- awareness" and bring them "in-awareness." By bringing aspects of culture "in-awareness," the many distortions and misunderstandings that plague cross-cultural communication could be explained and even compensated for (Zaharna, R (2001).

Cultural Profile		
Hall (1976)	Low-context	High-context
	* meaning in message	* meaning in context
	* explicit	* implicit
	* include details in message	* details in context, not message
	* speaker responsible for message	* listener responsible for understanding
Hall (1976)	Monochronic	Polychronic
	* time segmented	* time unsegmented
	* activities fitted into time segments	* multiple activities at one time
Kluckhohn (1953)	Activity Oriented	Being Oriented
	* emphasise action, measurable action	* emphasis relationship in social context
	* tie between word & deed	* message for social benefit
Kluckhohn (1953)	Future Oriented	Past Oriented
	* value in future activities	* value in past activities
	* stress on new, potential innovation	* stress on familiar, known, traditions
	* difficulty seeing relevance of historical, detailed	* difficulty conceptualising activities in future such as planning, strategizing
Lee (1950)	Linear	Non-linear
	* one theme	* can have many themes

	* organised with beginning, middle & end	* organisation not stressed order appears random
	* clear relationship among points in argument	points may appear unrelated

While a Country Profile provides a broad outline of what may be *feasible* within a particular country, a Cultural Profile speaks to what may be *effective* in that country.

Table 2: Cultural Profile presents the contrasting ends of various cultural continua suggested by scholars. Again, cultures are spread out along continua with each representing cultural preferences rather than absolutes.

In summary, many things shape our behaviour, such as upbringing, religion, values, experience and what we learn and making assumptions risks miscommunication which may result in a conflict.

There are also ethical differences in intercultural communications and firms need to pay attention to do's and don'ts both within the firm and when conducting business across cultures. Bringing a gift may be the ice-breaker for starting a collaboration and impressing the counterpart while in other cultures, it is viewed as bribes and not opt for delivering success. In cultures where gifts are perceived as positive, firms must keep in mind that what is considered a proper gift varies across cultures and sometimes within cultures as well.

Thanking someone for a gift also differs culturally. To take a simple example of thanking someone for a gift, we can look at Arab cultures as in Arab cultures gift recipients are expected to be profuse in offering thanks, whereas, in English culture, recipients are expected to offer restrained thanks because too much exuberance is considered offensive.

The main point is that it is difficult and always challenging to know how people will react to messages as the underlying assumptions, such as values, rituals, and beliefs, are not evident on the surface. Therefore, it is recommended that firms concentrate on both the other party, the surroundings. When it varies within cultures, it can mainly be traced to religions and other belief systems.
Reciprocity can as well be considered normal in one culture while it's not so common in another. Values differ, and unless parties are excellent communicators, firms may leave value on the table as they are not able to communicate their preferred interests properly.

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According to Samovar and his colleagues (2016), this focus on actions and the results of those actions are called, in the Buddhist tradition, *being mindful.* "**Mindfulness is the aware, balanced, acceptance of the present experience**." Concentrating on personal actions is far more complicated than can be expressed in a single sentence. Yet the central message is clear: Being mindful during a communication encounter means giving full attention to the moment. By being mindful, you can adjust your messages to both the context and the person. But most importantly, you can be aware of what you are doing to another person—and that is a matter of ethics.

An in-awareness approach to international public relations		
Country Profile	**Cultural Profile**	**Communication Components**
What are the structural features that influence the design and implementation of public relations projects?	What are the cultural variations that influence the design and implementation of public relations projects?	What are the basic communication that may be influenced by national or cultural features
Ways of Looking at Countries	**Ways of Looking at Cultures**	**Ways of Looking at PR Activities**
Political Structure	Low/High Context	Verbal communication
Economic Structure	Monochronic/Polychronic	Nonverbal communication
Mass Media	Individualism/Collective	Visual communication
Infrastructure	Activity/Being-oriented	Communication matrix
Legal Structure	Future/Past-oriented	Group dynamix
Social Structure	Linear/Nonlinear	Decision-making practices

Table 3. an in-awareness approach to international public relations

Cultural differences
The backbone of both the Globe study, series of cultural studies, and Hofstede's research on cultural dimensions is to demonstrate the cultural differences, which are not only rooted in beliefs, religions, rituals, and other behavioural differences, but also in societies which have similarities such as languages. One of the earliest comprehensive cross-cultural communicative competence frameworks was developed by Ruben (1976). He outlined seven behavioural dimensions of intercultural competence: the display of respect, interaction posture, orientation to knowledge, empathy, self-oriented behaviour, interaction

management, and tolerance for ambiguity.

Despite all the studies about cultural differences, intercultural communications remain a challenge for global firms, as successful communication contributes to better organisational performance as relationships are not at risk. Globalisation resulted in cultures becoming easily mixed as people rearranged their living environment according to new opportunities in different cultures, increasing both understanding and conflicts simultaneously.

The risk of miscommunication increases when individuals from many different cultures frequently communicate, thus, learning new and successful ways of communicating across cultures become essential for businesses to thrive where respect towards each other's differences plays a pivotal role for firms to become successful.

To be able to understand how to communicate globally, it is essential to be familiar with some of the key terms regarding cultures. Cultures have been divided into dominant culture and co-culture and have been defined as followed by Samovar and colleagues (2016):

Dominant culture. A dominant group is characteristic of all cultures, and this collective of people possesses those instruments of power that allow it to set the broad societal agenda the majority of others will commonly follow

Co-culture groups or social communities exhibiting perceptions, values, beliefs, communicative behaviours, and social practices that are sufficiently different from other groups and communities and from the dominant culture.

3.1.2. Networking and Participation

In modern working life, professionals need to perform flexibly and independently in ever–changing environments (Castells, 2000). To be able to do this effectively, they depend on various lifelong learning skills, among others autonomous and self–directed learning. As they are partly supported in their learning by interaction with their peers, an essential life–long learning skill they need to develop is the ability to find and to connect with relevant others, *i.e.*, professional networking (Johnson, 2008; Nardi, *et al.*, 2000).

We define the activity of professional networking as the act of making connections with other professionals, with or without the intention of making long–term ties with them (Compton, 2009; Tempest and Starkey, 2004). In our understanding, the skills at the centre of networking involve an ability to identify and understand other people's work in relation to one's own, and to assess the value of the connection with these others for potential future work. The result of networking is a personal professional network, *i.e.*, an egocentric, personally and intentionally created network of people set up by an individual specifically in the context of her professional activities. This network gathers a heterogeneous circle of

people, distributed across different groups and places, and connected to the individual with connections of varying degrees of strengths (Granovetter, 1983; Nardi, *et al.*, 2000).

Professional networking offers various benefits. From the individual's perspective, it supports the development and growth of professionals' careers (Cross, *et al.*, 2003; Dulworth, 2006; Krattenmaker, 2002). Your networks also allow you to find appropriate, constant support when the need arises (Haythornthwaite, 2002; Ru and Ortolano, 2009; Van Ryzin, *et al.*, 2009). From the organisation's perspective, networking and networks are vital in innovation and crucial in linking to new trusted partners when dealing with changing business priorities (Birkinshaw, *et al.*, 2007; Pulley and Wakefield, 2001; Vervest, *et al.*, 2009). Networking supports group formation for the purpose of awareness–raising and/or socio–economic progress (see Compton, 2009; Fesko, 1997; Gupton and Slick, 1996; Hays, *et al.*, 2003). Professional networking can also be used as a means to continuously support professionals' life–long learning in practice (Johnson, 2008). Once created, personal professional networks are platforms in which conversations and dialogue can occur, thus allowing for individual (non–formal) learning (Eraut, 2000). This learning is especially prevalent in practice, where tacit knowledge is built through experience and reflection and shared through social interaction with others (Bolhuis and Simons, 2001; Hearn and White, 2009). Furthermore, the ability to make conversations possible between people when needed is recognised as a key enabler of knowledge creation in organisational settings (Von Krogh, *et al.*, 2000).

Both strong and weak connections contribute to the individual's learning: strong ties allow for active collaboration on knowledge creation, whereas weak ties are sources for new information, knowledge and ideas (Bell, 2010; Gargiulo and Benassi, 2000; Jones, 2008; Jones, *et al.*, 2008; Ryberg and Larsen, 2008; Wenger, 1998). As the dichotomy of strong versus weak ties is not self–evident, more refinement is needed (Lin, 2008). For personal networks, Grabher and Ibert (2008) proposed a three–layered approach, consisting of a communality layer (strong ties), a sociality layer (weak ties) and a connectivity layer (very weak ties).

It has also been recognised that ties and networks can be intentionally built, created and maintained as resources for learning and working (Burt, 1992). The structure of a personal network can change in ways best benefiting the needs of professional learners throughout different stages of their careers (Margaryan, *et al.*, 2009). By including weak links in their personal networks, learners can create an environment for learning (Kester and Sloep, 2009). We believe the intentionality of the professional is the strongest at the sociality layer, as contacts in this layer are the most mobile within someone's personal network. Depending on the intentions of the professional, these ties have the potential to become stronger connections or develop into even weaker ties. An individual can therefore create and

orchestrate ties to effectively support learning needs and potentially use technology to support this network, effectively making it a *personal learning network* (PLN).

In a knowledge-based economy competitiveness is becoming more dependent upon the ability to:

apply new knowledge and technology in products and production processes. However, with growing competition and globalisation and the rapid advancement of knowledge, new technologies and innovative concepts have a wider variety of sources, most of them outside the direct control of firms that have become more specialised and focused on their core competencies. For complementary knowledge and know-how, they increasingly rely on collaborative arrangements, in addition to market-mediated relations (e.g. purchase of equipment, licensing of technology). Inter-firm collaboration within networks is now by far the most important channel of knowledge sharing and exchange. Interactions are also intensifying between firms and a number of other institutions involved in the innovation process: universities and other

institutions of higher education, private and public research labs, providers of consultancy and technical services, regulatory bodies, etc.

Even more than larger firms, SMEs depend on external sources of information, knowledge, know-how and technologies, in order to build their own innovative capability and to reach their markets. Although different types of SMEs have different needs, all must be connected to the most prolific sources of new knowledge and expertise, either directly or through multi-layered networks that link highly innovative firms to others at regional, national and global levels.

Empirical studies have confirmed that collaborating firms are more innovative than non collaborating ones, irrespective of their size (OECD, 2001a).

Table 1. International innovation taxonomy

Category	Participants	Forms
International diffusion of innovation	National and international companies	Exports of innovative products and services. Production in foreign countries.
Global innovation	International corporations	R&D and innovative activities in many countries.
Open innovation	Corporations, SMEs, R&D centres, Independent Labs.	Boundaries permeable, innovations easily transferred inward and outward of corporations.
Internet of things	Devices, Systems, Platforms, corporations and non-profit organizations, individuals.	Permeable boundaries, access to technology and access to mass information flows.

Source: own study

• all over the world, the client has become more demanding, looking for cheaper and higher-quality products so the company must introduce innovations in such a way as to outstrip the changing notion of value for the client,

• the improvements in transport and communication have reduced the cost of transport and have made the international trade more effective,

• information technology transforming the world into one "information network", just like modern media disseminating supranational values, affect the creation of global innovations – global business – a global community,

• a need has arisen to learn from international experience and the spread of new technologies from one country to another has taken place,

• The competitiveness on the world market requires that new products and services are created and implemented fast, and at the possibly lowest cost. In this case, market coordination, the increasingly better recognition and taking advantage of the situation on many different markets are becoming more and more important, both for the supply and sales,

• advanced technology causes a rise in the cost of making new products- processes, which makes companies to increase the volume of sales to create a possibility of taking advantage of the scale effect to maintain competitiveness,

• In the global economy, international companies can realise and implement innovations where there is the best chance for market success.

Hence the need for the constant observation of trends and for the determination of prospects of development directions of international companies, their R&D policy and technology transfer.

-Type and variety of partners. The networks connecting individuals and organisations in functional areas (e.g. research, production, logistics or marketing) are gaining in importance relative to those that link partners in a more traditional vertical chain. Another general trend is the rapid development of networks comprising a wide variety of actors, such as suppliers, users, scientific organisations, business-oriented services, public bodies, etc. Partnerships between small firms, large firms and public research organisations, are gaining in importance because they are efficient ways of refining the division of labour within innovation systems to the benefit of all.

-*Innovation mode*. Many networks still have a strong sectoral focus but others, which span across industries and technological fields, are becoming more frequent.

-*Geographic scope.* Networks can be local, regional, national, international or global in scope, depending on the type of partners and the predominant innovation mode. The geographical boundaries of networks are permeable and change over time since networks with a strong local focus and based on close personal relations are supplemented rather than replaced by international networks and electronic interaction.

Organisation and relations between partners – from loose networks to structured multi-actor partnerships. Network relationships vary considerably, ranging from highly informal, flexible and trust-based relations to more formalised and stable arrangements, such as partnerships.

However, behind every formal network (research co-operations, joint ventures, etc.) there are various informal networks which give it life and sustainability.

The following benefits of networking have been identified by recent theoretical and empirical work (OECD, 2001a):

• Increased scale and scope of activities. The results of collaboration may be applicable to each firm's market and thus serve to expand its customer base. A firm's capability may be considerably extended if it can achieve synergy between different technological competencies and between technological and organisational innovation.

• Shared costs and risks. The costs associated with innovations have risen rapidly and are now often beyond the means of any single firm. The high costs and risks of innovation can be shared under a collaboration agreement.

• Improved ability to deal with complexity. Many key technological developments are complex and draw on a wide range of scientific and commercial knowledge. This reinforces the need for cooperation with participants in different fields of expertise. Networks help firms to deal with the complexity of multiple sources and forms of technology.

• Enhanced learning. Owing to continuous and rapid market and technological changes, firms need to be adaptive through continuous learning. Collaboration enhances such learning about new technologies, prospective technologies and ways in technological change may affect the existing business. It can also teach companies to change their organisational approach.

• Flexibility and efficiency in knowledge management. Much knowledge is tacit and firm specific and therefore difficult to transfer through market mechanisms. Networks facilitate exchange of all sorts of knowledge on the basis of mutual trust, including between large and small firms.

3.1.3. Negotiation

Negotiation is a discussion to settle disputes and reach agreements between two or more sides. Negotiation is a "give and take" process resulting in a compromise where each side makes a concession for the benefit of everyone involved.

There are many situations where you may need to be a negotiator. You might be involved in negotiating a job offer, asking for a raise, rallying for a budget increase, buying or selling property or closing a sale with a customer. They all call for negotiating skills if you want to be successful.

Essential communication skills include identifying nonverbal cues and verbal skills to express yourself engagingly. Skilled negotiators can change their communication styles to meet the listener's needs. By establishing clear communication, you can avoid misunderstandings that could prevent you from reaching a compromise.

