Managing cultural differences
The importance of intercultural competence

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Leiðbeinandi: Þóra H. Christiansen, aðjúnkt
Júní 2015
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Lokaverkefni til BS-gráðu í viðskiptafráði
Leiðbeinandi: Þóra H. Christiansen, aðjúnkt

Viðskiptarfraðideild
Félagsvisindasvið Háskóla Íslands
Júní 2015
Managing cultural differences – the importance of intercultural competence

Ritgerð þessi er 12 eininga lokaverkefni til BS prófs við Viðskiptafraðideild, Félagssvindsviði Háskóla Íslands.

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Prentun: Háskólaprent, 2015
Reykjavík, 2015
Preface

The following thesis worth 12 ECTS credits is part of a BSc. degree in Business Administration with a focus on marketing and international business. The thesis supervisor was Þóra H. Christiansen who I would like to thank for her assistance, instructions and ideas. I would also like to thank my father, Jón Sólmundsson, for proofreading and giving constructive feedback, and finally I want to thank the six people who agreed to be interviewed for the thesis, for taking the time to meet with me and giving valuable information.
Abstract

The aim of the research is to gain an insight into what characteristics are important for an individual aiming to be interculturally competent. Additionally, it aims to explain what is important for the two types of managers studied; Icelandic managers who work or have worked abroad and Icelandic managers who work with cultural differences while staying in Iceland. In order to gather the needed information a qualitative research was conducted, where six Icelandic managers were interviewed on their work experiences. The conclusion supported a list of characteristics related to intercultural competence that was made in advance to the interviews, consisting of flexibility, open-mindedness, emotional resilience, social skills, patience and a sense of humour. The results show that these are in fact important personality traits, even though their application depends on each situation. For managers working abroad it is important to have a cultural understanding, being able to step out of one’s comfort zone and to treat people with respect regardless of nationality. Going abroad with an open mind, undertaking pre-departure or refresher training and having the necessary language skills were also factors that need to be considered. The managers working at home should be active listeners, able to read people’s feelings and distinguish between minor details and main issues. Encouraging adaptation while not ignoring standardization is important, as well as showing an understanding towards overseas associates, without disregarding one’s own culture.
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1 Introduction

In today’s business environment managers are forced to deal with cultural differences whether staying in their home country or working abroad. While cultural differences can be positive to a business as an interesting source of diversity, new opinions and different perspectives, they can also have a negative effect, for example by creating conflicts and difficulties in communication. It is important for international managers to effectively deal with these cultural differences and capably manage them, since when properly managed they can be a major source of competitive advantage. In order to do so, it has been claimed that managers need to be interculturally competent.

In order to gain a proper insight into what intercultural competence is and what it derives from, a look is taken at the impact globalisation has had on management, followed by an explanation of culture and cultural differences. Thereafter, intercultural competence is discussed, with a closer look at its characteristics, components and models and finally important skills and abilities for managers working at home and abroad are examined, with additional chapters relating to each case. However, while the literature clearly defines these concepts and their importance, those results are all based on foreign studies, whereas this research focuses on the experiences of Icelandic managers. In order to take a look at the opinions of Icelandic managers working in a global context the following research questions were developed:

- What are the important personality traits of interculturally competent managers?
- What is important when managing cultural differences abroad?
- What is important when managing cultural differences at home?

With the purpose of answering these questions, six managers were interviewed on their work experiences. Their responses were analysed, compared and contrasted with the literature, in order to gain an insight into the minds and attitudes of Icelandic managers.
2 Literature review

To begin with, a look is taken at different definitions of culture, its characteristics and elements, as well as models further explaining cultural differences between nations. Thereafter, intercultural competence is explained and defined, as well as its components and characteristics. Two models of intercultural competence are explained, and additionally considered is the effect study abroad programs have on the development of intercultural competence. Subsequently, important skills and abilities for managing cultural differences abroad and at home are discussed, as well as studies on cultural adjustment, a global mindset and effective management of culturally diverse groups.

2.1 Management and globalisation

Management can be defined as “the process of working with and through others to achieve organisational objects in a changing environment” (Cassidy & Kreitner, 2012, p. 5). This changing environment can be referred to as the increased pace of global integration, or globalisation, which has resulted in immense changes in a manager’s job description over the years. A rather recent term, globalisation is the phenomenon of increased interconnectedness between the economic, political, cultural and environmental dimensions of the world’s nations (Eriksen, 2014). The Internet has played a big part in globalisation, facilitating communication between people from all over the world. With the development of e-mail and social media, people are able to easily contact someone on the opposite side of the world in a matter of seconds. Furthermore, the world’s employee diversity has been increasing due to immigration, long-term migration and intercultural marriages (Fitzsimmons, 2013).

For centuries, Iceland was referred to as Europe’s most homogeneous community due to its geographical isolation. Nevertheless, times have changed as immigration has been rising and mobility between European countries increasing as a result of cross-border employment rights of EU and EEA member countries (Kjartansson, 2005). The country’s population has gradually become more diverse, with the number of
immigrants as a percentage of Iceland’s population rising from 4.4% in 2005 to 8.4% in 2014 (Statistics Iceland, n.d.). Icelandic companies have also been advancing into foreign markets, with importation, exportation and overseas operations. This is considered very positive in the business environment since an international openess entails a higher quality of living and encourages economic development (Iceland Chamber of Commerce, 2014).

Increased globalisation and resulting convergence have sometimes been criticized for making the world smaller, where people wear the same brands of clothing, eat the same types of food and watch the same television shows (Schneider, Barsoux, & Stahl, 2014). This is similar to media and communication theorist Marshall McLuhan’s theory of a global village, in which he predicted that the world’s culture would shrink as a result of technological advances such as the Internet (Dixon, 2009). However, while on the surface it may look like the world has become one big global village, the fact is that cultural differences between, and even within countries are strong and play a major role in the differences between the world’s nations. While these cultural differences can be an exciting source of new experiences and ideas they can also create intercultural conflicts due to cultural misunderstandings, tensions and intolerance, and must therefore be treated with caution (Johnson, Lenartowicz, & Apud, 2006). Effective and harmonious cross-border relationships are among new demands companies need to address when becoming international, as cultural sensitivity and communication skills have become inevitable factors of success in markets away from home (Bolchover, 2012).

2.2 Culture and cultural differences
The power of culture and the importance of cultural sensitivity for an international manager is comprehensible in today’s diverse environment. In order to be culturally sensitive one must develop an understanding of culture and its factors. In this part culture will be defined and explained, as well as models used for an understanding of cultural differences. It is important to note that even though studies often distinguish between culture and country or nation, here they are discussed as the same concept.
2.2.1 Understanding culture

Over the years culture has been defined in numerous ways and different opinions have emerged. Ed Schein developed a definition from earlier work by Kluckholn and Strodbeck in which culture is defined as follows:

A pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Schein, 1985, p. 9)

In his book Culture’s Consequences, Professor Geert Hofstede (2001) defines culture as “the collective programming of the mind that distinguishes the members of one group or category of people from another” (p. 9). This category can for example refer to nations, religions, organisations or genders (Geert Hofstede | Culture, n.d.). Luthans and Doh (2012) define culture for the purpose of international management as “the acquired knowledge that people use to interpret experience and generate social behaviour. This knowledge forms values, creates attitudes, and influences behaviour” (p. 108). The definition of culture used for the purpose of this thesis is not recent, but well established and was chosen for its clarity:

The system of shared beliefs, values, customs, behaviours, and artifacts that the members of society use to cope with their world and with one another, and that are transmitted from generation to generation through learning” (Bates & Plog, 1990, p. 7).

According to Luthans and Doh (2012) there are six characteristics of cultures. Culture is learned, acquired by experience, and not biologically based or inherited. It is shared, between people in groups, organisations or societies, and not specific to each individual. It is transgenerational, passed down from one generation to the next, and symbolic, based on how humans use one thing to represent another. Culture is also patterned, is integrated and has a structure, and adaptive, based on the human capacity to change or adjust. It plays a big part in people’s lives and on their behaviour, whether they realize it or not, so it is essential that multinational corporations understand the differences possible between diverse cultures and the likely sources of frictions that they may produce.
Trompenaars and Hampden-Turner (1998) mention that culture is like an onion, it comes in layers and to understand it you have to unpeel it layer by layer. This is explained in Figure 1.