Active listening skills are also crucial for understanding another person's opinion in negotiation. Unlike passive listening, which is hearing a speaker without retaining their message, active listening ensures you engage and later recall specific details without needing repeated information.

Emotional intelligence is the ability to control your emotions and recognize others' feelings. Being conscious of the emotional dynamics during negotiation can help you stay calm and focused on the core issues. If you're unsatisfied with the current negotiation, ask for a break so you and the other party can return with refreshed perspectives.

Just as you should enter a negotiation with a clear goal, the other side also likely has its own defined expectations. If you believe you might not be able to agree to each other's terms, you could try adjusting your expectations. Skilled expectation management involves maintaining a balance between being a firm negotiator and a collaborative one.

Some negotiations can take a long time to complete, occasionally involving renegotiation and counteroffers. Rather than seeking a quick conclusion, negotiators often practise patience to properly assess a situation and reach the best decision for their clients.

Adaptability is vital for successful negotiation. Each negotiation is unique, and the situation may change from one day to the next. For example, an involved party may change their demands abruptly. While it's challenging to plan for every possible situation, a good negotiator can adapt quickly and determine a new plan if needed.

The ability to influence others is an important negotiation skill. It can help you define why your proposed solution benefits all parties and encourage others to support your point of

view. In addition to being persuasive, negotiators should be assertive when necessary. Assertiveness allows you to express your opinions while respecting the other side's perspectives.

Negotiation requires planning to help you determine what you want and how the terms will be fulfilled. You should consider the best possible outcome, your least acceptable offer and what you will do if an agreement isn't reached. Preparing, planning and thinking ahead is crucial to a successful negotiation. The best negotiators enter a discussion with at least one backup plan, but often more. Consider all possible outcomes, and be prepared for each of these scenarios. This is the "best alternative to a negotiated agreement" (BATNA) for negotiators.

Integrity, or having strong ethical and moral principles, is an essential skill for negotiations. Being thoughtful, respectful and honest allows the other side to trust what you say. As a negotiator, you should be able to follow through on commitments. To demonstrate trustworthiness, avoid over-promising.

The ability to build rapport lets you establish relationships with others where both sides feel supported and understood. Building a rapport requires communicating your goals and understanding the other side's wants and needs. Rapport helps ease tensions, promotes collaboration and increases the likelihood of reaching an agreement. To build rapport, showing respect and using active listening skills are critical.

Negotiation requires problem-solving to see the problem and find a solution. If a price is too high, how can it be lowered? If a resource is in short supply, what can be done to increase it? Finding unique solutions to problems may be the determining factor in compromise.

Good negotiators can act decisively during a negotiation. It may be necessary to agree to a compromise during a bargaining arrangement. You need to be able to react decisively. Keep in mind that your decisions may have lasting effects on yourself or your company. It is important to think through your options carefully without overthinking your decision. Going back and forth between your options without a clear answer might bring unnecessary stress.

In today's hyper-connected and increasingly competitive market, the ability to negotiate effectively is more highly valued than ever before. In fact, according to a study in the UK, it was estimated that UK businesses lose around £9 million *per hour* due to poor negotiating skills. That study also concluded that UK businesses could increase their overall profitability by as much as 7% annually if they had better negotiation skills.

Clearly, negotiating skills are important in business. The following are five specific reasons why negotiation skills are absolutely imperative in the business world:

A Negotiation Mindset is Beneficial with Everyone from Clients to Employees
While the ability to negotiate is certainly an important part of boardroom meetings and hammering out contracts, the benefits actually extend far beyond those better-known applications. For example, negotiation skills can be invaluable when discussing the responsibilities an employee or new hire will have, and can ensure that both parties understand exactly what is expected of the other.

Creates Win-Win Situations
Contrary to what some believe, negotiation skills are not about beating the opposition out of the other party. In fact, the best negotiators are ones who are able to create win-win situations, in which everyone walks out thinking that the deal is a good one. While the ability to aggressively get what one wants might seem like a victory at the moment, the reality is that the lack of goodwill generated by this can cause problems down the road.

There is no question that finding a deal which makes everyone happy is difficult, but this is exactly why it is so highly valued.

Good Negotiating can Improve your Bottom Line
Ultimately, the goal of a negotiation is to get the best deal possible for you and your organisation. In doing so, you are by definition improving your bottom line. For example, if you are able to reduce your overhead by 10% due to an effective negotiation, that money goes straight to your profit margin.

Ensures that You Can Walk Into a Negotiation Confidently
Confidence is an important part of any negotiation. Walking into an important negotiation with the fundamental knowledge that you know what you are doing means you can focus on the deal itself instead of worrying about whether you are being outmanoeuvred by the other party. In addition, the ability to confidently make a presentation, as well as provide offers or counteroffers, has been proven to result in better deals.

Negotiation Skills Build Respect
Respect is an essential part of business. It is important that your employees respect you if you want to get the most productivity out of them, and it is just as important that vendors, clients, and anyone else you may be negotiating with respect you as well.

The impression you leave after a negotiation can have a lasting impression, which can impact everything from future negotiations to your reputation in your industry.

This fact underlines an important point: it is far better to be a somewhat intimidating character due to your negotiating skills than it is to be looked at as a pushover at the negotiating table. Far from being a roadblock in future deals, the ability to negotiate will make people want to work with you.

Learning how to be an effective negotiator can be challenging, which is why it is always great to have tools at your disposal that can assist in that goal. EC Sourcing Group has a suite of solutions designed to make everything from negotiations to streamlining the RFP process as effective and efficient as possible.

3.1.4. Conflict Management

Being able to manage conflict is essential when communicating globally as cultural differences are a rich source for miscommunication thus, preventing conflict by education and healthy communication is necessary by focusing on solutions and problem-solving strategies rather than blaming and sticking to individualistic claiming behaviour. To avoid conflict or resolve conflict takes both parties to be willing to make concessions, to make an effort by moving from their original positions towards mutual understanding, asking questions to understand one another and listen to each other to land on the same page and move away from the conflict.

Conflict management is the practice of being able to identify and manage conflicts sensibly, fairly, and efficiently. Conflict management process deals with (perceived) incompatibilities or disagreements arising from, for example, diverging opinions, objectives, and needs.

Since conflicts in a business are a natural part of the workplace, it is important that there are people who understand conflicts and know how to resolve them. This is important in today's market more than ever. Everyone is striving to show how valuable they are to the company they work for and at times, this can lead to disputes with other members of the team.

Following are the common ways for managing conflicts;

Collaborating: This conflict management style produces the best long-term results, but it is frequently the most difficult and time-consuming to achieve.The needs and desires of each party are considered, and a win-win solution is found so that everyone is satisfied.
This frequently entails all parties sitting down together, discussing the conflict, and negotiating a solution together. The collaborating conflict management style is used when it is critical to maintain all parties' relationships or when the solution itself will have a significant impact.
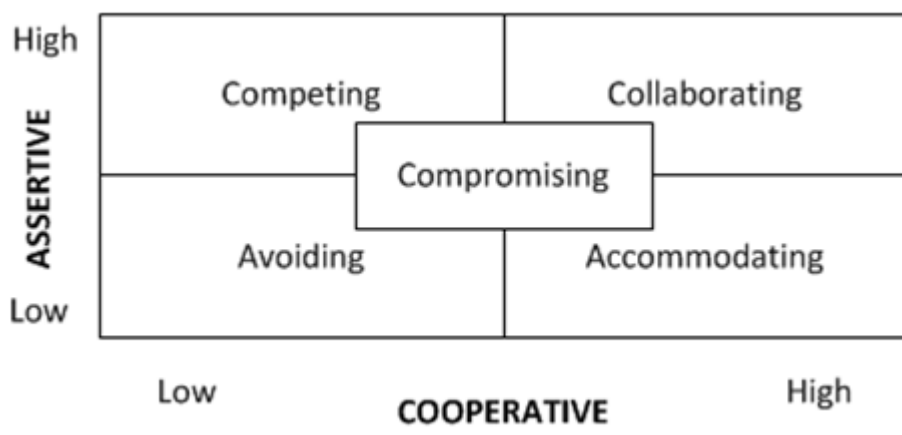
Competing: The competing conflict management style rejects compromise and does not give in to the opinions or desires of others. One party is adamant about how they believe a situation should be handled and will not back down until they get their way.

This can be in situations where morals require a specific course of action, when there isn't time to try a different solution, or when an unpopular decision must be made. It can quickly resolve disputes, but it has a high risk of lowering morale and productivity.

Avoiding: A conflict manager that has great conflict management skills seeks to reduce conflict by ignoring it, removing the conflicting parties, or evading it in some way.Team members who are in disagreement can be removed from the project, deadlines pushed, or people reassigned to other departments.

 If a cool-down period would be beneficial or if you need more time to consider your stance on the conflict itself, this can be an effective conflict management style. However, avoidance should not be used in place of proper conflict resolution; putting off conflict indefinitely can and will lead to more (and larger) conflicts down the road.

Accommodating: The accommodating conflict management style is all about putting the needs of the other party ahead of one's own. You let them 'win' and have their way. Accommodation is used when you don't care as much about the issue as the other person, if prolonging the conflict isn't worth your time, or if you believe you're wrong.

 This option is about keeping the peace, not putting in more effort than is necessary, and knowing when to pick your battles. While it may appear to be a weak option, accommodation can be the best way to resolve a minor conflict and move on to more important issues. This style is highly cooperative on the resolver's part, but it can lead to resentment.

Compromising: This conflict management style seeks a middle ground by asking both parties to give up some aspects of their desires in order to reach an agreement. This style is sometimes referred to as "lose-lose," because both parties will have to give up a few things in order to reach an agreement on the larger issue.

When there is a time constraint or when a solution simply needs to happen rather than be perfect, this is used. Compromise can breed resentment, especially when used excessively as a conflict resolution tactic, so use it sparingly.

3.1.6. Empathy

Empathy is an essential aspect of communication and human behaviour. Individuals that can show compassion demonstrate their acknowledgement for the other party's feelings, moving them closer to each other in terms of understanding. Empathy has been defined as the affective component of decentering; in other words, a reaction to another person that reflects recognition and understanding of the other´s emotional state (Redmond, 1985). Those who can show empathy are more successful in de-escalating situations when miscommunication occurs and therefore, preventing conflict. One of the vital aspects of de-escalating strategies is active listening and acknowledging the other party's feelings and emotions.

Why is empathy important for business? The simple answer is that empathy empowers. As leaders and fellow team members extend empathy to each other, they are allowing one another to feel a sense of validation and respect. Considered to be an organisational superpower, empathy can positively impact employees' engagement, motivation, and well-being.

The true power of empathy lies in your ability to envision yourself in a team member's position, or a position of leadership. Once empathy becomes part of the organisational culture, it empowers employees to centre their fellow members and work collaboratively.

From a leadership perspective, empathy invites employees into the decision-making process. This communicates that leaders value and trust the opinions and positions of their team members. As such, more employees feel a sense of validation and are driven to engage with their work and their teams'.

Workplace empathy is part of a larger conversation about organisational ethics. The ethics of an organisation refer to how the leadership and team members respond to their external environment. These ethics dictate the principles and guidelines that determine how the company and its employees conduct business in the workplace.

Leaders should work to translate empathy into their organisational ethos to ensure that every decision is guided by a commitment to uplifting and connecting with others. To make an impact with empathy and ingratiate it in your company culture, ensure that your organisation has a clear code of ethics. By building empathy into your ethos, you'll train your leaders and employees to constantly prioritise each other's feelings and perspectives in the workplace.

Empathy has a multifaceted impact on the workplace. From enhancing leaders' capabilities and improving the way team members relate to one another to prioritising clients' needs and customer relations, empathy is undoubtedly an important part of any business.

Empathy benefits businesses in the following ways:

-Leaders that connect with their team in a genuine way are able to foster a sense of loyalty and retain the best people.
-Empathetic leaders can successfully encourage their teams and motivate them to perform at their best.
-Leaders with empathy can better understand customers' needs and address their desires, pain points, and fears.

-Through empathy, team members can develop stronger bands and build trust in each other. This allows team members to become a true community both in and out of the workplace.
-<u>Empathy is linked to innovation</u> as it allows team members to practise curiosity, generosity, and equality towards their colleagues' ideas. By entering another's perspective, team members develop a sense of compassion that allows for creative thinking.
-Teams that practise empathy are leading with their heart. This encourages a sense of psychological safety, allowing others to feel vulnerable and open to learning and collaborating.
- Empathetic organisations put their clients first. This human-centered approach allows teams and leadership to build real bonds with their customers that can last a lifetime.
-Why is empathy important for business? Empathy makes it easy to identify and prioritise clients' wants and needs. By walking a mile in their shoes, an organisation will have a better understanding of customers' expectations.

People often confuse sympathy and empathy, using the two terms interchangeably. However, there are key differences that make sympathy and empathy very different:

Sympathy: Experiencing sympathy means that while you may feel pity for someone's situation or struggles, you can't connect with or understand their experience and feelings. A sympathetic approach only understands another person's challenges from your perspective, limiting your ability to respond to their struggles. For example, while you might feel sorry for someone who's having a hard time at home, you can't understand how it feels from their perspective.

Empathy: Empathizing lets you imagine yourself in another person's situation with no judgement attached. You can understand why someone feels the way they do and experience their emotions, ideas or opinions. Empathy helps you build and maintain connections with other people by digging below the surface of people's statements and looking for non-verbal cues. Empathy is more productive than sympathy in the workplace since employees will feel more supported.

Empathy helps people feel validated and understood. Listening to someone's challenges and understanding where they're coming from can go a long way in personal and professional relationships.

Empathy and the capacity to connect with people are essential skills in both our professional and personal life. Empathy in the workplace, which is a crucial component of emotional competence and leadership efficiency, enhances human connections in general and may result in more effective engagement and beneficial outcomes at both the individual and organisational levels.

The three pillars of organisational empathy are; listening, openness and understanding.

Compared to 75 percent of employees on average, 83 percent of Gen Z employees would prefer an organisation with a strong atmosphere of empathy over one giving a little better compensation. This is because empathic leaders and managers understand that a company's bottom line can only be achieved through and with people. As a result, they have an accessible and empathetic attitude toward their team members' sentiments and thoughts.

Empathy is essential in the workplace for any business dealing with setbacks, underperformance, or individuals that genuinely want to achieve. So, why aren't individuals more empathetic at work? That is because empathy requires time, effort, and effort to develop.

Empathy requires time and effort to demonstrate understanding and awareness. It's not always simple to comprehend why an employee feels or thinks a certain way about a scenario. Another part of empathy requires a person to prioritise others before oneself,

which can be difficult in today's competitive workplace. Finally, many firms are only concerned with reaching objectives, regardless of the personnel cost.

3.3. INTERCULTURAL SKILLS
3.3.1. Cultural Diversity

The question of cultural diversity is a recent issue, as well as the interest of companies in the management of cultural diversity, which arose in the years 1990. The theme of cultural diversity in organisations has also been considered as a factor of strategic advantage for businesses (Hanashiro &, 2005).

The cultural diversity consists of a set of people with different identities interacting within the same social system. This concept is related to the recognition and respect to the individuality of employees, and managing diversity requires the development of skills necessary for the growth and success of the business (Fleury, 2000). For this reason, managing cultural diversity requires a holistic approach to develop an organisational environment that allows everybody to fully develop their potential in aiming at the company's objectives (Thomas, 1996).

The cultural differences interact with a set of individual factors, groups and organisational issues in order to establish the impact of diversity in individual and organisational performance. Individual performance is divided into variables of affective response, as satisfaction, organisational identification and involvement at work, and on performance variables (*performance*, mobility at the position and compensation). Now the organisational results may influence the quality of attendance, of turnover, of quality in work and profitability (Cox, 1994).

Miliken and Martins (1996) divide the impacts of diversity organisational over individuals in two temporal dimensions of short and long term and by type of impact: the affective impacts, related to the identification and to the satisfaction of the person with the group; and the cognitive, considered as the ability of the individual to process the information, perceive and interpret stimuli, in addition to making decisions. In Figure 1, the impacts of cultural diversity on individuals are presented.
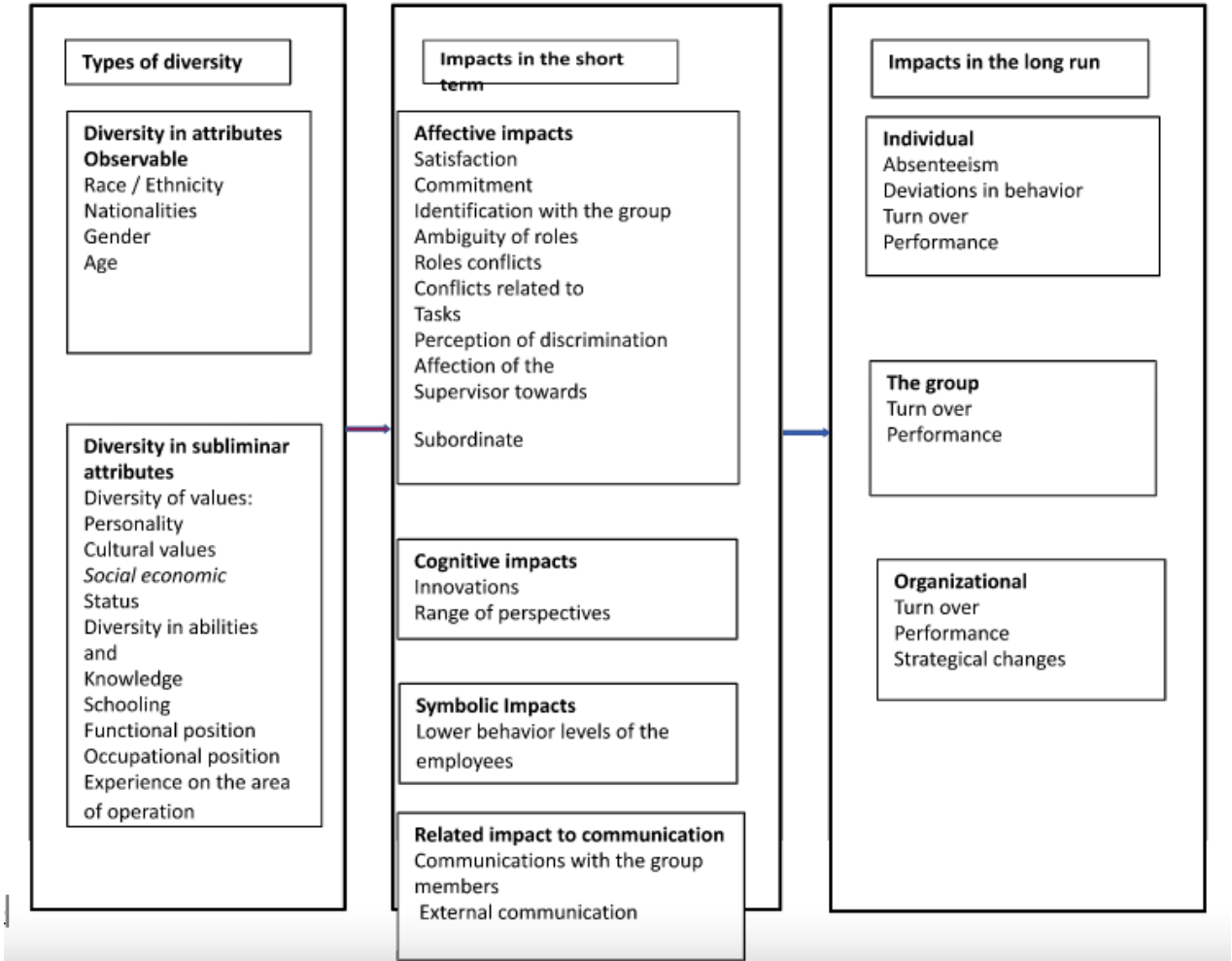
Figure 1: Impacts of cultural diversity on individuals Source adapted from: Miliken and Martins (1996)

The impacts of cultural diversity can be both positive and negative, since, in addition to some advantages, they can also cause motivational problems, conflicts, turnover and difficulties of communication, affecting, consequently, productivity (Miliken & Martins,1996).

In today's business world, stakeholders are no longer from the host country as it was in the past. Due to stiff local market competition, companies have started going global by investing in other countries. They end up facing competition both locally and globally. It is even tougher taking the intercultural differences into consideration. Managers have to be more considerate on cultural issues to succeed in the foreign market arena. Francesco and Gold, (1998) define culture as a complex whole that encompasses knowledge, beliefs, art, morals, laws, customs and other capabilities and habits acquired by man as a member of society.

Culture is acquired through a social process. According to Czinkota & Ronkainen (1998), culture consists of interdependent elements including language, customs, morals and values among others. Foreign Companies should always consider cultural differences that may be of a problem between the business partners, (Johan & Svedjeholm, 2006). The company's management should always consider these cultural factors for it to venture into the global market.

Cross cultural encounters are today more frequent with increased trade, migration, media coverage and travel hence the need to accommodate intercultural and ethnic diversity (Osman-gani & Joo-Senq, 2002). Due to this, communication and technology have greatly improved with time and countries are no longer independent but interdependent (Francesco & Gold, 1998) meaning that companies must operate in the globalisation era. The most challenging element in the market place is culture (Czinkota & Ronkainen, 1998). As Harris & Moran (1996) argue that socialisation for business people must in their culture, business culture and corporate culture. Involvement of a firm in foreign culture is what shows the firm's degree of adaptability on foreign cultural elements (Czinkota & Ronkainen, 1998). Cultural diversity still remains to be an important factor in the modern world market liberalisation and mergers across the border. According to Adler (2002), globalisation is a reality and intercultural communication is more of a norm than an exception.

The foreign direct investment funds that a country gets are directly related to the culture of the host country. According to UNCTAD (1998), foreign direct investment (FDI) entails long term commitment to a business endeavour by foreign firms in a host country (Bhardwaj, 2007). Firms always like investing in countries with favourable economic, institutional and regulatory conditions. Certain host country's cultural attributes either attract or repel foreign investors. The host country's culture influences the entry, strategy, structure, marketing, production as well as finance and management style for the foreign company. As Gulbro and Herbig (1996) point out; there are three things that are necessary for a company to succeed in a foreign market:
-Identifying, understanding, accepting, and respecting the other sides' culture and a preparation to communicate and operate on two separate cultural wavelengths.
-Culturally Neutrality.
-Sensitivity to other people's culture.
Moving the activities of the businesses to the international area, brought the need for interaction of individuals from different cultures in the working environment.

The reason for this is the multicultural human resources structure of international businesses that shares the same work environment as physical or virtual with the common mission and objectives.

As a result of international assignments and virtual team memberships, employees in international enterprises interact with individuals who have the characteristics of a culture different then their own.

In such cases where individuals from different cultures share the same environment, there may be some difficulties in communication. These are problems caused by misconceptions and prejudices caused by not having knowledge about each other's culture.

The way to avoid or reduce these challenges is to recognize cultures and understand intercultural differences.

It is important to recognize the cultures and to understand the differences, in the realization of business objectives of international business employees.

They need to develop themselves not only on technical and managerial issues within the scope of their field of duty, but also on gaining intercultural awareness.

Employees working in international companies
- International employments
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Failure of Employee at International Field

It is stated in the research that the cost of the failure of the employee assigned in a country other than his own country is between 55.000-80.000 Dollars to the business depending on the duty place. (Mendenhall ve Oddou (1980))

In Indirect Cost:

Losing market share

Losing business reputation

Lost business opportunities

Host country governments

Impairment of local organisations and customer relations

According to the literature, the failure of the employees in this international field; remains to be a problem that should be overcome.

Assignment process

Training process before and after initiation to work

Inadequate information about the country culture and adaptation problem

One of the Most Wrong Assumptions in Business Life is the belief that knowledge acquired in a particular socio-cultural environment is valid everywhere.

There are differences between cultures at the fields of:

Management Styles,

Manager-Employee relationship

Share of Responsibilities

Authorization in decision-making processes

Perception of Problems
Problem solving and conflict / teamwork etc.

Problems due to cultural differences

Cultural differences and problems change due to regions. There are differences in India, China, Singapore. (The biggest markets)

Differences on eating and drinking in India: (eating by hand) difference of religion and beliefs, taking of shoes at the entrance of ferries and hospitals, demanding for certain materials / cigarette, victualing, soap

Misunderstandings due to differences in forms of cultural communication at India, China and Brazil

Prohibitions in Singapore like cigarettes, chewing gum.

There are troubles in communication because of language problems in far east countries, in Russia, Spain, France common language (English).

Eating-drinking culture differs from China and India as well as in countries like Singapore, Indonesia.

Cleanliness and hygiene problem due to low level of development in Nigeria and Pakistan

Forced to bribe at ports of Arabia, Indonesia, Russia, Ukraine

Abundance of illegal operations and lack of security in Mexico, South America

Racist attitudes about historical background in France, Greece and Lebanon

Europe; almost no problem

Eating and Drinking Habits
Foreign Language
Technological Development
Business Culture

3.3.2. Cultural Competence
3.3.2.1.Assessing Intercultural Competence

Intercultural competence can be viewed as the ability to communicate successfully with culturally different others using one's intercultural knowledge, skills and attitudes.

Historically the first focus on intercultural competence began when the westerners started working as Peace-corps volunteers in 1950s,1960s and early 1970s in other countries who found communication with people from those cultures is hampered by their cultural differences. Yet, it became more popular after the 1980s with the expansion of communication technology and multinational business, study abroad programmes and immigrant issues. As a result research on intercultural competence too widened in spectrum by including aspects from descriptions to assessment of it. Nevertheless, after nearly four decades Ruben (1989) declared the need for clarity of the concept. While much progress had been made after Hall (1959) who is considered to be the father of the area a multiplicity of frameworks and approaches defining and assessing intercultural competence persists today. Even though the availability of a broad range of theories and models provides language educators with a variety of approaches to understand and investigate intercultural

competence, it also complexifies the task of communicating about related ideas in a systematic and consistently interpretable way. As a consequence, many other scholars too agree that finding a definition for intercultural competence is difficult (Hammer, Gudykunst, & Wiseman, 1978; Bennett, 1993; Gudykunst,1994; Chen & Starosta, 1996; Byram,1997; Fantini,2000; Deardroff,2006; Arsaratnam & Doref,2005). Subsequently they have interpreted it in different ways. On the other hand Different terms, such as cross-cultural competence, global competence, intercultural competence and global citizenship (Deardorff 2006) too are referred to in the literature as similar concepts.

Today, intercultural competence research spans a wide spectrum, from international schools to medical training, from short study abroad programs to permanent residency in foreign cultures. The purposes of research also range widely, from the selection of appropriate participants for sending abroad to cross-cultural mediation to the determination of learning outcomes associated with a variety of educational experiences. As the focus and purpose of intercultural competence research has expanded, approaches to its description and assessment have evolved as well, from short attitude and personality surveys to more complex behavioural self-assessments, performance assessments, portfolio assessments, and others. In the following sections an attempt would be made to discuss some important models evolved to assess and evaluate intercultural competence. Several models representing the development of intercultural understanding and competencies and associated concepts have been conceptualised in the literature. These models reflect a range of different theoretical approaches and methodologies from both qualitative and quantitative data (Freeman et al. 2009) and are discussed in order to get an insight of the data collection instruments used for this research.

A. Bennet's Model

In the North American context, a different model of intercultural competence has been gaining major attention over the years, Bennett's Developmental Model of Intercultural Sensitivity (DMIS) (Bennett, 1993). The Developmental Model of Intercultural Sensitivity (DMIS) was developed with a grounded theory approach, on the basis of research in the 1970's and 1980's, which is a dynamic model that explains how individuals respond to cultural differences and how their responses evolve over time. The Developmental Model of Intercultural Sensitivity (DMIS) consists of six stages grouped into three ethno centric stages (the individual's culture is the central worldview) and three ethno relative stages (the individual's culture is one of many equally valid worldviews) as follows:

1. In the first 'ethnocentric' stage, 'denial' , the individual denies the difference or existence of other cultures by erecting psychological or physical barriers in the forms of isolation and separation from other cultures.

2. In the second ethnocentric stage, 'defence' , the individual reacts against the threat of other cultures by denigrating the other cultures (negative stereotyping) and promoting the superiority of one's own culture. In some cases, the individual undergoes a reversal phase, during which the worldview shifts from one's own culture to the other culture, and the own culture is subject to criticism.

3. Finally, in the third ethnocentric stage, 'minimization' , the individual acknowledges cultural differences on the surface but considers all cultures as fundamentally similar.

The three 'ethnorelative' stages of development lead to the acquisition of a more complex worldview in which cultures are understood relative to each other and actions are understood as culturally situated.

1. During the 'acceptance' phase, the individual accepts and respects cultural differences with regard to behaviour and values. 2. In the second 'ethnorelative' stage, adaptation , the individual develops the ability to shift his frame of reference to other culturally diverse worldviews through empathy and pluralism.