![The cultural onion](image)

**Figure 1: The cultural onion**  
Source: (Trompenaars & Hampden-Turner, 1998)

The outer layer, explicit products, includes the more concrete factors of culture, the observable reality: language, buildings, food, monuments, art and fashions. These factors are easily noticeable and symbolize the deeper level of the culture. The middle layer includes the culture’s norms and values. Norms, a group’s shared sense of what is right and wrong can be either formal, such as written laws, or informal, such as social control. Values are used to determine the definition of good and bad, reflecting a group’s ideals. The core layer includes the culture’s assumptions about existence, which explains its norms and values. The most basic value is human survival, and with different environments each culture has organised their most effective way of dealing with their own environment, given their available resources. From this Trompenaars and Hampden-Turner conclude that culture is “nothing more than the way in which groups have organized themselves over the years to solve the problems and challenges presented to them” (p. 23).

### 2.2.2 Hofstede dimensions

A useful way to understand the differences in work related values between cultures is by looking at Hofstede’s cultural dimensions. These dimensions were established in a study of how workplace values are influenced by culture, with the purpose of gathering
knowledge about what distinguishes one culture from another. The original four dimensions, power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance were based on an analysis of a large database of IBM employee value scores between 1967 and 1973. A fifth dimension, long-term orientation, was added in 1991 based on a study by Michael Harris Bond, and finally Michael Minkov’s research in 2010 generated the final dimension, indulgence versus restraint (National Culture - Geert Hofstede, n.d.).

These cultural dimensions can be helpful for a person managing in an international context, in order to explain possible differences in people’s values and beliefs. However, before each dimension is explained, it is essential to note that when examining countries’ cultures one must beware of stereotypical thinking and realize that a culture’s score in each dimension is relative and cannot be projected onto each individual of the society.

### 2.2.2.1 Power distance (PDI)

“Power distance is the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally” (Hofstede, 2001, p. xix). It relates to how societies differently handle human inequality and expresses how accepting less powerful members in a society are towards unequal power distribution, for example different social status or hierarchy within a family. Power distance can also have a major impact on organisations, as seen in Table 1 which displays some characteristics of organisations with either low or high power distance.

<table>
<thead>
<tr>
<th>Power distance (PDI)</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Decentralized decision structures</td>
<td>Centralized decision structures</td>
</tr>
<tr>
<td></td>
<td>Flat organisation pyramids</td>
<td>Tall organisation pyramids</td>
</tr>
<tr>
<td></td>
<td>Subordinates expect to be consulted</td>
<td>Subordinates expect to be told</td>
</tr>
<tr>
<td></td>
<td>Subordinate-superior relations are pragmatic</td>
<td>Subordinate-superior relations are emotional</td>
</tr>
<tr>
<td></td>
<td>Managers rely on personal experience and on subordinates</td>
<td>Managers rely on formal rules</td>
</tr>
<tr>
<td>Examples: Austria, Israel, Denmark, New Zealand, Ireland, Sweden</td>
<td>Examples: Malaysia, Panama, Philippines, Mexico, Venezuela, China</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Power distance in organisations
Source: (Hofstede, 2001)
For someone managing in an international context, the organisation’s hierarchy can have a lot of influence on communication between staff members. As an example, when subordinates expect to be told what to do they might feel uncomfortable if a manager consults them, which in turn may decrease the trust and respect they have for the manager. Likewise, it can be very annoying for subordinates from low PDI cultures to take direct orders from a manager used to high PDI, since this may make them feel distrusted and ignored (Hofstede, 2001; National Culture - Geert Hofstede, n.d.).

2.2.2.2 Uncertainty avoidance (UAI)

“Uncertainty avoidance is the extent to which culture programs its members to feel either uncomfortable or comfortable in unstructured situations” (Hofstede, 2001, p. xix). It expresses what members of a society think about uncertainty and ambiguity, whether the society tries to control the future or deals with things as they happen. In countries where uncertainty avoidance is strong there are formal codes of belief and behaviour and unconventional behaviour and ideas unlikely to be tolerated. Weak uncertainty avoidance relates to a more relaxed attitude, where tolerance for unstructured situations is high and rules as few as possible. The effect uncertainty avoidance has on organisations can be seen in Table 2.

<table>
<thead>
<tr>
<th>Uncertainty avoidance (UAI)</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weak loyalty to employer</td>
<td></td>
<td>Strong loyalty to employer</td>
</tr>
<tr>
<td>Appeal of transformational leader role</td>
<td></td>
<td>Appeal of hierarchical control role</td>
</tr>
<tr>
<td>Relationship orientation</td>
<td></td>
<td>Task orientation</td>
</tr>
<tr>
<td>Flexible working hours not appealing</td>
<td></td>
<td>Flexible working hours popular</td>
</tr>
<tr>
<td>Top managers involved in strategy</td>
<td></td>
<td>Top managers involved in operations</td>
</tr>
</tbody>
</table>

Table 2: Uncertainty avoidance in organisations
Source: (Hofstede, 2001)

A manager from a culture with low UAI cannot expect to enter an organisation in a high UAI culture and immediately start making changes, as high UAI cultures are likely to show resistance to change since it challenges the rules and regulations they are used to. Similarly, a manager used to high UAI must be prepared to take the risks people are used to in low UAI cultures, as well as understanding that low UAI cultures are more
relationship oriented than ones in which uncertainty avoidance is high (Hofstede, 2001; National Culture - Geert Hofstede, n.d.).

2.2.2.3 **Individualism vs. Collectivism (IDV)**

“Individualism on the one side versus its opposite, collectivism, is the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family” (Hofstede, 2001, p. xx). Basically, it expresses the relationship between the individual and the collectivity. In individualistic countries each individual looks after himself and his immediate family. On the opposite, in collectivistic countries the focus is on close relationships and taking care of one’s extended family in exchange for loyalty. The level of individualism or collectivism in a society will have a great impact on the relationship between people and the organisation to which they belong which can be seen in Table 3.

Table 3: Individualism in organisations
Source: (Hofstede, 2001)

<table>
<thead>
<tr>
<th>Individualism (IDV)</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hiring and promotion decisions take employee’s in-group into account</td>
<td>Hiring and promotion decisions should be based on skills and rules only</td>
</tr>
<tr>
<td></td>
<td>Relatives of employer and employee preferred in hiring</td>
<td>Family relationships seen as a disadvantage in hiring</td>
</tr>
<tr>
<td></td>
<td>Employee commitment to organisation is low</td>
<td>Employee commitment to organisation is high</td>
</tr>
<tr>
<td></td>
<td>Training most effective when focused at group level</td>
<td>Training most effective when focused at individual level</td>
</tr>
<tr>
<td></td>
<td>In business: personal relationships prevail over task and company</td>
<td>In business: task and company prevail over personal relationships</td>
</tr>
</tbody>
</table>

Examples: Guatemala, Ecuador, Panama, Venezuela, Colombia, Pakistan

Examples: USA, Australia, UK, Netherlands, New Zealand, Italy

Managers working in low IDV cultures must understand that when hiring, privilege is often given to family members, possibly disregarding individuals who possess the needed skills and qualifications. Even though this may seem wrong to a highly individualistic manager he must understand that this is how things are done there. Correspondingly, a low IDV manager must understand that in high IDV cultures the focus is on the individual, personal relationships are not as important and the employee is committed to the organisation (Hofstede, 2001; National Culture - Geert Hofstede, n.d.).
2.2.2.4  **Masculinity vs. Femininity (MAS)**

“Masculinity versus its opposite, femininity, refers to the distribution of emotional roles between the genders [...], it opposes ‘tough’ masculine to ‘tender’ feminine societies” (Hofstede, 2001, p. xx). In masculine countries the society is more competitive and there is a preference for heroism, achievement, being insistent and receiving material rewards for success. However, in feminine societies the preference is on collaboration, modesty, quality of life and caring for the weak. Masculinity or femininity can impact organisations in a number of ways, some of which can be seen in Table 4.

Table 4: Masculinity in organisations
Source: (Hofstede, 2001)

<table>
<thead>
<tr>
<th>Masculinity (MAS)</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Work in order to live</td>
<td>Live in order to work</td>
</tr>
<tr>
<td></td>
<td>Stress on equality, solidarity, and quality of work life</td>
<td>Stress on equity, mutual competition and performance</td>
</tr>
<tr>
<td></td>
<td>Managers expected to use intuition, deal with feelings and seek consensus</td>
<td>Managers expected to be decisive, firm, assertive, aggressive, competitive, just</td>
</tr>
<tr>
<td></td>
<td>Career ambitions are optional for both men and women</td>
<td>Career ambitions are compulsory for men, optional for women</td>
</tr>
<tr>
<td></td>
<td>Lower job stress, fewer burnout symptoms among healthy employees</td>
<td>Higher job stress, more burnout symptoms among healthy employees</td>
</tr>
<tr>
<td>Examples: Austria, Israel, Denmark, New Zealand, Ireland, Sweden</td>
<td>Examples: Malaysia, Panama, Philippines, Mexico, Venezuela, China</td>
<td></td>
</tr>
</tbody>
</table>

Stressful situations at the workplace are more evident in cultures where masculinity is high, and it is expected that managers are firm and aggressive. However, in cultures where masculinity is low the work atmosphere is friendlier and employee-subordinate relationships are more relaxed. Money and material things are less important and relationships with people and quality of life are what matters (Hofstede, 2001; National Culture - Geert Hofstede, n.d.).