Figure 2. DMIS Model by Bennet (1993)
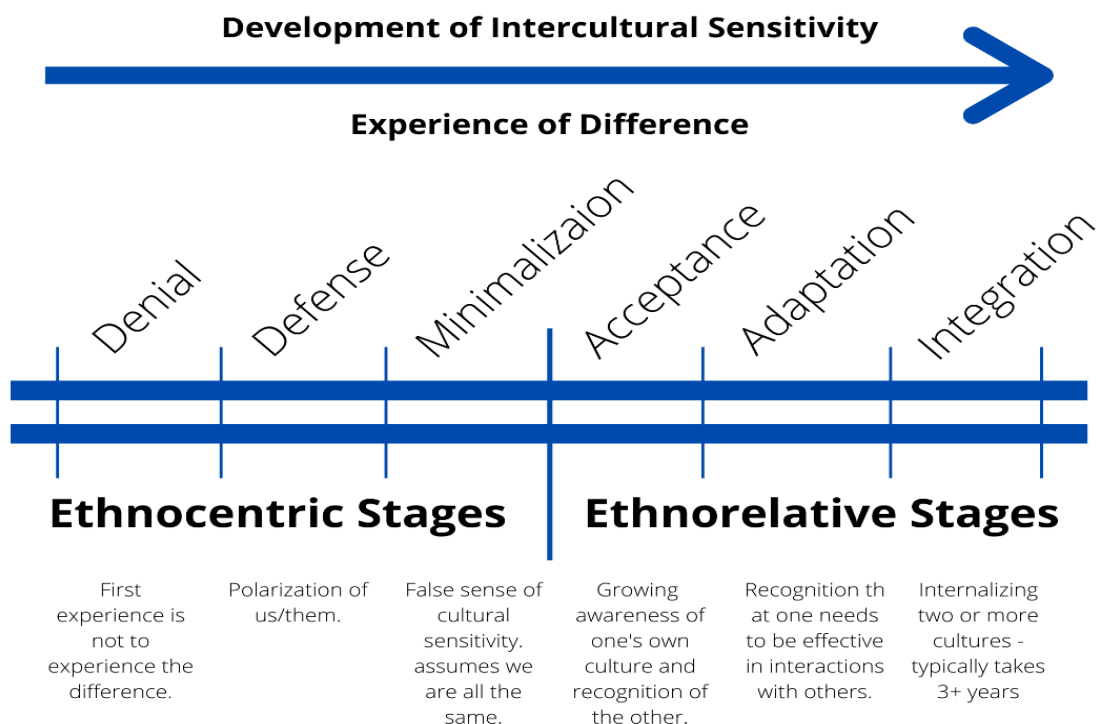
The most basic theoretical concept in the DMIS is that experience (including cross cultural experience) is constructed i.e. we do not perceive events directly. Rather, our experience of events is built up through templates, or sets of categories, that we use to organise our perception of phenomena. So, for instance, an American person who happens to be in the vicinity of a Japanese event may not have anything like a Japanese experience of that event, if he or she does not have any Japanese categories with which to construct that experience. Instead, he or she will have an ethnocentric experience, meaning that one's own culture is the only basis for perceiving events (p.)

More successful intercultural communication similarly involves being able to see a culturally different person as equally complex to one's self (person-centred) and being able to take a culturally different perspective. Thus, greater intercultural sensitivity creates the potential for increased intercultural competence. The crux of intercultural adaptation is the ability to have an alternative cultural experience. Individuals who have received largely monocultural socialisation normally have access only to their own cultural worldview, so they are unable to experience the difference between their own perception and that of people who are culturally different. The development of intercultural sensitivity describes how we gain the ability to create an alternative experience that more or less matches that of people in another culture. People who can do this have an intercultural worldview. The DMIS supposes that contact with cultural difference generates pressure for change in one's worldview. This happens because the "default" ethnocentric worldview, while sufficient for managing relations within one's own culture, is inadequate to the task of developing and maintaining social relations across cultural boundaries. Each change in worldview structure generates new and more sophisticated issues to be resolved in intercultural encounters. Each orientation of the DMIS is indicative of a particular worldview structure, with certain kinds of cognition, affect, and behaviour vis-à-vis cultural differences typically associated with each configuration. It is important to note that the DMIS is not predominantly a description of cognition, affect, or behaviour. Rather, it is a model of how the assumed underlying worldview moves from an ethnocentric to a more ethnorelative condition, thus generating greater intercultural sensitivity and the potential for more intercultural competence. Changes in knowledge, attitudes, or skills are taken as manifestations of changes in the underlying worldview. This distinction is important because developmental interventions such as training programs are appropriately aimed at the worldview, not at any particular knowledge (such as in area studies programs), any particular attitude change (such as in prejudice reduction programs) or any particular skill acquisition (such as role-plays or cultural assimilators).

B. Deardorff's Model

Deardorff (2004) developed a cyclical or process model that visualises intercultural

competence as the movement from the personal level to interpersonal level of intercultural interactions. According to her the individual level starts with the attitudes and interactional level is the expected outcome. The model was based on a working definition of intercultural competence that is "the ability to communicate effectively and appropriately in intercultural situations based on one's intercultural knowledge, skills and attitudes" (Deardorff 2006, p. 247) which consist of the 22 elements of intercultural competence agreed on by the international scholars and administrators in her study as follows.

Attitudes: Respect, openness, curiosity and discovery. Openness and curiosity imply a willingness to risk and to move beyond one's comfort zone. In communicating respect to others, it is important to demonstrate that others are valued. These attitudes are foundational to the further development of knowledge and skills needed for intercultural competence.

Knowledge: Cultural self-awareness (meaning the ways in which one's culture has influenced one's identity and worldview), culture-specific knowledge , deep cultural knowledge including understanding other worldviews, and sociolinguistic awareness, understanding the world from others' perspectives (agreed upon by all the intercultural scholars)

Skills: Observation, listening, evaluating, analysing, interpreting, and relating (these are necessary for acquisition and processing of knowledge)
These attitudes, knowledge, and skills ideally lead to an internal outcome that consists of flexibility, adaptability, an ethnorelative perspective and empathy. These are aspects that occur within the individual as a result of the acquired attitudes, knowledge and skills necessary for intercultural competence. At this point, individuals are able to see from others' perspectives and to respond to them according to the way in which the other person desires to be treated. Individuals may reach this outcome in varying degrees of success.

Outcomes: The summation of the attitudes, knowledge and skills, as well as the internal outcomes, are demonstrated through the behaviour and communication of the individual, which become the visible outcomes of intercultural competence experienced by others. This then becomes the agreed upon definition of the intercultural scholars, that intercultural competence is "the effective and appropriate behaviour and communication in intercultural situations." However, it is important to understand that this definition is predicated on the elements highlighted above. It is also important to understand the implications of "effective" and "appropriate" behaviour and communication: Effectiveness can be determined by the individual while the appropriateness can only be determined by the other person with appropriateness being directly related to cultural sensitivity and the adherence to cultural norms of that person. In the last stage, 'integration' , the individual expands and incorporates other worldviews into his own worldview. Together, these six stages comprise a continuum from least culturally competent to most culturally competent, and they illustrate a dynamic way of modelling the development of intercultural competence.

The following two models concur with these scholars in emphasising the importance of attitude to the learning that follows. Specifically, the attitudes of openness, respect (valuing all cultures), and curiosity and discovery (tolerating ambiguity) are viewed as fundamental to intercultural competence.

This pyramid model of intercultural competence (Figure 3) allows for degrees of competence (the more components acquired and developed increases probability of greater degree of intercultural competence as an external outcome), and although it provides some delineation of the definition, it is not limited to those components included in the model.

This model enables the development of specific assessment indicators within a context or situation while also providing a basis for general assessment of intercultural competence, thus embracing both general and specific definitions of intercultural competence. This model of intercultural competence moves from the individual level of attitudes and personal attributes to the interactive cultural level in regard to the outcomes. The specific skills delineated in this model are skills for acquiring and processing knowledge about other cultures as well as one's own culture. The model also emphasises the importance of attitude and the comprehension of knowledge (Bloom, 1965).

Desired External Outcome
Behaving and communiicating effectively and appropriately (based on one's intercultural knowledge, skills, and attitudes) to achieve one's goal to some degree.

Desired Internal Outcome
Informed frame of reference/filter shift
* Adaptability (to different communication styles and behaviors; adjustment to new cultural environments)
* Flexibility (selecting and using appropriate communication styles and behaviors; cognitive flexibility)
* Ethnorelative view
* Empathy

Knowledge and Comprehension

- Cultural self-awareness
- Deep understanding and knowledge of culture (including contexts, role and impact of culture and others worldviews)
- Culture-specific information
- Sociolinguistic awareness

Skills

- Listen
- Observe
- Interpret
- Analyze
- Evaluate
- Relate

Requisite Attitudes
Respect (valuing other cultures, cultural diversity)
Openness (to intercultural learning and to people from other cultures, withholding judgment)
Curiosity and discovery (tolerating ambiguity and uncertainty

Outcomes have been prepared according to the
«Intercultural Sufficiency Pyramide Model» (Deardorffs)

The following two models concur with these scholars in emphasising the importance of attitude to the learning that follows. Specifically, the attitudes of openness, respect (valuing all cultures), and curiosity and discovery (tolerating ambiguity) are viewed as fundamental to intercultural competence.

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She further declares that these components of intercultural competence can be assessed using a mix of qualitative and quantitative measures. The following assessment methods can be used to measure student outcomes of intercultural competence: analysis of narrative diaries, self-report instruments, other-report instruments, triangulation (multiple methods), and a bottom-up approach involving such techniques as focus groups, dialogues, and workshops. Specifically, case studies and interviews received the strongest agreement, followed by analysis of narrative diaries, self-report instruments, observation by others/host culture, and judgement by self and others. In fact, it is important to note that only 65% of the scholars felt that pre- and post testing should be used as a way to assess intercultural competence, whereas administrators (90%) overwhelmingly agreed on the use of pre and posttests. The reasons for this controversial view on pre- and posttesting are numerous and warrant further investigation. The premise is that administrators find the use of pre and posttesting generally easy to administer and are hopeful to find that the intervention has indeed made a difference, thus providing a more meaningful and measurable outcome. Delphi participants, however, expressed scepticism over the use of self-report instruments (which are often used in International Journal of Scientific and Research Publications, Volume 5, Issue 4, April 2015 9 ISSN 2250-3153 pre and posttesting), particularly as the sole method, to measure the outcomes of an intervention.

Ultimately, these models seek to explain the types of attitudes, knowledge and skills individuals need to function in culturally diverse settings and the processes they undergo in developing the needed skills and abilities for being interculturally competent. So when studying the above models the point to be kept in mind is that though individuals can enter these frameworks at any particular point, attitude is a fundamental starting point (Byram, 1997). Lynch and Hanson (1998) highlight the fundamental role of attitude in intercultural competence when they wrote, "After all the books have been read and the skills learned and practiced, the cross-cultural effectiveness of each of us will vary. And it will vary more by what we bring to the learning than by what we have learned" (p. 510).Just as culture is ever changing, scholars' opinions on intercultural competence too change with time. Therefore it is important for research and practice to stay current with scholars' research and thought processes.

The Process Model of Intercultural Competence. Source: Deardorff (2006).
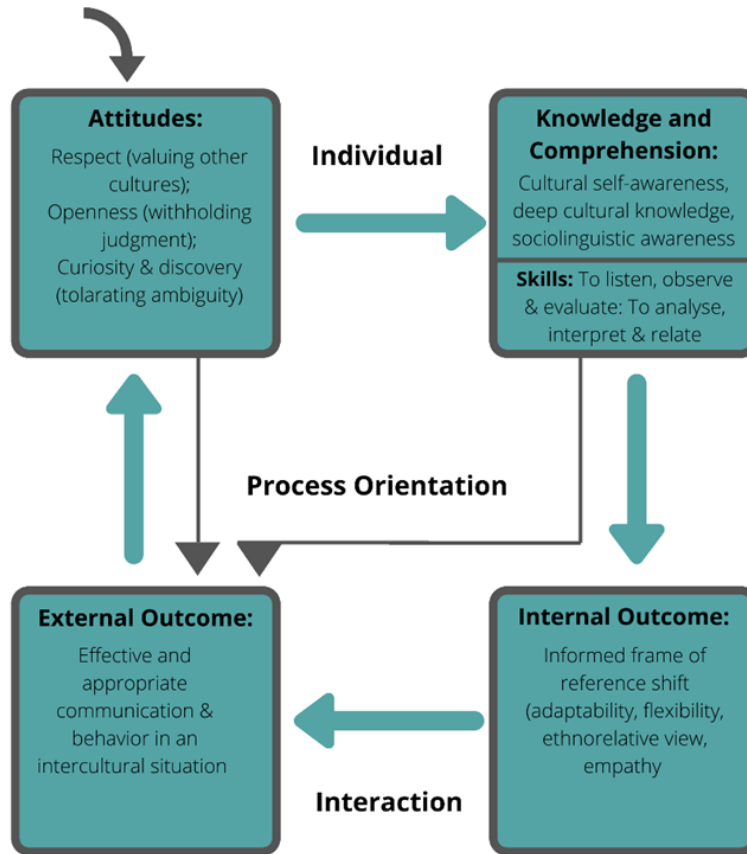
Another way of organising and displaying the final data is the process model in Figure 4 developed by Deardorff (2004). This process model of intercultural competence, while containing the same elements as the first pyramid model of intercultural competence, depicts the complexity of acquiring intercultural competence in outlining more of the movement and process orientation that occurs between the various elements.

This model denotes movement from the personal level to the interpersonal level (intercultural interaction). As in the pyramid model, it is possible to go from attitudes and/or attitudes and skills/knowledge directly to the external outcome, but the degree of appropriateness and effectiveness of the outcome may not be nearly as high as when the entire cycle is completed and begins again. The unique element of internal as well as external outcomes is also maintained with this process model, and In fact, it would be

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possible for an individual to achieve the external outcome of behaving and communicating appropriately and effectively in intercultural situations without having fully achieved the internal outcome of a shift in the frame of reference.

However, the degree of appropriateness and effectiveness would be more limited than if the internal outcome had also been achieved. This process model also demonstrates the ongoing process of intercultural competence development, which means it is a continual process of improvement, and
as such, one may never achieve ultimate intercultural competence. As with the pyramid model, the attitudinal element in this process model is the most critical, and as such, attitudes are indicated as the starting point in this cycle.

3.3.2.2. Cultural Competence in International Business

Intercultural communication challenges are one of the biggest issues facing businesses operating in an international or multinational context. Before globalisation emerged, businesses were not faced with such challenges as their operations were more or less performed in a local context with a common culture and language.

New technologies, industrialisation, and competing in a global market to maximise profit to survive and to grow while working in different countries with coworkers from different cultural backgrounds has become an important skill for managers. Business managers need to develop intercultural communication competencies that would allow them to run a smooth collaboration with all coworkers across borders. But this is not an easy task. Managers must be supported and some important measures should be taken.

Intercultural competence shows itself in the ability to recognise, respect, value and use productively – in oneself and others – cultural conditions and determinants in perceiving, judging, feeling and acting with the aim of creating mutual adaptation,tolerance of incompatibilities and a development towards synergistic forms of cooperation, living together and effective orientation patterns with respect to interpreting and shaping the world. (Thomas 2003a: 143; translated by Franklin)

Competent communication is an interaction that is perceived as effective in fulfilling certain rewarding objectives in a way that is also appropriate to the context in which the interaction occurs.