2.2.2.5  **Long Term vs. Short Term Orientation (LTO)**

“Long-term versus short-term orientation refers to the extent to which a culture programs its members to accept delayed gratification of their material, social, and emotional needs” (Hofstede, 2001, p. xx). It relates to whether societies prefer to maintain their past or deal with the present and the future, and the challenges they entail. In long-term oriented societies the focus is on perseverance and relationships are
ordered by status. A sense of shame is common and traditions can be adapted to new circumstances if necessary. However, short-term oriented societies focus on quick results and place less importance on people’s status. Shame is not a common feeling and traditions are respected. Long- or short-term orientation can have its impact on organisations, as seen in Table 5.

Table 5: Long term orientation in organisations
Source: (Hofstede, 2001)

<table>
<thead>
<tr>
<th>Long-Term Orientation (LTO)</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preschool child need not suffer if mother works</td>
<td>Preschool child will suffer if mother works</td>
<td></td>
</tr>
<tr>
<td>Short term results and profits: the bottom line</td>
<td>Building of relationships and market position</td>
<td></td>
</tr>
<tr>
<td>Family and business sphere are separated</td>
<td>Vertical coordination, horizontal coordination, control and adaptiveness</td>
<td></td>
</tr>
</tbody>
</table>

Examples: Austria, Israel, Denmark, New Zealand, Ireland, Sweden

Examples: Malaysia, Panama, Philippines, Mexico, Venezuela, China

Managers must understand that in short-term oriented cultures people’s loyalty may vary according to the current needs of the individual, whereas in long-term oriented cultures lifelong personal networks are developed and maintained. The difference between the two is also evident when it comes to profit, where STO focuses on short-term profits and LTO on future market position (Hofstede, 2001; National Culture - Geert Hofstede, n.d.).

2.2.2.6 Indulgence vs. restraint (IND)

“Indulgence stands for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun. Restraint stands for a society that suppresses gratification of needs and regulates it by means of strict social norms” (Geert Hofstede | Dimensions of national Cultures, n.d.). It refers to how much people try to control their impulses and desires, which depends on how they were raised. It also includes freedom of expression and whether people are expected to control their own life or not. Being the most recent, there is not as much data available on this dimension as the others, however it has been concluded that indulgent cultures place focus on happiness over loyalty to employer, whereas restraint cultures feel that
loyalty and sense of duty prevail (Hofstede, 2001; National Culture - Geert Hofstede, n.d.).

2.2.3 Other cultural models
While the cultural dimensions developed by Hofstede provide a good insight into possible differences in work-related values between diverse cultures, there are also other models that can further explain these differences. Additionally discussed are the dimensions developed by Trompenaars and Hampden-Turner, as well as high and low context communication.

2.2.3.1 Trompenaars and Hampden-Turner
In their book: Riding the waves of culture: understanding cultural diversity in business Trompenaars and Hampden-Turner (1998) discuss cultural differences and how they affect management and other aspects of doing business. The five dimensions discussed in the book are as follows: universalism versus particularism which indicates how societies apply rules of morals and ethics, whether they follow standardized rules or prefer a flexible approach to unique situations and individualism versus communitarianism, which is similar to Hofstede’s individualism versus collectivism. Affective versus neutral, refers to people’s comfort with the expression of emotions and specific versus diffuse relates to how much people engage others in specific areas of life, or diffusely in multiple areas. Finally, achieved versus ascribed status refers to whether people’s status is accorded based on what they do, or based on who they are, such as their family background. Additionally discussed are the concept of time, whether sequential, a series of passing events where time is money, or synchronous, a cyclical, continuous process, as well as people’s relationship with nature, whether they try to control it or simply let it take its course. While some of these are similar to Hofstede’s cultural dimensions, others can further provide an insight into possible cultural differences and aid in preparation for intercultural assignments.

2.2.3.2 High and low context
Another factor that can influence intercultural communication is whether the cultures in question communicate using high or low context messages, as studied by Edward T. Hall. In this sense, context refers to the environment in which the communication takes place. With high-context communication the information of the message is found either
in the physical context, or internalized in the person, that is, what is being said depends on each situation. The words used, or the explicit message, therefore carry little meaning when taken out of context. Low context, on the other hand, refers to communication where what is being said is what matters, no matter who says it or where (Croucher et al., 2012).

2.3 Intercultural competence
As previously stated, the variety in beliefs, values and norms between cultures can have a major impact on the effectiveness of an international manager. While managers hoping to successfully manage people of a culture different from their own must develop a deep understanding of culture and its factors, this alone may not be enough. Effective cross-cultural management originates from a deeper level, where the individual’s personality factors, and his attitudes and sensitivity towards cultural differences play a key role. A concept used to describe this cultural understanding is intercultural competence which will be discussed next.

2.3.1 Definition
Intercultural competence is known under a variety of names: global- or multicultural competence, intercultural maturity, multiculturalism, cross-cultural adaptation, intercultural sensitivity, cultural intelligence and more. However, it is not only the names that vary, the definitions and frameworks of intercultural competence are also countless (Deardorff, 2011). Briefly defined, intercultural competence is “the ability of individuals to function in another culture” (Johnson et al., 2006, p. 526). It includes the personal abilities needed for working and communicating effectively, whether in intercultural every-day and business situations comprised of associates of different cultures, or in an environment foreign to one’s own (Behrnd & Porzelt, 2012). Hammer, Bennett and Wiseman (2003, p. 422) similarly define intercultural competence as “the ability to think and act in interculturally appropriate ways” and it has also been referred to as the knowledge, skills and attitudes that enable people to effectively work with, be supportive of, and respond to people in cross-cultural situations. This many-sided concept can be characterized by ideas such as global awareness, proficiency in intercultural communication, openness to diversity and intercultural sensitivity (Clarke, Flaherty, Wright, & McMillen, 2009).
For the purpose of this thesis intercultural competence will be defined as the ability to understand other cultures and show sensitivity towards their customs, values and behaviours, assessing each situation and acting and communicating in a culturally appropriate and effective manner. This includes understanding cultural dimensions such as the ones developed by Hofstede and their implications, and can be equally applied to managers who work abroad and managers who deal with cultural diversity in their home country.

### 2.3.2 Characteristics and components

Intercultural competence can be taught, but the level of competence an individual can hope to achieve can be dependent on personality factors (Hofstede, 2001). Researchers have identified more than 300 personality characteristics associated with intercultural competence which can be divided into three domains. The first, *intercultural traits*, refers to personality characteristics that determine how an individual may typically act in intercultural situations. It includes traits such as open-mindedness, openness to dissimilarity, cognitive complexity, flexibility, tolerance of ambiguity, curiosity, a potential for adventures, patience and emotional resilience. *Intercultural attitudes and worldviews* focus on the individual’s perception of other cultures and information from outside of their own culture, but in order to be culturally competent one must have a positive attitude when it comes to intercultural contact. It consists of having sophisticated construals of cultural differences and similarities, that is, ethnocentric-ethnorelative cultural worldviews, cosmopolitan outlook and category inclusiveness. Finally, *intercultural capabilities* refer to how effective the person is in intercultural interactions. It includes showing knowledge of other cultures and countries, behavioural and motivational cultural intelligence, language skills, social flexibility and adaptability to communication (Leung, Ang, & Tan, 2014).

Fantini and Tirmizi (2006) concluded that intercultural competence consists of four main components. *Knowledge* involves recognising essential norms and taboos of a host culture, the ability to contrast the host culture’s aspects and behaviours to those of one’s own, identifying common interactional behaviours as well as signs of culture stress and strategies for overcoming it. An individual’s *attitude* towards things such as interaction with members of the host culture, behaving in appropriate ways, showing
interest in new cultural aspects and adapting his behaviour to that of the host culture needs to be positive and he must reflect on the impact and consequences of his decisions and choices. Skills include flexibility in interaction, adjustment of behaviour and attire in order to avoid offence, and the use of appropriate strategies in adaptation to the host culture and to reduce stress. Finally, awareness derives from noticing how situations in a host culture vary and may require modified interactions, as well as taking into account differences and similarities across one’s home culture and that of the host culture.

Similar results were found in a research on cross-cultural competence where Johnson et al. (2006) cited LaFromboise, Coleman and Gerton (1993) on the awareness, knowledge and skills an individual must possess in order to be culturally competent. These include having a strong personal identity, a knowledge of the beliefs and values of the culture and a sensitivity to its emotional processes. It also includes clear communication in the shared language of the cultural group, maintaining active social relations and negotiating the institutional structures of the given culture. Johnson et al. (2006) defined intercultural competence in international business as “an individual’s effectiveness in drawing upon a set of knowledge, skills, and personal attributes in order to work successfully with people from different national cultural backgrounds at home or abroad” (p. 530). Possessing the characteristics previously mentioned is therefore not sufficient, one must be able to effectively utilize them in circumstances which can often be difficult and challenging.

2.3.3 Models of intercultural competence
Gertsen (1990) presented a structural model of intercultural competence distinguishing between three closely associated and indistinctly differentiated aspects: cognitive, affective and conative intercultural competencies. The cognitive aspects consist of general knowledge and consciousness of cultural differences, knowledge of a region and its social organisation, knowledge of a foreign culture’s characteristics (values, norms and conventions) as well as knowledge of the culture’s patterns of communication and interaction. The affective aspects include motivation and interest in intercultural contact, liberty from prejudice, a positive attitude towards a foreign culture, approval of cultural differences, realistic expectations and respect for another culture’s customs.
Finally the conative aspects refer to the awareness and knowledge of non-verbal communication and different communication styles, including the ability to identify and effectively apply them. Certain abilities are needed for these aspects, such as avoiding and resolving misunderstandings and questioning and obtaining information. It is also important to be able to create and maintain helpful relationships, be willing to adapt as well as being able to represent one’s own cultural positions and values while showing sensitivity toward other cultures (Behrnd & Porzelt, 2012).

In another model developed by Johnson et al. (2006) intercultural competence is said to be acquired from three dimensions which can be seen in Figure 2: personal attributes, personal skills and cultural knowledge. Personal attributes include personality traits as well as the values, norms and beliefs of the individual’s home culture. They can be viewed as antecedents which may either help or interfere with the development of intercultural competence. While it is possible to create a list of helpful traits such as courage, flexibility and ambition, these lists should be viewed with caution since their validity depends strongly on context. Personal skills is the behavioural component of intercultural competence including abilities (language skills, adapting to a culture’s behavioural norms, conflict resolution and effective stress-management) and aptitudes (a person’s capacity to obtain additional abilities in a particular skill-set). Finally, cultural knowledge is divided into two components, cultural-general knowledge and cultural-specific knowledge. General knowledge focuses on an awareness of cultural differences and that the individual understands his own culture and how it may differ from others. It revolves around how to effectively work in a cross-cultural environment, as well as having an understanding of the intercultural business environment, which is very complex. Specific knowledge, on the other hand, focuses on a specific culture, its geography, economics, politics, law, history and such, but does not focus on the individual’s own cultural introspection.
One thing which must be kept in mind is that it is important not to ignore the environment in which the cross-cultural interaction takes place. Environmental barriers may be a challenge to international business operations even though the individual has all the necessary skills, knowledge and attributes. Two factors discussed in relation to the cultural environment and how it may affect the way in which the individual applies his skills, knowledge and attributes are institutional ethnocentrism and cultural distance. In the model they are denoted with a minus sign, due to the negative impact they can have on the development of intercultural competence. Institutional ethnocentrism is relevant in international business for managers working out of their home country as well as for those managing cultural differences from the company’s headquarters. Hofstede (2001) defines ethnocentrism in multinational business corporations as imposing the typical working ways at the headquarters on overseas associates. It involves enforcing the use of the home culture’s structures, processes and management attitudes even when doing so is not appropriate. An international manager supported by the home country headquarters to ignore the cultural differences and impose his ways in the host culture will not be able to develop intercultural competence. Another influential factor is cultural distance, which aims to capture the overall differences between the home and host country’s national culture.
Most studies have concluded that increased cultural difference results in increased difficulties facing business processes overseas. A large cultural difference does not necessarily only reflect differences in cultural values, but also in other environmental variables like the language, political and legal systems as well as the economy.

It is therefore possible to conclude that while intercultural competence is largely dependent on personality traits, they are not the only important factor. An individual’s values, beliefs, personal skills and knowledge are also influential, and in contrast to the personality traits, these are factors that an individual can be taught. One way of acquiring the needed skills and knowledge to become interculturally competent is by going on a study-exchange program, which will be discussed next.

2.3.4 Studying abroad

Living in a culture different from one’s own has been discussed to greatly influence an individual’s understanding of how variant cultures can be from one another. The experience provides the individual with much more than simply reading about cultural differences, as it enables him to recall his own experiences and feelings, and contrast them with what he is reading. It is therefore interesting to examine the effect study-abroad programs can have on the development of intercultural competence, due to their increasing popularity. The purpose of studying abroad can be diverse: to broaden one’s mental horizon, to gain information about a different culture, to extend professional knowledge by attending a new university, or to improve language skills. All of the aforementioned can be expected to prepare a student for later work in a global environment (Behrnd & Porzelt, 2012). While the typical study abroad program lasts either six months or a year, there are also short-term sojourns or internships ranging from a few weeks and up to three or four months (Jackson, 2008).

Jackson (2008) cites a study by Medina-López–Portillo (2004) investigating the intercultural sensitivity of university students participating in one of two study abroad language programs. A part of the students attended a 7-week long program while the others took part in one that lasted for 16 weeks. The results were that those who spent less time abroad were more attentive towards the visible, behavioural aspects of the culture, the outer layer of the cultural onion, while the long-term stayers established a deeper understanding of the cultural differences.
A study by Pedersen (2010) focused on assessing intercultural effectiveness outcomes in a year-long study abroad programs from the United States to the United Kingdom. Three groups of individuals were questioned using the Intercultural Development Inventory (IDI), a 50-item questionnaire developed by Mitchell R. Hammer, both pre and post departure. Group 1 consisted of individuals who undertook a course in intercultural effectiveness and diversity training prior to embarking on a year-long study abroad program to central England. Group 2 consisted of people attending the same program, without the cultural education, and group 3 was a control group of students staying at home. The results from the study concluded that there were substantial statistical differences from the pre to post-IDI scores between group 1 and the other groups. However, there was not a statistically different change in the pre to post scores in groups 2 and 3, signifying that simply sending students abroad without intercultural education is not sufficient in increasing intercultural effectiveness.

Similar findings were reported in a comparison of two studies by Behrnd and Porzelt (2012). The first study observed the enhancement of intercultural learning for a group of German students going abroad, compared to a control group staying at home. The results were that no difference was found between those who had been abroad and those who had not. As previously mentioned, this does not need to indicate that staying abroad does not improve intercultural learning, but illuminates the importance of pre-departure training which none of the students received. Similarly the study concluded that the duration of the stay significantly impacted the development of intercultural competence, as the students that went abroad for an extended time developed a deeper understanding of intercultural competence. The second study reported similar findings, concluding an insignificant effect of the experiences abroad on those going abroad compared to the control group, possibly because the students who went abroad did not stay long enough. Simply having been abroad was therefore not enough, what affected intercultural competence was the duration of the stay. It is also important to note that the students observed in the second study were not given any intercultural training prior to departure.

It is clear that study abroad programs can have a significant impact on an individual's development of intercultural competence, given that the individual receives some sort
of training beforehand. While staying abroad without intercultural training may bring an individual to a new level of intercultural understanding, pre-departure training will make the stay even more effective. The length of the stay can also have a substantial effect where a full year affects the student more than shorter-term sojourns. The student’s personal factors and the characteristics of the host culture can then further impact the development of intercultural competence (Behrnd & Porzelt, 2012).

2.4 Managing cultural differences abroad

Globalisation has made international companies continue to rely on expatriate assignments in order to escalate their competitiveness in the global marketplace (Peltokorpi & Froese, 2014). In addition to being interculturally competent, there are certain skills and abilities important for an expatriate, a person living outside of his or her own country, to successfully become a part of the new culture. The process of adjusting to a new culture can be difficult and may sometimes feel interminable, and the impact of culture shock can play a big part in the expatriate’s experience. It is therefore important to choose them well, and make sure they are sufficiently prepared for the transition.