The appropriateness criterion draws attention to the importance of context, and 'people's capacity to be contextually flexible in their behaviour' Intercultural competence must be

anchored within a person as his or her capacity to manage the varied contexts of the intercultural encounter regardless of the specific cultures involved.

Flexibility in intercultural competence the criteria of communication appropriateness, effectiveness, adaptability, and creativity can serve as evaluative yardsticks of whether an intercultural communicator has been perceived as behaving flexible or inflexible in a communication episode. A dynamic, competent intercultural communicator is one who manages multiple meanings in the communication exchange process – appropriately, effectively, adaptively, and creatively. Communication adaptability refers to our ability to change our communication behaviours and goals to meet the specific needs of the situation. Communication creativity is to produce something inventive through an imaginative lens and flexible skills. (Ting-Toomey and Chung 2005: 17–19)

Empirical studies, psychologists and communication scholars have focused their attention on identifying the nature of intercultural management competence which includes the following component

- open-mindedness,
- non-judgmentalness (sometimes referred to as interaction posture),
- empathy,
- tolerance for ambiguity,
- flexibility in thinking and behaviour,
Development of Intercultural Management Competencies 13
- self-awareness,
- knowledge of one's own and other cultures,
- resilience to stress,
- and communication or message skills (including foreign language proficiency, although this is less frequently mentioned)

Among the components which are identified as playing an important role in the creation of appropriateness and effectiveness in intercultural management competencies are the key components and attributes of three conceptual frameworks, all of which have important implications for the assessment and development of intercultural management competencies. In addition the key qualities of a mindful state of being are creation of new categories, openness to new information, and awareness of more than one perspective. Openness is not only to new information, but to different points of view is also an important feature of mindfulness. Once we become mindfully aware of views other than our own, we start to realise that there are as many different views as there are different observers. We must be cognitively aware of our communication if we are to overcome our tendency to

interpret strangers' behaviour based on our own frames of reference. When we communicate with strangers, we become mindful of our communication. Our focus, however, is usually on the outcome rather than the process of communication. For effective communication to occur, we must focus on the process of our communication with strangers. When we are mindful, we can make conscious choices as to what we need to do in a particular situation in order to communicate effectively. (Gudykunst 2004: 253–5) Mindfulness means being aware of our own and others' behaviour in the situation, and paying focused attention to the process of communication taking place between us and dissimilar others. (Ting-Toomey 1999: 16) Many multinational businesses' poor performance today is due to the failure to recognise the importance of cultures and its impact on the standardisation of design, procedures and organisational systems. Thus, managers have to adapt the organisation according to market, legislation, tax regime, socio-political and cultural system specificity. Thus, culture spreads meaning in every aspect of the company (Fons Trompenaars) and such failure may be as the result as the following, Tung (1987: 117)

- Inability of the manager's spouse to adjust to a different physical or cultural environment.
- The manager's inability to adjust to a different physical or cultural environment.
- Other family-related problems.
- The manager's personality or emotional immaturity.
- The manager's inability to cope with the responsibilities posed by overseas work.
- The manager's lack of technical competence.
- The manager's lack of motivation to work overseas.

Many studies have been done to;
Evaluate the international companies from a view of intercultural communication and to understand the importance of intercultural competences to understand and manage the cultural differences.

CORE COMPETENCES
Some personel characteristics like be open to learning, be result oriented, etc.

TECHNICAL COMPETENCES
Profession oriented.

INTER-CULTURAL COMPETENCES
The working environment with different cultures in global companies needs to understand cross cultural differences and communication.

ADMINISTRATIVE COMPETENCES
Like strategic planning and decision making.

Competence is a group of knowledge, skills and talent
- which can be measured with standards,
- which can be improved by training and
- which affects the responsibilities and role of working performance?

3.3.2.3. Global Leader

"Top-level managers in many of today's leading corporations are losing control of their companies. The problem is not that they have misjudged the demands created by an increasingly complex environment and an accelerating rate of environmental change, nor even that they have failed to develop strategies appropriate to the new challenges. The problem is that their companies are incapable of carrying out the sophisticated strategies they have developed. Over the past 20 years, strategic thinking has far outdistanced organisational capabilities.

Today, people create national competitiveness, not, as suggested by classical economic theory, mere access to advantageous factors of production.Yet, human systems are also one of the major constraints in implementing global strategies. Not surprisingly therefore, human resource management has become "an important focus of top management attention, particularly in multinational enterprises. "

The clear issue is that strategy (the what) is internationalising faster than implementation (the how) and much faster than individual managers and executives themselves (the who). "The challenges [therefore] are not the 'whats' of what-to-do, which are typically well-known. They are the 'hows' of managing human resources in a global firm."

How prepared are executives to manage transnational companies? How capable are firms' human resource systems of recruiting, developing, retaining, and using globally competent managers and executives? A recent survey of major U.S. corporations found only six percent reporting foreign assignments to be essential for senior executive careers, with forty-nine percent believing foreign assignments to be completely immaterial.

- Leaders in borderless organisations face complex challenges stemming from geographical, cultural, operational, political and commercial differences. Today's Global Leader must skilfully integrate global strategies with local demands, navigate a volatile and matrixed environment and harness global collaboration to create competitive advantage.
- There are cultural differences, chaos and international competitiveness at the businesses. In this frame the organisations which have a manager who is

understanding, effectively doing his/her duty and managing the cultural differences have a global leader who is valuable, rare and giving them a competitive advantage.

According to the Upper Tier Theory, senior executives of the organisation:

- **Strategies**
- **Functions**
- **Activities**
- **Processes etc.**

Have direct effect on.

In this regard personal characteristics and level of knowledge and skills are important factors in the process of globalization of SMEs
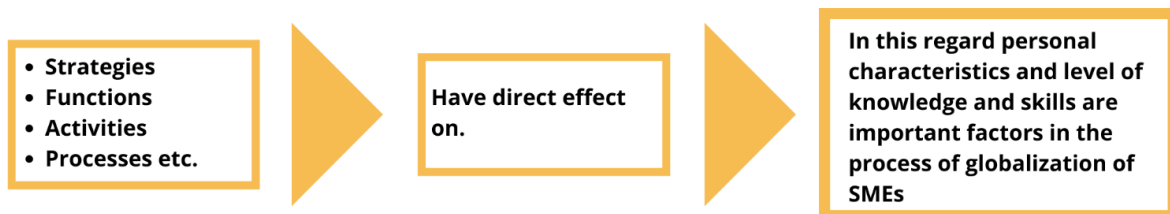
In a review of the global leadership literature, Jokinen (2004) identified three main types or *levels of* global leadership competencies, defined by this author as "those universal qualities that enable individuals to perform their job outside their own national as well as organisational culture, no matter what their educational or ethnic background is, what functional area their job description represents, or what organisation they come from"(Jokinen, 2004, p. 201).

The first level is called "the core of global leadership competencies", because these are essential in the development of other characteristics or competencies. These core or fundamental competencies are: *self-awareness*(a person's in-depth understanding of himself/herself, including understanding of one's emotions, strengths and weaknesses, values, self-image, needs and drives), *engagement in personal transformation* (a person's commitment to ongoing development of personal knowledge and skills, including the desire to experience and learn new things, a positive and proactive approach to learning, openness to change and criticism, and the presence of strong achievement and mastery motives) and *inquisitiveness* (a person's curiosity and concern with context, including the motivation and willingness to face unfamiliar situations and to potentially confront new things, the desire to seek information, knowledge and feedback from many different sources to support personal development, and the willingness to question one's own knowledge) (Black, 2005; Jokinen, 2004).

The second level of global leadership competencies addresses what Jokinen (2004) describes as the "desired mental characteristics of global leaders" (p. 206) and it includes knowledge, skills, abilities and personal attributes that have been recognized as important for leaders working in a global context, such *as optimism, self-regulation*(herein broadly defined to include the ability to handle stress, to control moods and impulses, emotional stability,

resilience, open-mindedness and self-efficacy), *social judgement skills, empathy, motivation to work in an international context, cognitive complexity*, an acceptance *or tolerance of complexity and its contradictions*(for example, by seeing opportunity in diversity and by using diversity to stimulate creativity).

Finally, Jokinen's (2004) third level is called "the behavioural level leadership competencies" (p. 208) and it addresses competencies that are related to performing specific or concrete actions, including *social skills*(interpersonal skills such as communication, persuasion, negotiation, conflict management, teambuilding, and capacity to motivate and align others to one single vision), *networking skills* (more formalised relationship management skills such as building and maintaining networks, partnerships or alliances, and building communities), *knowledge*(knowledge of tasks and related skills such as computer or technical skills, knowledge of the organisation and key business issues, and knowledge of people and cultures, especially an understanding and appreciation of cultural differences) and *experience*(international work experience, personal experiences that provide opportunities for intercultural interaction).

Considering The critical importance of the "core global leadership competencies" in enabling the development of abilities and skills in the other two levels, in the training program advanced in this paper, we initially focus on this first level (phase one of the program). The authors will propose experiential exercises aimed at developing one core competence (self-discovery competence) that will specifically address the self-awareness, personal transformation and inquisitiveness components, as discussed and integrated in Jokinen's (2004) research. For the purpose of this paper, competencies are defined as "dynamic combination of knowledge, understanding, skills and abilities" (Azevedo et al., 2012, p. 26).

3.3.2.4 Virtual Team Leadership

Virtual team leadership is widely discussed in the study Virtual Team Leadership: Perspectives From the Field by Hambley, O'Neill & Kline (2007). The researchers interviewed team leaders and members of virtual teams in six different organisations in Canada. The study made four important findings among which were the importance of leadership in virtual teams, effectiveness, personalization and effective use of different media. The study emphasises the need of developing training for virtual team leaders and team members and assessing their effect on team cohesion and performance. The author's current assumption is that the leadership and management training in companies are not offering any specific perspective for the leadership in a virtual team environment.

The leader of a virtual team faces additional challenges on top of the challenges a leader of a traditional team has. According to Settle-Murphy (2013, 3) a leader needs to pay extra

attention to:

- Building trust between the leader and the team members but also among the team
- Creating a team environment that prospers cooperation and camaraderie in the team's work towards its goals
- Gaining insight of the team members personal qualifications, skills and preferences and building a common base for a successful team collaboration
- Ensuring that the team members have a shared understanding of the team's deliver-ables, goals and mission
- Creating a working environment that gives the team members a feeling of being fairly treated and respected
- Building and implementing general guidelines to communication and collaboration as a team
- Developing performance assessment and coaching skills for the remote work
- Observing disoriented team member and intervening when needed in order to get back to the right course
- Developing virtual team meetings into focused and productive ones

Zofi (2011, 243) stresses that the communication in virtual and traditional teams is highly dependent on the virtual mindset of the team. The manager needs to help the team members of virtual teams in adapting a global way of thinking in order to keep up in pace with the competitors.

3.3.3. Cultural Intelligence
3.3.3.1.The Cultural Intelligence Model

Intercultural communication competence or CQ (cultural intelligence) has its roots in interpersonal intelligence (Gardner, 1983) and also in social/emotional intelligence (Goleman, 1995; Goleman & Boyatzis, 2008) which is the ability to recognize, understand, and manage emotions both in ourselves and in others. Goleman's (1995) findings indicated that emotional intelligence contributes 80 to 90% of the competencies that distinguish outstanding leaders from average leaders. These competencies include the ability to have self-awareness and other awareness— to be attuned to both one's emotions and those of others. Emotional intelligence also means that one has self-regulation, or the ability to control emotions and actions under pressure, as well as the motivation to delay gratification in order to achieve long-term goals.

Additionally, it means that a person is able to exhibit empathy toward others and use social skills to communicate it. Cultural intelligence takes this self- and other-awareness even

further. CQ is a person's ability to function skillfully in a cultural context different from one's own (Earley & Ang, 2003; Ng et al., 2009a, 2009b). This means that a culturally intelligent person is someone who is not only able to empathise and work well with others, but can acknowledge differing values, beliefs, attitudes, and behaviours in order to anticipate, act, and react in appropriate ways to produce the most effective results, and then to reevaluate and try acting or reacting in a different way (Alon & Higgins, 2005; Rockstuhl, Seiler, Ang, Van Dyne, & Annen, 2011).

The cultural intelligence model as construed by Thomas (2006; Thomas et al., 2008; Thomas & Inkson, 2009) demonstrates that having knowledge, mindfulness, and skills (also acknowledged as competencies) working together in concert helps a person to achieve CQ (see Figure 1). cultural phenomena that come their way; they use mindful cognitive strategies that both observe and interpret any given situation; and they develop a repertoire of skills which they can adapt and then demonstrate appropriate behaviours across a wide range of situations (Thomas & Inkson, 2009, p. 22). These are the skills most needed in global business today.

Mindfulness in Global Leadership Development

One develops intercultural communication competence by practicing mindfulness, which means reflecting on one's knowledge of any given situation and then trying to figure out the meaning of the events.

- Business learning does not necessarily equate culture learning.
- Functional expertise does not guarantee intercultural success.
- We first must know ourselves before we can know others.
- We can develop a repertoire of responses that are appropriate in different intercultural situations.

Knowledge

Mindfullness

Competencies
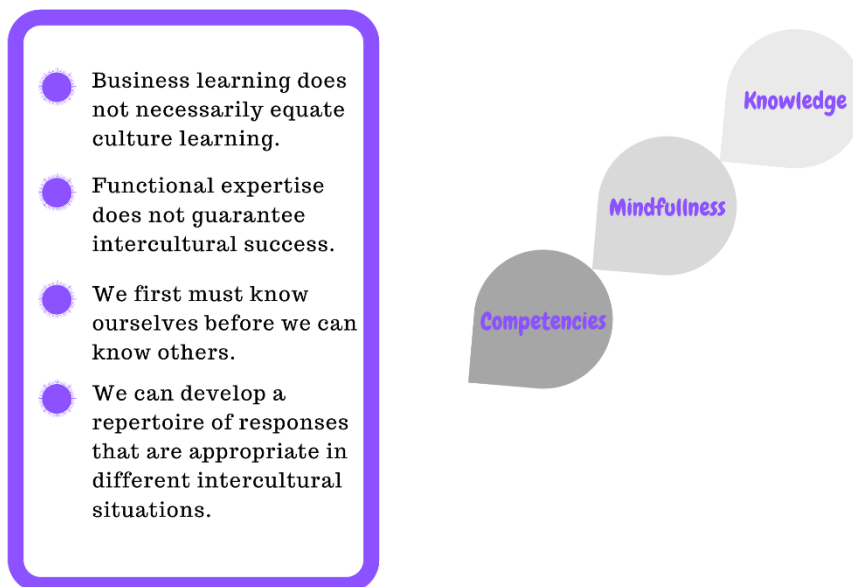
Figure 1 Mindfulness in Global Leadership Development. Adapted from Thomas, David C., and Kerr

Inkson, (2009), "Cultural Intelligence: Living and Working Globally". (Berrett-Koehler Publisher, San Francisco, CA).