2.4.1 Important skills and abilities

Schneider et al. (2014) claim that there are certain skills and abilities that managers must acquire in order to successfully manage cultural differences abroad. These are:

- Interpersonal skills
- Linguistic ability
- Motivation to live abroad
- Tolerance for uncertainty and ambiguity
- Flexibility
- Patience and respect
- Cultural empathy
- Strong sense of self
- Sense of humour
Interpersonal skills are crucial, since they enable managers to form relationships, which in turn help them integrate into the host culture. Linguistic ability similarly helps the managers establish contact. Full control of the language is not always necessary, it is the effort that counts and simply trying indicates a will to communicate and connect with people of the host culture. It is also important for managers working in another culture to show motivation to live abroad. This applies not only to the managers, but their family too, if they relocate as well. The ability to tolerate and cope with uncertainty is especially important when taking action based on insufficient, unreliable and/or conflicting information, which is often the case for managers in a new country. Patience and respect matter because it takes time to get to know a new culture, and also because of the fact that different cultures may have different rhythms. Respecting how things are done in the host culture is also important, adapting to those ways and not constantly comparing it to how things are done back home. This is similar to cultural empathy, respecting other’s feelings, thoughts and experiences, and listening to people with a non-judgemental approach. A strong sense of self is essential because it allows interaction with people of other cultures without the fear of losing one’s own identity. It also enables the individual to be open to feedback, as well as being self-critical. Last but not least is a sense of humour, which can be used as a coping mechanism as well as for relationship building (Schneider et al., 2014).

Many psychologists believe in the concept of five basic personality dimensions, often referred to as the “Big Five”. They have been studied in terms of expatriates, that is, how much these personality traits influence expatriate adjustment. Bhatti, Battour, Ismail and Sundram (2014) discuss how The Big Five have been assumed to aid individuals when adjusting to a new culture or society, further explaining the characteristics and related personality traits, which are explained in Table 6.

Table 6: The Big Five

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Highlighted personality traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraversion</td>
<td>Talkative, energetic, assertive</td>
</tr>
<tr>
<td>Agreeableness</td>
<td>Sympathetic, kind, affectionate</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>Organised, thorough, planful</td>
</tr>
<tr>
<td>Neuroticism</td>
<td>Tense, moody, anxious</td>
</tr>
<tr>
<td>Openness to experience</td>
<td>Wide interest, imaginative, insightful</td>
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It is possible to understand why it is important for expatriates to possess the characteristics previously mentioned in order to successfully integrate into a host culture. However, a study by Peltokorpi and Froese (2014) discusses how the personality traits of the expatriate are not all that matters, what plays a major role is the cultural fit between those traits and the host country cultural values, norms and personality. In their research using a Multicultural Personality Questionnaire (MPQ) they measured the personality traits of expatriates: cultural empathy, open mindedness, social initiative, emotional stability and flexibility, and their impact on expatriate job satisfaction in Brazil and Japan. Peltokorpi and Froese discuss that these personality traits can have a dissimilar influence on job satisfaction in different cultures. The most obvious one is social initiative, similar to interpersonal skills and extraversion previously discussed. It refers to the ability to establish contact, stand out, and being active in different cultures. While it is understandable that social initiative helps the expatriate manager build relationships, the degree of it must be considered in a cultural context. In some Asian countries, for example Taiwan, introvert expatriates have been argued to be more accepted by their colleagues since the culture is very conservative and reserved. Being too loud and outgoing may be considered rude, which is something the expatriate manager must keep in mind. The same goes for the other personality traits discussed; the cultural values of the host country must be considered in order for the manager to be fully effective.

2.4.2 Adjusting to a new culture
For anyone taking on a foreign assignment there is great possibility of culture shock which can be defined as the anxiety resulting from losing one’s familiar social signs and symbols. However, the intensity of the shock may vary depending on cultural differences between the host- and parent culture of the individual. Oberg’s (1960) U-curve model of cultural adjustment over time has often been regarded as the classic model of expatriate adjustment. It comprises three main phases: the honeymoon stage, the morning after, and happily ever after. The first stage can be described by initial excitement, elation and optimism where the individual is fascinated by the new situation. He mainly notices the superficial aspects of the culture, similar to when going on a short holiday. Depending on circumstances this stage can last from a few days or
weeks and up to six months. In the second stage the individual starts to further notice the cultural differences, often finding them more annoying than charming. He is now coping with the real conditions of life in the host country and his attitude towards it may become more hostile and aggressive. Differences in behaviour, both interpersonal and work-related, become more evident and language barriers may become more frustrating than before. During this stage the expatriate is experiencing the culture shock previously mentioned – all the minor irritations make him feel like he does not belong and he does not really relate to the culture or its people. The manager starts feeling homesick, glorifying the comfortable situations back home which may often lead to depression. Still, culture shock must not be qualified as a bad thing and should actually be welcomed, since it signifies that the individual is becoming involved in the new culture, not just hiding somewhere with other expatriates or people from his home country. It is vital that the expatriate receives sufficient training before going abroad, since during the second stage the risk of assignment failure is high if the cultural irritation is inappropriately dealt with. For some people, going through the culture shock is simply too much, resulting in termination of the assignment and returning home. However, if the situation is appropriately dealt with, the individual moves on to the third stage where acceptance of the host country is greater and the expatriate manager starts to feel more connected to it. Even though cultural differences are still evident and the manager may feel irritated from time to time he understands the reasons for those differences and how to suitably handle things. He now feels like a part of the host culture, relates to its people and situations which in turn reduces stereotypical “we-they” type of thinking (Oberg, 1960; Schneider et al., 2014).

The U-curve model has sometimes been extended to include repatriation experiences as can be seen in Figure 3. Referred to as the W-curve, this model includes the reverse culture shock expatriates may experience when returning home. After properly adjusting to the host culture and its behaviours, values and norms it may be difficult to return home to the way things used to be. It has been noted that this shock may also feel more severe because it is less expected and therefore its impact should not be ignored (Schneider et al., 2014).
In their research, Black and Mendenhall (1991) reviewed 18 studies on the U-curve. They suggested that even though 12 of the studies reviewed provided some support for a U-shaped curve, there was a lack of statistical tests of the relationship between time and adjustment, as well as some serious methodological problems. Their conclusion was that it was impossible to either accept or reject the U-curve model. The view of cultural adaptation as a unitary phenomenon like the U-curve, has also been criticized and some feel it should instead be treated as a multidimensional concept (Selmer, 2007). A study by Black, Mendenhall and Oddou (1991) distinguished between three dimensions of in-country adjustment: work adjustment, interaction adjustment (interaction with nationals of the host country) and general adjustment (adjustment to the general non-work environment).

It is important to note that culture shock and the models of cultural adaptation need not only apply to assignments taking place far away from the expatriate’s home country. On the contrary, they can also apply in culturally or economically neighbouring countries where cultural differences may seem indistinct on the surface (Schneider et al., 2014). Sending an expatriate to a similar culture has even been argued to be more difficult, since the assigned culture being entirely different comes with the advantage of the consciousness of dissimilarity. Managers going to a similar culture may fail to
identify the existing differences and therefore blame themselves or their subordinates for problems that in fact result from cultural differences (Selmer, 2007). Another thing to keep in mind is the cross-cultural adjustment of expatriate’s families. In a number of overseas assignments, the expatriates’ families join them on the assignment. This has however been decreasing significantly, partly due to the lack of organisational support for family members. Studies have shown that one of the primary factors for premature termination of overseas assignments are issues related to the adjustment of the expatriate’s family, identifying that there is not only need for expatriate training, but also for their families (Rosenbusch & Cseh, 2012).

2.5 Managing cultural differences at home

Challenges of managing internationally are not limited to managers working abroad. In today’s work environment, managers need to be able to effectively handle cultural differences while staying in their home country. They will more than likely interact with people of different nations in their day-to-day work activities, for example co-workers of other nationalities or business partners from around the world.

2.5.1 Important skills and abilities

While there is some overlap between the skills needed for expatriate managers and intercultural management at home they also differ in some ways. In order to be globally competent managers must be willing to study many foreign cultures, perspectives, tastes, trends, technologies and approaches to business. They must be skilled in working simultaneously with people from diverse backgrounds and adaptable towards living in other cultures. Finally, they must be able to treat foreigners as equals and avoid stereotyping (Johnson et al., 2006).

Similarly, Schneider et al. (2014) listed a few characteristics important for managers managing cultural differences at home:

- Responding to different cultures simultaneously
- Recognition of cultural differences at home
- Willingness to share power
- Demonstration of cognitive complexity
- Adopting a ‘cultural-general’ approach
- Rapidly learn and unlearn

An international manager must be able to respond to different cultures simultaneously. While managers working abroad can study cultural differences in the particular host country it is unrealistic to expect international managers to learn the diverse customs, attitudes, tastes and approaches of business of all the their international co-workers or business partners. They must therefore develop an understanding of these differences in order to act appropriately in each situation. Recognizing cultural differences at home is also important, and may even be more difficult because of people’s tendency to overlook them. Cultural differences are usually expected abroad, and people believe foreigners should adapt to their culture. This attitude overlooks the potential benefits of recognizing diversity and the fact that foreigners can add value to the organisation due to diverse experience, skills and perspective. The willingness to share power is similarly about learning opportunities from foreign counterparts and using the knowledge to gain competitive advantage. Demonstrating cognitive complexity refers to simultaneously recognizing the need for differentiation while understanding the need for integration in an organisation. It is the fine line of being locally responsive, while still meeting the demands of global integration. Adopting a ‘cultural-general’ approach refers to the need for international managers to be aware of the cues signalling cultural differences and identifying which dimensions of culture are relevant at a given time instead of a concrete knowledge of one particular culture. It also includes language skills, and it is important to note that it is virtually impossible for international managers to master all the languages needed. They therefore need to be able to communicate in an effective way, clearly, slowly, pausing frequently and avoiding slang. Finally, rapidly learning and unlearning means being able to constantly challenge basic assumptions and ready to take on new perspectives and try new approaches (Schneider et al., 2014).

William George, professor at Harvard Business School has also studied the characteristics of a successful global leader, and his results are similar to those previously discussed. He mentions that it is important to have an intellectual understanding of the global business context, considering how complicated it can be to do business around the world. Developing a global and local perspective is vital, which
may be hard to achieve without the experience of living in different parts of the world. *Overcoming the dominant thinking* at headquarters is important and requires a lot of cultural empathy, and so does *cross-boundary partnering*, respecting partners of other cultures and being able to pull the best out of each area of the corporation. A successful global manager must be self-aware and self-assure when it comes to *values and sense of purpose*, but must also be flexible and able to learn from and empower others. Finally, *networking abilities* are important, both internal and external to the organisation. George’s recommendation for a manager wanting to develop these qualities is to live in a country where the language spoken is different from the one in the manager’s home (Hanna, 2012).

### 2.5.2 A global mindset

For a manager working in a global setting, whether referring to a multinational corporation or a company made up of people from different nationalities, it is important to develop a global mindset. A global mindset is connected to the concept of intercultural competence and can be described as the ability to effectively work across organisational, functional and cross-cultural boundaries. It includes openness to cultural differences and the ability to recognize complex interconnections, easing effective management and providing strategic advantages internationally (Gaffney, Cooper, Kedia, & Clampit, 2014).

Global-minded individuals have broad perspectives on various issues, are opposed to prejudice and understand viewpoints dissimilar to those of their own ethnic, national or religious viewpoints. They do not merely consider their own cultural group, but see themselves as connected to the world community and believe they have a sense of responsibility to its members. Five value components of global mindedness which have been identified are: responsibility, cultural pluralism, efficiency, global-centrism and interconnectedness (Clarke et al., 2009).

### 2.5.3 Managing culturally diverse groups

One of the challenges facing managers who deal with cultural differences in their home country is the management of culturally diverse groups. Multicultural groups have the advantage of bringing together a large variety of perspectives, however, in order for a
group to be successful it is vital that it does not suffer from a lack of internal integration (Schneider et al., 2014). While diverse groups have been shown to produce higher quality ideas than homogeneous groups, research comparing them in terms of output, or productivity, shows that in some cases diverse groups prove to be less effective. It has been suggested that this is because of failure in communication, not limited to language differences but also the difference between the way people interpret meaning based on the communication’s social and cultural context (Robinson, Hogg, & Higgins, 2014). Managing multicultural groups can create frustrating management dilemmas due to cultural differences hindering effective teamwork since the differences are often subtle and hard to recognize until after the damage has been done. By intervening every time a problem the team could possibly have solved by itself arises, a manager may create more problems than he resolves, as the group never learns to effectively work together. The challenge of managing multicultural teams in an effective way is therefore to identify underlying causes of cultural conflict, and take actions that get the team back on track, as well as empowering its members to resolve future challenges themselves (Brett, Behfar, & Kern, 2006).

Multicultural teams are often used as an attempt to promote better decision making and encourage greater creativity and innovation, consequently expanding decision quality. Cultural differences can also provide a greater variety of perspectives and options, as well as contributing new ways of looking at old problems (Schneider et al., 2014). However, they are not free of managerial challenges. Four categories mentioned that can hinder a team’s success are direct versus indirect communication, accent and fluency related troubles, different hierarchy and authority related attitudes, and contradictory norms for decision making. Fortunately, there are ways in which managers can work to manage cultural friction in a team. Four main strategies derived from interviews with successful teams and managers are adaptation (exposing cultural problems in order to work around them), structural intervention (modifying the team’s shape), managerial intervention (setting norms early or bringing in a manager of a higher-level) and exit (eliminating a team member when other options fail). While there is no one correct way in which to deal with team problems, it is always important to assess the circumstances under which the team is working (Brett et al., 2006).
2.6 Summary

Globalisation has influenced management in a number of ways, for example with increased migration and connectedness between nations. This has resulted in a clear need for managers to be interculturally competent, that is, able to successfully work across different cultures, showing sensitivity towards them as well as understanding possible difficulties that may arise when cultures clash. While being interculturally competent is definitely important for managers managing cultural differences either in their home country or abroad, other factors can also influence their experiences.

Iceland is no exception to the impact of the world’s increased interconnectedness. Due to the country’s small population and small market size, larger Icelandic companies are heavily dependent on cross-cultural relationships and communication with other countries. It is therefore interesting to research the attitudes of Icelandic managers towards the concept of intercultural competence, its important personality factors, as well as important skills and abilities of managers working in a global context. In order to gain an insight into this subject, a qualitative research was conducted. Its methodology and results will be discussed in the following chapters.
3 Methodology

In order to acquire the information needed, a qualitative research was conducted where participants were questioned using in-depth interviews. This method was chosen as it is well suited for gathering descriptive narrations for a deeper analysis. Some of the participants were chosen after suggestions from friends of the researcher and contacted directly through e-mail, whereas in other cases an e-mail was sent to an organisation known to operate in a global context, which then nominated the participant. Six participants took part in the study and were interviewed in late March or early April 2015. Three of them had experience in managing cultural differences abroad:

- Kári Jóhannsson lived in Denmark for two years where he ran a sales office for his present employer in Iceland, Valitor, an online and e-commerce payment solutions company.
- Jónas G. Jónasson works as Director of Manufacturing and Sourcing (Asia) for Össur, an international health-technology company, spending on average 150 days a year abroad (around three weeks at a time, 6-7 times a year), mostly in China.
- Hjálmar Gíslason resides in the United States and is currently in transition between two roles, from being a Product Area Manager of Data Services at the software company Qlik, leading a group of developers in Iceland, to starting a product management role leading a team of four people, who live in the UK, USA and Germany.

Three managers managing cultural differences at home were also interviewed:

- Jóna Fanney Friðriksdóttir is chief executive officer (CEO) of AFS Iceland, a non-profit international exchange organisation, working with 20-23 partner offices worldwide.
- Bragi Pór Marinósson is Executive Vice President of the International Department at the shipping and transport company Eimskip, in charge of managing offices operating in 19 countries.
- Höskuldur Sigurðarson is Senior Producer at CCP Games, which involves contacting suppliers, service providers and partners abroad (UK, China, USA). He is also in charge of managing two groups.

Prior to the interviews the participants were briefly introduced to the subject of the thesis, but were not expected to prepare themselves in any way, and the set of
questions was not shown to them in advance. Five of them were interviewed face-to-face and one by e-mail, as he currently resides abroad. The length of the interviews varied, with the shortest one lasting around 20 minutes and the longest taking over an hour. This difference can be explained by the fact that the interviews were based on a structured list of questions (Appendix 1) with follow-up questions formed on the spot, based on the interviewees’ experiences. The questions included topics such as important traits for intercultural competence, communication problems and how to deal with them, cultural adaptation and its problems as well as the importance of pre-departure training. The questions of those who worked abroad were somewhat different than of those who worked with cultural differences at home, although they all covered the topic of intercultural competence. In addition, the interviewees managing cultural differences abroad were shown a chart comparing the scores in Hofstede’s cultural dimensions for Iceland and their host country (Appendix 2). None of them had any knowledge of these dimensions beforehand, so they were explained to them before they were asked to evaluate the information in accordance to their experiences.

All of the respondents consented to the interviews being recorded on a cell-phone for further examination, and similarly allowed for their names and place of work to be referred to in the paper. As the face-to-face interviews took place in Icelandic they were only transcribed in Icelandic, however useful quotes were written down and translated into English for further citation. The interviews were analysed using a thematic analysis, a qualitative analytic method that aims to identify, analyse and report patterns (themes) within data (Braun & Clarke, 2006).
4 Interview results

The managers were interviewed using separate sets of questions (Appendix 1). Initially discussed are the personality traits they believed to be important for someone holding their position, which were summarized in a mind-map, after which the most commonly mentioned traits are explained. Following that is a closer look at the experiences of the managers working abroad, and thereafter the answers of those working with cultural differences in their home country are examined. Finally, the traits required to be interculturally competent are discussed, as well as study abroad programs.