Knowledge

Knowledge means recognizing some fundamental principles of behaviour (customs, practices, rituals, greetings, language, etc.) and/or understanding something about a culture's history, politics, economy, or society. One may understand how a particular culture varies from one's own, how that culture affects behaviours, what are some of the basic tenets of this culture's belief system, or even some of the fundamental principles for how to interact with people in that culture.

This is definitely favourable to lacking knowledge about a particular culture; however, simply knowing about the practices of people, society, or government is not enough. Human interaction is complex and countless cultural intricacies and sensitivities abound, so simply having cultural knowledge—however notable this is—is not a predictor of competence. For example, even being fluent in another language is no replacement for being sensitive to people's beliefs and behaviours, although it is a step in the right direction. We've all heard of the person who may be linguistically competent, but culturally incompetent (Bennett, 1986; 2004). Just because one is fluent in another language or several languages does not mean automatic aptitude for interacting thoughtfully and respectfully with people from another culture. Additionally, experiencing cultural contact—no matter the length of that contact—does not necessarily mean that a person will become culturally competent.

Mindfulness

Mindfulness in Thomas' model (2006; Thomas et al., 2008; Thomas & Inkson, 2009) indicates that the transformational difference in crossing cultures is to actively pay attention to the subtle cues in cross-cultural circumstances—then to tune into one's prior knowledge, thoughts, feelings, actions, and reactions to what is going on. The person practising mindfulness is aware of one's own assumptions and perceptions and the emotions and attitudes attached to them. This person will also attempt to pay attention to the other person's actions, both tacit and explicit. Mindfulness could be described in terms of another cultural intelligence model, cultural sense-making. This model suggests another way to envision how the culturally intelligent person can move beyond assumptions and stereotypes by actively seeking enculturation, which moves us away from ethnocentrism. The cultural sense-making model provides clarity for the metacognitive process that occurs when one is mindful.

Cultural sense-making involves reframing and changing one's script rather than restricting oneself to rigid, standard scripts (Bird & Osland, 2006). It is about changing perspective and opening up to new opportunities and ways of looking at the world. There are three steps to this process: framing, making attributions, and selecting a script. The first step, *framing*, involves the expectations we have about a situation. Before, during, or after a situation, we think about what we know—we observe and scan for cues that might confirm our hunches. Based upon that, we create a frame for the situation. In the second step, *making attributions*, we analyse those cues and try to match them to schema, or mental patterns that we create. These schemas are cognitive frameworks that help us to interpret unfamiliar information and experiences—and cognitive psychologists will assure us that it is a natural way of learning about the world (Piaget, 2001) by making attributions that are affected by our background and experiences, our beliefs, and our attitudes. The third step is *selecting a script*, which we make based upon the frame we create and the mental patterns (schema) that we have created—this script becomes our road map to navigate the unfamiliar territory. Our script is often influenced by our previous experiences and we then draw similarities or differences between what we know and what we don't know.

Skills/Competency

Being skillful means that a person is able to choose appropriate behaviours (based upon developing knowledge and experience) suitable for a given intercultural situation. Thomas and Inkson (2009) state, "Retaining this knowledge also requires the ability to transfer knowledge gained from a specific experience to broader principles that can be used in future interactions in other settings" (p. 29). If one has developed knowledge about the culture and how it affects behaviours, then one should be able to carefully reflect on it in order to figure out its meaning. At that point, the culturally competent person's aim is to figure out how to apply that knowledge by putting it into appropriate actions. Knowledge that is reflected upon deeply can result in effective behaviour.

In addition, one must assess that knowledge through a cognitive process, and then behave accordingly, reassessing what transpired based upon the nonverbal cues communicated by the other parties (e.g., Did you do it correctly? Was there subtle body language that might have signalled dissatisfaction? Could positive body language—e.g., facial expressions such as a smile—mean success or could this possibly mask disapproval?). Skillfulness requires constant attention and redressing the "what" and "why" of every situation. Thomas (2006; Thomas et al., 2008; Thomas & Inkson, 2009) posits that the concept of *mindfulness* is the critical link between one's knowledge and one's behavioural skills when leading across cultures. One must build upon knowledge and go beyond merely learning facts, then analyse one's behaviour and reflect on it in order to build that repertoire of skillful behaviour. Without this mindful, reflective practice, knowledge is empty and results in difficulty

developing the competencies needed for intercultural interactions.Companies, too, have cultures, often very distinctive; anyone who joins a new company spends the first few weeks deciphering its cultural code. Within any large company there are sparring subcultures as well: The sales force can't talk to the engineers, and the PR people lose patience with the lawyers. Departments, divisions, professions, geographical regions—each has a constellation of manners, meanings, histories, and values that will confuse the interloper and cause him or her to stumble. Unless, that is, he or she has a high CQ.

Cultural intelligence is related to emotional intelligence, but it picks up where emotional intelligence leaves off. A person with high emotional intelligence grasps what makes us human and at the same time what makes each of us different from one another. A person with high cultural intelligence can somehow tease out of a person's or group's behaviour those features that would be true of all people and all groups, those peculiar to this person or this group, and those that are neither universal nor idiosyncratic. The vast realm that lies between those two poles is culture.

An American expatriate manager we know had his cultural intelligence tested while serving on a design team that included two German engineers. As other team members floated their ideas, the engineers condemned them repeatedly as stunted or immature or worse. The manager concluded that Germans in general are rude and aggressive.

A modicum of cultural intelligence would have helped the American realise he was mistakenly equating the merit of an idea with the merit of the person presenting it and that the Germans were able to make a sharp distinction between the two. A manager with even subtler powers of discernment might have tried to determine how much of the two Germans' behaviour was arguably German and how much was explained by the fact that they were engineers.

Issues of cultural differences in the Emerging Markets Globalization causes different individuals to come together and interact with each other from different cultures (Earley et al. 2006). These differences lead to cultural barriers that can create misunderstanding and further cause ineffective interactions (Lievens et al, 2003; Ang et al, 2006) and harm organisational performances (Glick, Miller, Huber, 1993). Chin, C. O., et al. (2006) acknowledged that communication, negotiation, social behaviour, decision making process and team building in the company will be confusing without adopting local culture or bringing a cultural synergy. Also cultural differences may hinder the co-ordination among the employees and the flow of information in the organisation (Gomez-Mejia, Palich, 1997). Statistics showed many companies faced bankruptcy when they lack the understanding of different cultures (Inkson and Thomas, 2004). In the recent study conducted by Unit, E. I. (2012), they found that 90 percent of executives from 68 countries gave their opinions that 'cross-cultural management' was their greatest challenge in working across borders. In cross-cultural interaction, it creates uncertainty and anxiety due to unfamiliar cultural codes
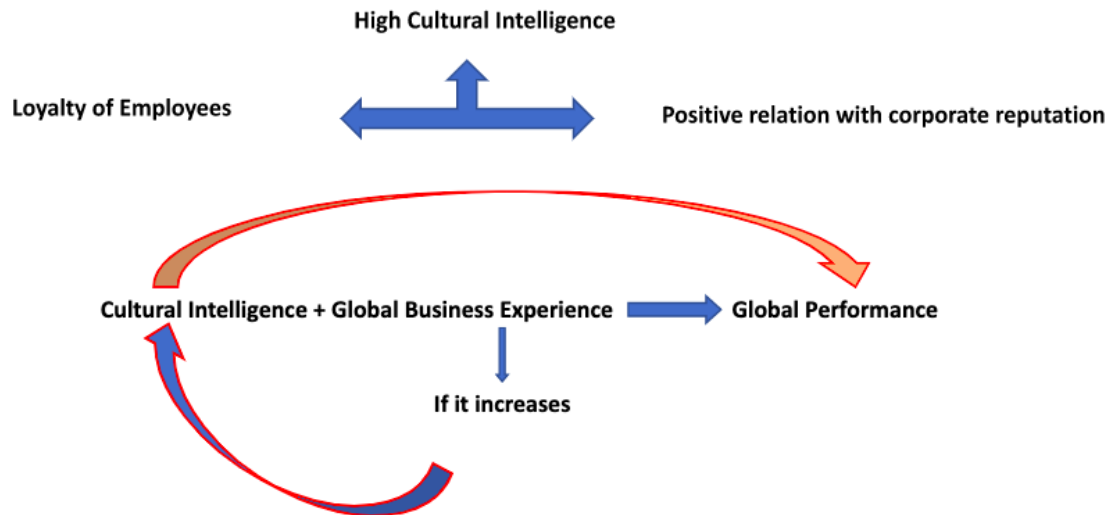
that affect their performances (Bücker, J. J., et al. 2014). Furthermore, the levels of cross-border assignments are on rise due to globalisation which is a challenging task for the organisations. This has created difficulties for the employees to adjust in a new working environment, social culture, climate condition and languages.

Andreason (2003) highlighted that the failure rate is 70% for underdeveloped countries and 40% for developed countries. It has been clearly suggested that if this cultural diversity is not handled correctly, it will jeopardise that whole organisation in the emerging markets (Unit, E. I., 2012). With the increased interactions in globalisation, there are also greater chances of conflict due to cultural differences (Kaushal & Kwantes, 2006). Stone-Romero et al. (2003) found that employees perform poorly in a different cultural set up when they fail to understand the cultural differences necessary in executing their roles as anticipated, and, hence, do not conform to their role expectations and they can't establish a good relationship with their supervisors. Therefore, leaders in the organisations are required to effectively handle and recognize cultural differences to face the different patterns of thinking, business practices and negotiating styles (Senge, 1990; Adler, 1991; Friedman, 2005).

Now companies need those leaders who can effectively adapt to fit diverse multicultural conditions involving customers, suppliers and associate employees from different cultural backgrounds (Livermore, D., Linn Van Dyne & Soon Ang, 2012). It is a matter of fact that no company should neglect the cultural context of leadership in the global business development. It has been reported that organisations could be in pitfalls such as losing cross-cultural business opportunities, reluctance in sharing ideas when other cultures are not well understood and possibly losing revenue for the organisations (Janssens & Brett, 2006). If these cultural differences are not well managed, misunderstandings may arise in business across the world that will lead to greatest obstacles in productivity of the organisations. So, organisations could be at risk if businesses and leaders fail to resolve the conflict due to cultural differences in the emerging markets.

- Cultural intelligence is an important ability accredited to managers.

  The level of cultural intelligence of managers is considered to have an effect on international performances of companies (Kim vol. 2008) .

High Cultural Intelligence

Loyalty of Employees

Positive relation with corporate reputation

Cultural Intelligence + Global Business Experience → Global Performance

If it increases

If the SMEs have global activities this brings the result of; coping with different cultural environments for managers in private and institutions in general.

-Depends on Theory of Multiple Intelligences (Gordner, 1983)
-Cognitive Intelligence used in the field of management
-Emotional intelligence EQ → Related but looking from a different aspect
-It is defined as the system of knowledge and skills related to cultural metacognition, which enables individuals to adapt and shape the cultural conditions in their environment.

3.3.3.2 Elements of Cultural Intelligence

Cultural Intelligence (CQ) is conceptualised into four critical elements necessary for effective intercultural interaction: metacognitive, cognitive, motivational, and behavioural.

Metacognitive - MC Dimension	Cognitive - COG	Motivational - MOT	Behavioral - BEH
• Planning • Awareness • Control	• Culture / General Information • Scope / Spesific • Information	• Internal • External • Self sufficiency	• Verbal Behaviours • Non-Verbal Behaviours • Speech Movements

1. Meta- Cognitive Cultural Intelligence

The mental processes used by the person to obtain and understand the cultural information and the control of this process.

This intelligence type includes; planning of mental models about cultural norms of groups of people or countries, monitoring these activities and evaluating.

Meta cognitive cultural intelligence is important because of 3 reasons.

-It encourages efficient thinking about people and situations in cases of different cultural infrastructures.
-It encourages us to be sensitive to traditions, habits, assumptions and thinking related to culture.
-Increases the accuracy of cultural understanding by letting them set up, evaluate their mental maps of both their own culture and other cultures.

2. Cognitive Cultural Intelligence (Cognitive CQ)

Cognitive dimension of cultural intelligence is related to understanding the cultural similarities and differences. This dimension shows the general information and mental maps of people about culture. It includes information about languages, religion, social norms, legal and economic systems of different cultures.

Cognitive component is using the information about herself, social environment and processing the data.This data includes general information about the structure of culture, social, legal and economic systems in terms of culture. This component is knowledge gained by experience and training including norms, traditions and also universal dimensions of culture.

3. Behavioral Cultural Intelligence (Behavioral CQ)

Behavioural Cultural intelligence is the ability to show the verbal or non-verbal behaviours in a suitable manner during interaction with different cultures. The last component of cultural intelligence is behaviour, in other words it is the action part of the structure. This is at the
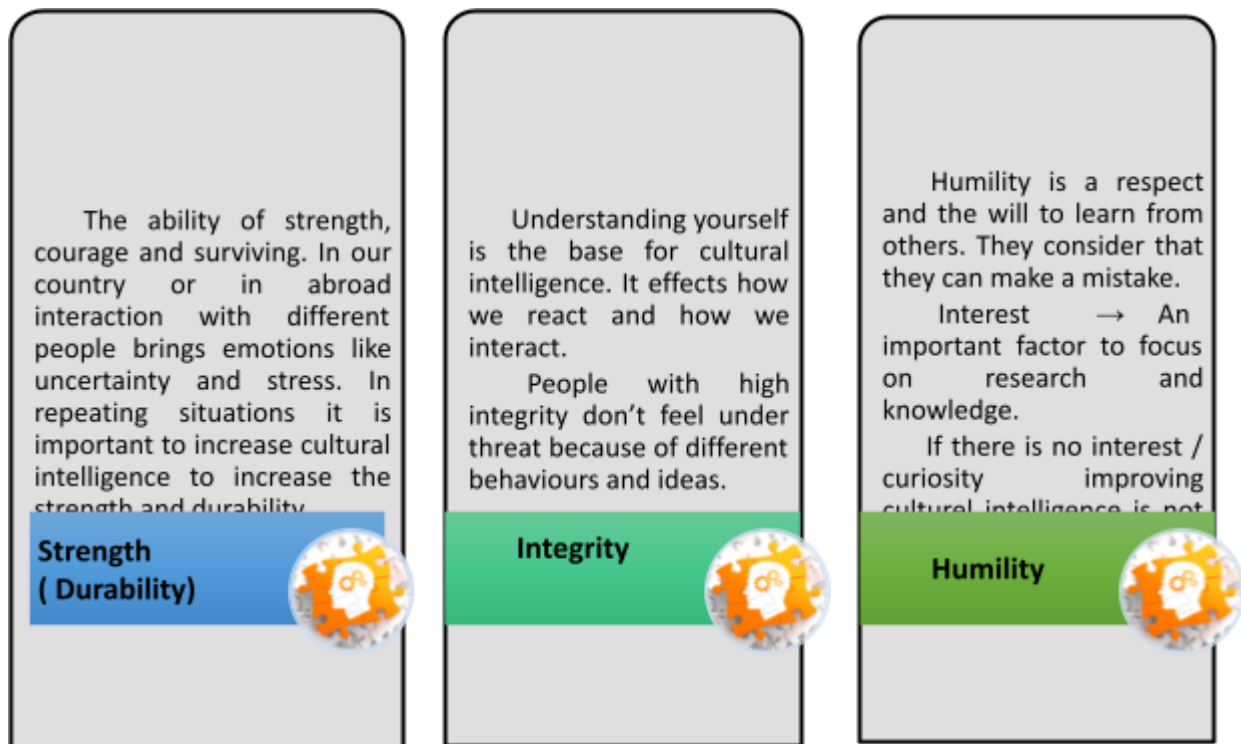
same time prevention of some behaviours and accepting that no interaction is better in some situations.