4.1 Important personality traits

The results showed some overlap between the opinions that emerged regarding what personality traits the managers found important for someone holding their positions. This can be seen in the mind-map in Figure 4 which shows all the traits mentioned by the managers. The yellow boxes represent the managers working at home, and the green boxes the managers working abroad. The traits that were mentioned twice are marked with a light blue colour, and those mentioned three times are marked as light-yellow. The red lines then signify the overlap between the opinions, as similar traits were often mentioned.
Flexibility, open-mindedness, respect for people, and a cultural understanding were frequently mentioned traits that could apply in most intercultural situations. Both the managers working at home and abroad mentioned not being stuck in a box as important, which relates to flexibility and adaptability, and additionally communication and listening skills were discussed to have a significant impact.

For managers working abroad stepping out of one’s comfort zone was discussed as vital in order to thrive in the new culture, or in other words “being ready to abandon ‘the box’, since if you think you can go abroad and keep the box unchanged you are headed for trouble” (K. Jóhannsson, personal communication, March 30, 2015). Being culturally capable was also mentioned as imperative, explained by one of them as being...
able to become acquainted with the culture and immersing into it by learning its customs and behaviours, as well as simple things like eating the country’s typical food. This relates to the cultural understanding mentioned by two of the managers working at home. Jónas G. Jónasson further stated that in order to effectively work with people it is important to treat them with respect; that is, treating people as equals, regardless of their nationality. He specifically mentioned that as Asians are generally more reserved than Western people they are prone to being overlooked and even disrespected. When working in Asia, one must:

[...] figure out the people of the culture and realize that they are all just people like us, with similar hopes and needs who want to be treated with respect and not walked all over, like some nations seem to do. They may let you get away with it, but it will not get you far (J. Jónasson, personal communication, March 30, 2015).

This attitude that Jónas possesses is not only relevant in Asia, but in all intercultural communication. A manager must be able to elicit the best out of his subordinates, and to do so it is imperative to show respect and avoid overbearing behaviour.

Other factors more entitled with cultural communication in one’s home country included active listening, and not only listening but also understanding since “you cannot do a job like this by just saying ‘this is how we do things’ and done, not listening, you have to listen and understand” (B. P. Marinósson, personal communication, 31 March, 2015). The ability to read people’s feelings was also mentioned, “not only in the case of individuals, but also the emotions of a group if you have a big group of people” (H. Sigurðarson, personal communication, 15 April, 2015). Höskuldur Sigurðarson also discussed humour as a key item in good communication, which can however be a tricky concept as it needs to be properly handled and at appropriate times. A clear group vision is important in a multinational company, “a clear direction about what we are doing so everyone is working towards the same goals” (B. P. Marinósson, personal communication, 31 March, 2015). Similarly it is important to be a multitasker, able to distinguish between minor details and main issues and having an understanding of diverse people, or in other words, comprehending the concept that “not everyone is the same, but still we are all the same” (J. F. Friðriksdóttir, personal communication, 24 March, 2015).
4.2 Managing across cultures abroad

The managers experienced in working abroad were additionally questioned about their experience of the adjustment process, as well as their opinion regarding training and language skills. Finally, they were shown a chart comparing the scores in Hofstede dimensions for Iceland and their host country and asked to share their opinion.

4.2.1 Adjustment process

The interviewees’ attitudes towards the process of adjusting to a new culture were in some ways different, but it is important to mention that Jónas G. Jónasson usually does not stay abroad for longer than three weeks at a time, therefore limiting the application of models such as the U-curve.

Prior to his job assignment in Denmark, Kári Jóhannsson had never lived abroad but was used to working with people from different nations since during his years at the University of Iceland he was an active member of AISEC, a cross-cultural youth organisation. When the opportunity to move abroad presented itself he decided to jump on it, bringing his wife and son with him. As an Icelander, the thought of moving to Denmark may seem easy and effortless due to how close the countries are, especially since Iceland used to be under Denmark’s control and Danish is taught in Icelandic schools. However, according to Kári’s experience this was not exactly the case, as he claims: “there was a much larger difference between those nations than I had realized” (K. Jóhannsson, personal communication, March 30, 2015). Kári agreed with the U-curve model and felt that it in some ways explained his experiences, and also noted that when an expatriate’s family joins him on an assignment it is imperative that they are introduced to some sort of project in order to help with acculturation. In Kári’s case, he and his son quickly fell into routine with work and school, whereas his wife had some trouble with adjustment and getting to know people. For an expatriate this can be very troubling, as he will want to make sure the whole family feels good during the assignment. Kári was mostly frustrated with how slowly things proceeded in the Danish culture, as well as finding the Danes not very service-orientated.

For Jónas G. Jónasson, the cultural adjustment process was quite different due to the fact that he travels back and forth from Iceland to Asia. While the stages of adjustment are not really applicable in this case, Jónas claims he tries to get as involved with the
culture as possible. On the topic of adaptation he talked about how it can be helpful to listen to what people tell you about the culture beforehand and keep that in mind during your assignment. However, in some cases being told something in advance does not solve the problem, as in the case of Jónas’ biggest source of frustration; how time-consuming certain activities in China can be, such as earning people’s trust.

In the beginning, what you need to realize first and foremost is that what you have been told, it does not always solve the problem that you’ve been told about it, is that you usually earn people’s trust over quite a long period of time, and you earn trust by treating people with certain respect (J. Jónasson, personal communication, March 30, 2015).

With the slow trust building mentioned as the main irritation, Jónas did not recall going through a specific culture shock, even though he mentioned a few occasions that made him stop and think. He talked about how the Chinese culture is very strong and different to what we are used to, as an example the Chinese have specific food you eat when you feel a specific way, and specific kinds of tea believed to fix certain health problems. What shocked him most was how much personal contact Chinese subordinates expect from their superior, namely the potential to drink alcohol with them and going to karaoke bars. Alcohol was also mentioned as a big part of business transactions, as he recalled sitting down with a CEO of a Chinese company, drinking beer and discussing business, the next day resulting in a deal.

Similar to Jónas, Hjálmar Gíslason did not mention any adjustment problems, and said that “the biggest adjustment was probably a personal one, not having the [extended] family around and thereby few people to rely on for babysitting and such” (H. Gíslason, personal communication, April 12, 2015). He further mentioned that most of the surprises he and his family had encountered were positive ones, and that they really liked living in the United States.

4.2.2 Training and language skills

Even though expatriate training has been mentioned as very important in diminishing the possibility of a project’s failure, none of the interviewees mentioned receiving any official training before going abroad. The reasons for this include knowledge of working in intercultural situations, as well job experiences in an occupation similar or identical to the one abroad.
For Jónas, going to Asia with an open mind proved to be enough, which can be understandable because of his 20-years’ experience of working with foreign communication. He also believes that since Icelanders as a whole are a widely travelled nation, pre-departure training may not be as important as it is in some other countries. In his opinion, Icelanders are good at adapting to new cultures because they often do not have a choice, due to the fact that the country’s population is so small. Other nations, such as the Chinese, can go to different countries and still encounter places that serve their local food, as well as meeting a lot of their compatriots. Icelanders generally possess a different attitude: “since we are here, we must simply act like the others”, which facilitates cultural adjustment. While Jónas did not talk about pre-departure training he mentioned going on a day-course in Shanghai with other employees of Össur in Asia concerning intercultural training. This proved helpful to him as a refresher course, helping him keep in mind things he might otherwise have forgotten.

As Hjálmar moved to the United States as a result of the acquisition of a company he founded and was CEO of, the training he possibly could have received would have resulted from his own initiative. According to him, he did not read about the culture beforehand but already had some ideas about the country and its ways of working, as he had previously worked a lot with people from the United States. However, he commented that in situations different from his, where people move from a job in Iceland to a job in the USA instead of moving their current job to the new country, pre-departure training would be more meaningful as the differences were likely to be superior.

Kári did not receive any pre-departure training, and believes it was not as necessary because of the fact that he was the most experienced employee in the international department at Valitor. He had already become a specialist in what he was doing as he had built up the department in Iceland, and the job position in Denmark was very similar to his previous work. However, he mentioned that if he had been recently hired before departure, the need for training would have been greater. On the topic of training, Kári commented that he would mostly have benefited from language training, as he went abroad with just a basic knowledge of the Danish language. That
complicated things quite a bit, and he also mentioned the importance of language skills for the expatriate’s family, as it simplifies social interactions and makes it easier to make friends. Jónas shared a similar view on the importance of language training as when he started working in China, speaking English proved quite problematic and interactions often had to take place through another person. Most organisations had a contact person who spoke English and acted as a translator, but in some cases he had to bring one of his subordinates with him to translate. This annoyed Jónas, as he did not want to “disrupt some of my people, who could be doing more meaningful work than follow me around to translate” (J. Jónasson, personal communication, March 30, 2015). Jónas therefore decided to learn Chinese, eliminating this third person barrier which made things a lot easier, and he recommends that a person working in China should unquestionably try to learn the language. For Hjálmar, language differences were not a problem which is understandable because of his previous work experience in the IT-environment where English is most often the main language.