MANAGERS WITH HIGH METACOGNITIVE INTELLIGENCE:	MANAGERS WITH HIGH COGNITIVE INTELLIGENCE	MANAGERS WITH BEHAVIORAL CULTURAL INTELLIGENCE	MANAGERS WITH HIGH MOTIVATIONAL INTELLIGENCE
• Apart from being aware of processes of different cultures, they are the ones who can plan, manage and control the processes. • These managers are sensitive to cultural preferences, assumptions and norms before and during interaction	• Cognitive culturel intelligence must focus on the information of traditions of different cultures, implementations, economic, legal and social systems obtained by trainings and personal experiences. • These managers can understand the similarities and differences of cultures and they can make true comments on cultural interactions.	• The ability of suitable verbal and non-verbal behaviours during cultural interaction. • These managers can use suitable words, tones, styles, gestures and expressions during cultural interaction	• Interested in cultural differences. • Interested to learn about the environment having cultural differences. • Self reliance in being efficient in intercultural interaction

3.3 Best Personal Characteristics to have/improve Cultural Intelligence

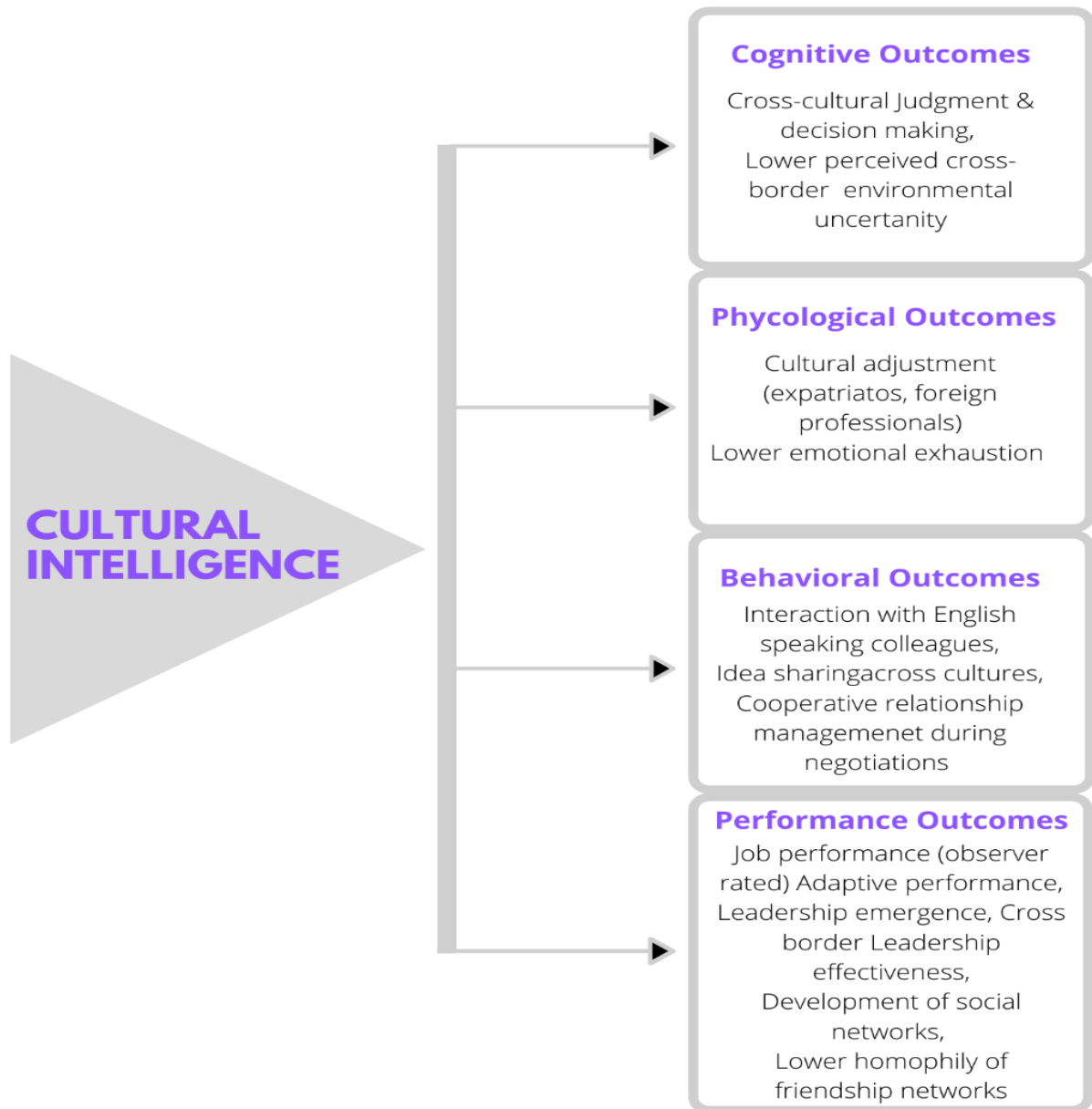|		
The ability of strength, courage and surviving. In our country or in abroad interaction with different people brings emotions like uncertainty and stress. In repeating situations it is important to increase cultural intelligence to increase the strength and durability.	Understanding yourself is the base for cultural intelligence. It effects how we react and how we interact. People with high integrity don't feel under threat because of different behaviours and ideas.	Humility is a respect and the will to learn from others. They consider that they can make a mistake. Interest → An important factor to focus on research and knowledge. If there is no interest / curiosity improving cultural intelligence is not
Strength (Durability)	**Integrity**	**Humility**

Cultural Intelligence is also positively associated with high levels of communication effectiveness, job satisfaction and reduced anxiety for multinational companies (Bücker, J. J., et al., 2014). Hence, cultural Intelligence is strongly associated with cultural adaptation, behavioural and interactional adjustment, effective cultural judgement and decision making. There is a systematic pattern of links between aspects of CQ and particular intercultural effectiveness outcomes (Soon Ang & Linn Van Dyne, 2007). Studies have established that higher levels of cultural intelligence helps in increasing an individual's ability to fine-tune with a diverse cultural situation, which helps in developing interpersonal trust with other team members (Rockstuhl & Ng, 2008). Since those individuals who have high levels of cultural intelligence experience fewer social problems during intercultural interactions, they feel less depressed and therefore they have lower levels of burnout. (Ward et al. 2008). It is stated that particularly managers' burnout levels rise in multicultural environments but cultural intelligence emerges as a preventive factor in these unwanted situations (Farber, B. A., 2000; Stokes, 2013). With better cross-border collaboration, there has been a great impact in the company's financial performances and is being widely recognized that better cross-border collaboration through cultural intelligence offers increasing performances of organisations (Unit, E. I., 2012). Thus, managing cultural differences is a key factor in building and supporting organisational competitiveness in the emerging markets. The significance of cultural intelligence in the emerging markets can be summarised in the fig. 1.

Cognitive Outcomes

Cross-cultural Judgment &
decision making,
Lower perceived cross-
border environmental
uncertainty

Phycological Outcomes

Cultural adjustment
(expatriatos, foreign
professionals)
Lower emotional exhaustion

Behavioral Outcomes

Interaction with English
speaking colleagues,
Idea sharingacross cultures,
Cooperative relationship
managemenet during
negotiations

Performance Outcomes

Job performance (observer
rated) Adaptive performance,
Leadership emergence, Cross
border Leadership
effectiveness,
Development of social
networks,
Lower homophily of
friendship networks

CULTURAL INTELLIGENCE

Cultural Intelligence Research Findings

Cultural intelligence is the ability for people, organisations, and businesses to relate to culturally diverse situations and work effectively in them. It is a vital aspect to international businesses because every country they are based in requires a different cultural approach and the ability to get along well with the consumers you are working with. Global collaboration has become a significant aspect for the success of businesses and this cannot occur if businesses do not have the resources, knowledge, and talents of cultural IQ.

The development of cultural IQ between employees can be complicated, time-consuming, and costly. However, many argue that it is worth the investment because it boosts corporate reputation, achieves better results in cross-cultural organisations, and allows the company to adapt quickly to different environments. The Chartered Institute of Personnel and Development (CIPD) and the Society of Human Resource Management (SHRM) carried a survey in 2012 to find out what was the best method to enhance cultural intelligence within organisations and businesses. The result stated that customised programs were the highest ranked method which meant that the best approach was developing a program specific to an individual company's needs and knowledge gaps. Also, companies are now looking for leaders and employees with high competencies when it comes to cultural IQ. For example, Coca-Cola's high potential leader program requires that every participant is tested for cultural intelligence through the Cultural Intelligence Centre. It is important for businesses to know how well you interact and communicate with people different from yourself.

With the increase of emerging markets, businesses are being forced to make their international products adaptable to different local cultures in which they are sold. This process is called "glocalization" and in order to implement this, it is necessary that businesses have cultural intelligence. McDonald's Corp. is the world's largest restaurant chain and it operates in 119 different countries. That being said, McDonald's implements different menus depending on the country it is operating in. For example, the restaurants operating in India have an extensive vegetarian menu. Also, America is one of the countries being faced with a rapid rise of Asian, Hispanic, and African-American populations which is making companies more aware of the importance to act and innovate differently depending on these multicultural groups.

Risks of a lack of CQ
There are myriad organisational risks associated with a lack of cultural intelligence skills:
- Miscommunications
- Critical business errors
- Lack of team cohesion and trust
- Demotivation
- High staff turnover
- Loss of clients
- An impact to the bottom-line

The Economist Intelligence Unit rates cultural issues as a significant factor that increases the risk of successful international mergers and acquisitions.

Misunderstanding arising from miscommunication may damage cross-border relationships and incur significant losses for businesses.

It also says that, '…Effective cross-border communication and collaboration are becoming critical to the financial success of companies with international aspirations.'

CQ gives you a competitive advantage

Companies that have not invested in developing cultural intelligence across their organisation may find that they lose out to their competitors.

As **a Mckinsey study** suggests, the war for talent continues, and culturally intelligent organisations that embrace diversity are more likely to become the employer of choice.

PwC knows this – they have adopted CQ as one of their core behaviours. **According to Robert Moritz, Chairman of PwC United States**, '[the] only way you are going to have the best talent is to have the most diverse talent.'

This opinion is shared by 90% of business leaders from almost 70 countries, surveyed in another **study by The Economist Intelligence Unit**.

The leaders all named CQ as the key skill for the 21st century.

However, there is an obstacle – the same 90% also said that finding effective, culturally-skilled personnel is their top challenge

Why do organisations require cultural intelligence skills?

Building cultural intelligence does more than enhance the skill sets of individual employees, it positively impacts the company bottom line.

1. CQ = Financial security

Following the publication of **McKinsey & Company's "Diversity Matters" report**, it is now widely recognized that ethnically diverse teams are 35% more likely to outperform financially compared to non-diverse teams.

Embracing different cultures and viewpoints drives innovation, improves decision-making, increases staff productivity and retention, and leads to higher profitability.

Therefore, diverse organisations need to be culturally intelligent in order to attract and manage diverse talent.

2. CQ = Client loyalty

A **survey by the British Council** found that in-house talent teams consider the ability to work effectively across cultures a key factor in retaining clients through building effective relationships. They also consider it to be a significant advantage in winning new clients. Conversely, 25% of failed negotiations could be partially attributed to a lack of intercultural skills.

3. CQ = Successful global mobility assignments

Despite rapidly growing global interconnectedness, employees embarking on **international assignments still fail**. Although the number of assignees who return home early appears to be reducing, the number of assignments that fail to meet expected productivity or performance levels remains high.

According to the **2015 Global Mobility survey** by E&Y, also seen in subsequent surveys by Santa Fe, a leading relocation services company, failure rates are as high as 40% and this was directly attributed to a lack of cultural training and assimilation

However, in **separate research** published in 2010, intercultural training was shown to reduce the failure rate to below 10%, proving the importance of adequate training and support.

Cross-cultural training should be deployed prior to departure so that the assignee can manage their expectations of different cultural nuances and office life from the start.

In a successful international assignment, an assignee will gain invaluable skills such as the ability to **balance the miscommunications between high and low context speakers**. When they return to the home office, they will have a much broader perspective leading to more creative ideas and solutions, based on observing different ideas and methods of working.

4. CQ = A must for global leaders

Cultural Intelligence (CQ) is an obvious development from the well-established concepts of Intelligence Quotient (IQ) and **Emotional Intelligence** (EQ).

So, when considering requisites for effective global leadership, which quotient ratings should be considered? The answer is all three.

In *CQ: The Competitive Edge for Leaders Crossing Borders* (2014), interculturalist Julia Middleton makes a thought-provoking observation that organisations frequently hire leaders for their IQ. Then, years later, those leaders are sacked for their lack of EQ.
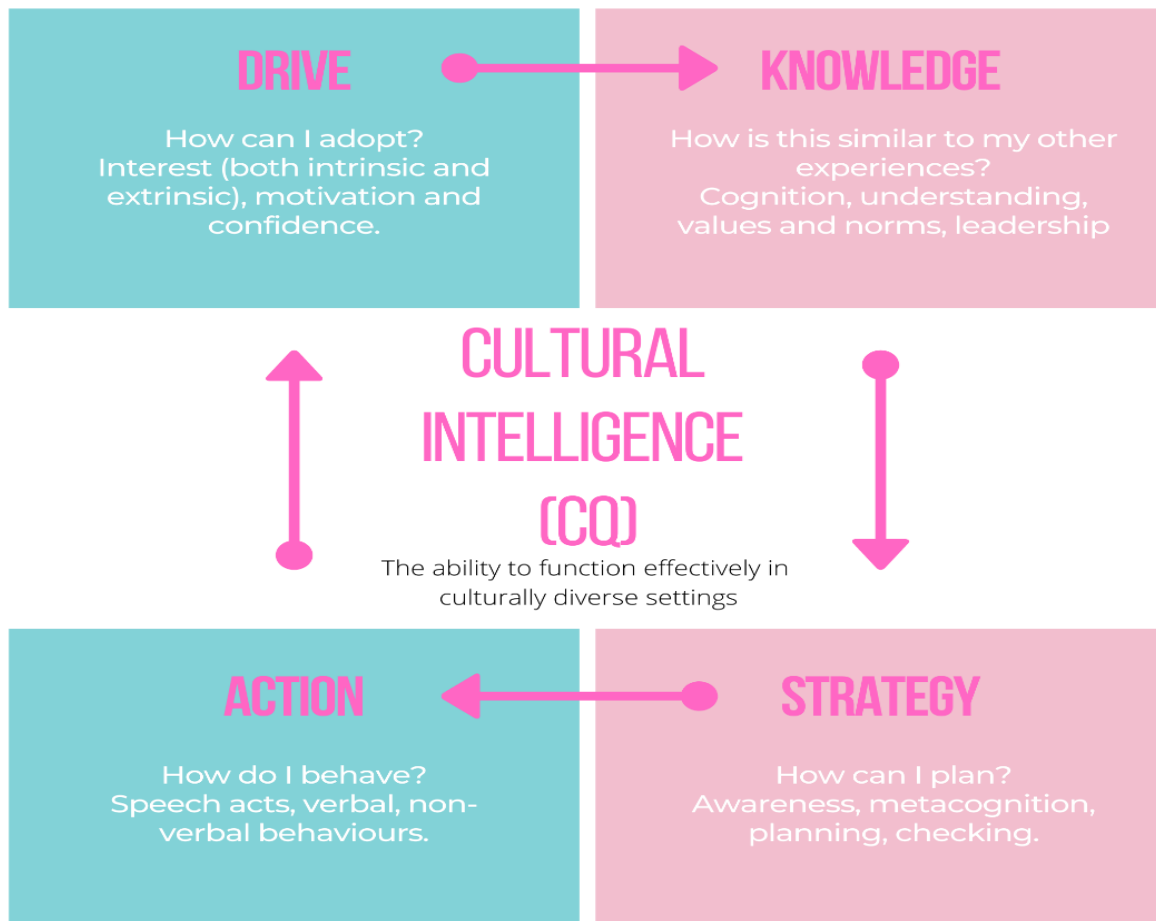
She argues that CQ will soon become the number one sought-after skill for leaders to truly succeed in leading global organisations that are made up of an increasingly diverse workforce.

Historian **R G Collingwood** observed in his book, *The Idea of History* (1946), that, 'the historian is a detective'.

Similarly, a global leader must occupy the role of investigator and uncover the values, attitudes, motivations and assumptions of the individuals within their team.

In summary, organisational CQ leads to:

- Better collaboration in both remote and face-to-face teams
- Increased creativity and innovation
- Better decision making and problem-solving
- Successful global assignments
- Successful global expansion (e.g. mergers and acquisitions)
- Speed and efficiency when working across borders
- Enhanced customer service
- Attracting and retaining top talent
- Being a partner/supplier of choice
- Profitability and cost-saving
- Better leaders

3.4 Cultural Intelligence Development Stages

Kiznyte, J., Ciutiene, R., & Dechange, A. (2015) has designed a framework for cultural intelligence (CQ) based on the Four-factor Model Cultural Intelligence (Fig. 2) for project management. It consists of four steps – (i) Enhance CQ Drive, (ii) Develop CQ knowledge, (iii) Build CQ strategy and (iv) Adapt CQ action. This framework can be adopted for incorporating cultural intelligence in the organisations. Based on their framework, the four steps in incorporating cultural intelligence are as follows:

DRIVE

How can I adopt?
Interest (both intrinsic and extrinsic), motivation and confidence.

KNOWLEDGE

How is this similar to my other experiences?
Cognition, understanding, values and norms, leadership

CULTURAL INTELLIGENCE (CQ)
The ability to function effectively in culturally diverse settings

ACTION

How do I behave?
Speech acts, verbal, non-verbal behaviours.

STRATEGY

How can I plan?
Awareness, metacognition, planning, checking.

STEP 1: Enhance CQ Drive. It is to raise the awareness of cultural differences and its pros and cons too. It is also to understand how CQ can be valuable for every individual to bring benefits for the organisation. The top-level management will support in raising the awareness of cultural differences and take the decision to incorporate CQ in the organisation. It is their duty to set goals for it and design the approach of how CQ should be incorporated in the organisation. In the process of creating a model for CQ incorporation, following aspects should be considered:

- Form of activities: training, workshops, coaching, peer-to-peer coaching, e-learning, etc.
- Content of activities: cultural sensitivity, conflict solving, cultural differences identification etc.
- Time to hold activities: on-the-job, off-the job.
- Approach to individual development: individual training (distributed according to individual needs), team training (collaborative methods).
- Team structure: virtual, distributed, outsourced, remote, on-site, etc.

STEP 2: Develop CQ Knowledge. In this stage, it is more emphasised on the theoretical approach to gain basic knowledge about cultural diversity that would be applied to managers and team members. E-learning should also be blended with seminars. It is to suit individual knowledge needs more of-the-approach to form baseline awareness about cultural differences.

STEP 3: Build CQ Strategy. In order to justify the individual knowledge about intercultural encounters with real tasks (on-the-job approach), training should be more practical with a 'hands on' approach. Building CQ strategy would be on the basis of coaching for managers and team members, sharing best practices from their experiences, designing 'what if' circumstances for the future relationship and simulating culturally diverse situations.

STEP 4: Adapt CQ Action. In order to check if CQ has been developed, this stage is emphasised in re-self assessment. It is to ensure that CQ knowledge is being applied during cross-cultural interactions and to find out the challenges during the workshops to discuss lessons learned, give feedback and increase knowledge about the conflict solving from real time situations. They have suggested that CQ development should be perceived as cycle of actions that create incentives to one another such that cultural drive raises motivation to acquire new knowledge; knowledge forms the basic understanding about cultural differences and this understanding is the foundation to build a strategy for cultural interactions that leads to certain actions when individual is facing cultural interactions. The process goes on with several cycles to achieve high CQ with self-assessment in order to scrutinise the improvement.

3.5 How Can You Develop Your Organisational CQ?

SHRM Foundation believes that 'leveraging the opportunities of the 21st-century world requires a strategy for assessing and developing cultural intelligence'.

Organisations must consider multiple elements when creating a roadmap to build the cultural intelligence skills of their workforce.

1. Culture is key

Culture can be leveraged to enhance long-term success, yet many executives don't make it a priority. Reinventing your organisational culture involves changing behaviours throughout the entire company and that may seem like an overbearing challenge.

- *Phase 1*: Get buy-in from the most senior levels of leadership (assess their motivation)
- *Phase 2*: Build awareness and vision of why cultural intelligence matters (create a business case)
- *Phase 3*: Upskill those who have most direct intercultural engagements first (this may also help you to identify your key influencers and champions)
- *Phase 4*: Equip the entire workforce with basic skills in **working effectively across cultures** (drive a culture of continuous learning)
- *Phase 5*: Fully integrate cultural intelligence within the organisational culture (develop a culturally intelligent business strategy). By breaking the process down and leveraging the advocacy of leadership and culture champions, the organisation aligns with the cultural vision and shows results at micro and macro levels (i.e. by department, by team, etc.).

2. Invest in intercultural skills training

Investing in intercultural training will enable your organisation to move towards cultural intelligence maturity, a place which:

-Builds trust among people with different value orientations
Leverages the diversity of your teams to produce innovative results and solutions
-Promotes equal development opportunities based on unique contributions from everyone
-Identifies the non-negotiable aspects of your corporate culture and policies, yet enacts those values and policies in various cultural contexts
-Challenges **unconscious bias**, stereotypes and assumptions, while encouraging culturally-informed behaviour and cultural curiosity
-Enhances team collaboration and problem-solving

Reflections on CQ

Although it is easy to see developing CQ as a nice to have, rather than a priority, it is an important asset to align to productivity. It also enables greater recruitment and retention of the best employees. Developing a CQ mature organisation takes time, consistent work and messaging and resources. Therefore, it is important to start now to be set up for the future. While it may seem daunting at first, CQ is a skill – and as with any skill, it will take work to improve and become the best. However, it is worth the effort; equipping your workforce with cultural intelligence skills is vital for all organisations that want to compete and excel in the global market. (Gabriela Weglowska , Learnlight)

The UK and Ireland	Nordics, Netherlands	Germanic	France	Mediterranean	Eastern European
Mostly egalitarian	Egalitarian	Hierarchical	Hierarchical	Hierarchical	Mostly Hierarchical
UK: indirect, coded ROI: more direct	Bluntly direct	Very direct	Often direct	Indirect, relationship	Mostly direct
Time reasonably important	Time important	Time especially important	Time used to donate status	Time not always important	Time not always important
Pragmatic in planning	Planning, all voices to consensus	Planning to precise detail	Planning but sometimes theory > pragmatism	Relationships > planning	Mix
Work / life balance	Work / life balance	Work / life balance	Work / life balance	Work / life balance	Longer work hours
Cautious	Somewhat cautious	Cautious	Risk takers	Can take risks	Can be opportunistic
Rules	Rules	Ordnung	Rules can be bent	Rules can be bent	Mix
Fair play	Fair play	Quality	Intellectual prowess	Who you know	Mix
Compromise	Alignment	Accuracy, precision	Win	Accommodating	What's best now

Handout Three – Hint and tips for business communication

General Asia Pacific	Japan	China	Singapore	India	Middle East General
Hierarchical other than OZ, NZ	Very hierarchical	Very hierarchical - mainland,	Somewhat hierarchical	Hierarchical	Hierarchical influenced

		HKG, TWN a bit less so			by expatriates
Indirect, maintain harmony	Very indirect	Very indirect in a hierarchy, can be blunt with outsiders	Reasonably direct	Directness depends on position within hierarchy	Can switch indirect to direct relationship dependent
Time reasonably important in the North less in SE Asia	Time important but not rushed	Time especially important but can be impacted by hierarchy	Time generally important	Time not always important	Time generally less important, often reprioritized
Planning generally important but can use different factors	Meticulous planning, all parties in alignment	Central planning - mainland, more input HKG, TWN	Planning with aim for rapid implementation	Relationships > planning	Relationships > planning but can be influenced by expats
Work > life balance	Very long and late work hours	Early and long work hours	Long work hours depend on globalisation	Late start, long work hours	Short work hours for govt sector and many lines of business
Generally cautious, can be fatalistic	Very cautious	Cautiously follow directions	Can be risk takers	Cautious of hierarchy, can be very fatalistic	Can be spontaneous, risk takers, can be very fatalistic
Rules	Rules	Rules from above	Rules	Rules can be bent	Rules for some but not others
Face	Face	Face	Face	Face	Reputation, honour
Harmony	Alignment	Loyalty to China, competitive HKG, TWN	Win	Accommodating but quiet competition	What's best now

The USA	Canada	Spanish Speaking Americas	Brazil	Mexico
Appears egalitarian	Egalitarian	Hierarchical	Hierarchical	Hierarchical
Direct	Bluntly direct	Very direct	Often direct	Indirect, relationship
Time is money	Time important	Time particularly important	Time used to donate status	Time not always important
Planning but can change in stream	Planning, all voices to consensus	Planning to precise detail	Planning but sometimes theory > pragmatism	Relationships > planning
Work > life balance, 'presenteeism'	Work / life balance	Work / life balance mix	Work / life balance	Longer work hours
Cautious, eye on litigation	Pragmatically cautious	Generally cautious	Risk takers	Cautious
Rules	Rules	Rules can be bent	Rules can be bent	Rules can be bent
Appearance of fair play	Fair play	Who you know	Who you know	Who you know
Competitive, win	Collaboration	Relationships, influence	Relationships, influence	Relationships, influence

Source: Culturewise Limited 2 Stephen Street, London, W1T 1AN, UK

North Africa	Sub-Saharan Africa	South Africa	Nigeria	Kenya
More formally hierarchical	Mostly hierarchical	Hierarchical with some exceptions amongst European backgrounds	Hierarchical - tribal, linguistic, religius	Hierarchical - tribal linguistic, impact of Indians and Europeans
Reasonably direct, formal	Can be direct	Bluntly direct	Often direct	Somewhat direct

Time not always important	Time generally less important than relationships	Time can be important to some groups, 'now now'	Time used to donate status, not always important	Time not always important
Planning often models French methods	Long term planning difficult for most	Planning but flexibility if facing challenges	Relationships > planning	Relationships > planning
Work / life balance	Work / life balance	Work / life balance	Work / life balance	Work / life balance
Cautious	Somewhat cautious	Will take some risks	Risk takers	Can take risks
Rules can be bent	Rules < who you are	Rules still depend on who you are	Rules can be bent	Rules can be bent
Who you know	Who you know	Who you are	Who you know, connections to the West	Who you are, tribe and ethnicity matter
Relationships, influence	What's best for my group	What's best for my group	What's best for my group	What's best for my group

https://insights.learnlight.com/en/articles/cultural-intelligence-skills-the-key-to-your-organizations-success/

4. Videos

Additional video materials for the modul

1. Cross Cultural Communication: What are the 3 basic aspects of culture?
   https://www.youtube.com/watch?v=0SNGe0AtV3s

2. What is Cultural Intelligence and Why is it Important to Live & Work
   https://www.youtube.com/watch?v=0wnX4Lu69GI

3. 3 steps to getting what you want in a negotiation
   https://www.youtube.com/watch?v=Z3HJCQJ2Lmo

4. The surprising paradox of intercultural communication
   https://www.youtube.com/watch?v=JzJNA-3b6NA

5. Conclusion

Businesses thrive on communication, and they communicate to the world every day. They communicate with stakeholders, with buyers and suppliers, employers across the globe, and the communities and societies at large. They communicate differently depending on whom they are communicating with as they adjust their communication style knowingly or unknowingly depending on their counterpart. Many researchers have analysed the different means of communicating as it derives mainly from cultural differences. The differences lie in both overt and covert communication, behavioural differences where signs, gestures, rituals, religion, beliefs, tone of voice and sounds are different and display different meanings.

To be able to understand how to communicate globally, it is essential to be familiar with some of the key terms regarding cultures.

Intercultural communication challenges are one of the biggest issues facing businesses operating in an international or multinational context. Before globalisation emerged, businesses were not faced with such challenges as their operations were more or less performed in a local context with a common culture and language.

New technologies, industrialisation, and competing in a global market to maximise profit to survive and to grow while working in different countries with coworkers from different cultural backgrounds has become an important skill for managers. Business managers need to develop intercultural communication competencies that would allow them to run a smooth collaboration with all coworkers across borders. But this is not an easy task.

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