4.2.3 Cultural dimensions
All of the interviewees had similar answers when comparing the chart of cultural dimensions to their personal experiences; relating to some results while not agreeing with others.

Hjálmar felt that he especially related with the difference in individualism between Iceland and the United States, claiming: “The US is a very individualistic country, and it shows – all the way from political discourse to the people (in particular the poor people) on the street” (H. Gíslason, personal communication, April 12, 2015). He did not relate as much to the substantial difference in the masculinity dimension, since he feels Iceland is quite competitive like USA and would have expected to see less of a gap there. The small difference in the other dimensions did not surprise him, and in fact during his stay he has been surprised in many ways of how similar the cultures are. He however emphasizes that the US culture is in no way homogeneous, and New England, where he lives, is in many ways similar to Europe and even Scandinavia, whereas other parts of the country are very culturally different.

Jónas believed the Hofstede dimensions for China were very descriptive of his experience in the country. It is a known fact that power distance in China is much more
evident than it is in Iceland. There, the boss is the boss and he is in control, which is a fact Jónas definitely relates to. While his subordinates have known him for about 9 years they still refrain from speaking up to him or stating their opinion, even if the matter up for question is as insignificant as where they should go for lunch that day. He agreed with the difference in masculinity and individualism, and on the topic of uncertainty avoidance he mentioned the many unwritten rules of the Chinese culture. This proved problematic during an employee performance evaluation where one of the factors discussed was “break the unwritten rule”, in the sense of stepping out of the box. At Össur, this was seen as a good way of encouraging innovation, but did not make sense in China. China’s top score in long-term orientation can be explained by the importance of relationships, especially in business where they are effectively established and maintained. Jónas mentioned that relationships are vital, as an example he has been dealing with the same suppliers for about 9 years, and would not change a supplier even though it might give him a remotely better deal. Finally, he agreed with the difference in indulgence, agreeing with the fact that Iceland is much more indulgent than China.

In Kári’s opinion the difference in power distance between Iceland and Denmark did not seem correct, as he felt they should be almost identical. The fact that Iceland places less significance on long-term orientation did not surprise him, even though he believed Denmark should have scored higher on that dimension. The Danish people are more fixated on planning ahead, whereas Icelanders are rather unorganized, signified by the phrase “this will work itself out” (þetta reddast). He also felt that the Icelandic culture should score higher than the Danish on the indulgence dimension, since in his opinion the Danish people are more modest and easy to please. The other dimensions did not surprise him and were descriptive of his stay.

4.3 Managing diversity at home

Additional questions for the managers working at home included questions about effective ways to manage in a multinational company, possible communication problems and how to deal with them, as well as the implication of a company culture.
4.3.1 Effective management

The jobs of the managers working at home differ in some ways. Even though they have dissimilar positions both Bragi Þór Marinósson and Höskuldur Sigurðarson work for an Icelandic company operating in multiple countries, whereas Jóna Fanney Friðriksdóttir works at an Icelandic branch of a multinational company.

Bragi Þór Marinósson talked about the structure of Eimskip overseas, where one manager runs operations in each country as his subordinate. The manager is most often a local person or an Icelander who has lived in the country most of their life. The local manager runs day-to-day operations and Bragi and the people at Eimskip’s international department handle things like developmental projects and tasks regarding business strategies. He discussed the importance of keeping certain things standardized, such as yearly business plans and financial systems in order to create a collective vision between the offices around the world, and how in order to facilitate group-work it is important that people follow the Eimskip values: achievement, cooperation and trust. However, he also discussed that each country has its local culture which is something they do not want to destroy. The local manager is often more knowledgeable about the country he works in, what is appropriate and what will not work. A proper balance is therefore needed, where the manager at the headquarters must realize when to push his ways of working on the local managers, and when to give in and let them do things their way. Bragi commented that: “we place an emphasis on adapting things to each country and trusting them. You cannot run a multinational operation if you are going to be in charge of day-to-day operations” (B. Þ. Marinósson, personal communication, 31 March, 2015).

Höskuldur Sigurðarson had a similar opinion and discussed the importance to “simply be human, understand that people are basically people, driven by similar emotions. Even though the culture may be different and we place a different emphasis on things all people have the same basic needs” (H. Sigurðarson, personal communication, 15 April, 2015). However he mentioned another angle, the work angle, where people need a certain structure in order to work. On one hand there is a need for being considerate of each individual, but on the other hand there is the need to get things done, without which the organisation would not thrive.
Jóna Fanney Friðriksdóttir’s experiences were in some ways different as she does not work at a company’s headquarters. She discussed that while dealing with overseas colleagues it is important to understand the situation you are in and how to behave each time. She also talked about the need of understanding when to back down and let things happen, and when it is important to step up and speak your mind. As an example of this she discussed a meeting in Russia regarding an Icelandic AFS student. AFS Russia claimed the student had crossed the line in some way, but when the situation was explained it became clear that this was typical Icelandic behaviour. She therefore mentioned that while it is important to understand someone else’s culture, it is important not to let them disregard your own.

4.3.2 Communication problems

In a multinational company, communication problems are very likely to happen. The managers were therefore asked about how they felt it was best to handle these problems.

On the topic of communication problems Jóna Fanney discussed how in some cultures she was believed to be too direct, and that in some situations she therefore had to slow down and act more reserved. She believes the best way to solve communication problems is to understand the other party, and in order to do so it is vital to understand one’s own culture. She talked about how she and her colleagues at AFS Iceland do their best to understand the culture of their overseas associates in order to understand why they handle certain things as they do. She tries to put herself in the shoes of her counterparts by preparing herself and reading about the country, however, she claimed that it is important to realize that what you are reading “depends on the situation, it may be generalizations, since it is possible to be a deviation from the country”. An individual’s personality, behaviour and/or attitudes may be entirely different than studies about his culture point towards, so people must beware of stereotypical thinking. Still, Jóna Fanney claimed reading about the country can definitely be helpful, as it gives you a certain overview of the possible cultural differences.

Bragi Þór did not mention any specific culture-related communication problems, but was more familiar with communication problems deriving from language differences. As
an example he named China, where people rarely say no, and that he sometimes
needed to ask the same question three times in order to realize whether people
understood it or not. He claimed this was something one must learn to detect. He also
discussed the need to adapt management approaches to specific situations:

You also need a different style of management depending on who you are
talking to. I behave differently when talking to a manager in China than
when, for example, talking to the manager in the Netherlands. Then there is
the German manager, who needs clearer rules than the Dutchman [...]. So it
depends, you kind of need to think about this in communication, who you
are communicating with. There is not one style of communication that
applies to everyone (B. Þ. Marinósson, personal communication, 31 March,
2015).

Bragi also discussed the need to adapt to each local office in regards to personnel
matters. Eimskip initiates staff interviews in all of their offices except China and
Thailand, as that is not customary there and would be perceived as odd. As previously
discussed, a manager must therefore realize where there is a need for adaptuation.

Höskuldur’s view on communication problems was that they are always evident, no
matter whether the people are from the same culture or not. They may however get
deeper as the cultures become more distant and may also derive from language
differences and differences in pronunciation. He discussed that since at CCP there are
people of many different nationalities, it is important to keep communication in English.
It is uncomfortable for a foreigner to join a group where everyone is speaking Icelandic,
therefore Höskuldur dedicated himself to being conscious of this, switching to English
when a non-Icelandic speaker was approaching.

4.3.3 Company culture

Both Bragi Þór and Höskuldur discussed how they believe their companies have a
specific company culture. In Bragi’s case this relates partly to the specific standards and
plans set for the offices in each country and the fact that the local managers from all
over the world attend a management meeting once a year. These meetings are the
perfect source for creating a better coherence and a sense of unity between the
countries. Bragi also talked about that even though in some cases there is a need for
adaptation, there are not any specific rules of how to act in each country. On the topic
of differences in power distance he commented that: “generally at Eimskip we have this
type of Eimskip culture, where we rather have what you would call an open door policy, being pleasant, so that when I am travelling, I am just who I am” (B. P. Marínósson, personal communication, 31 March, 2015).

Höskuldur mentioned corporate culture on the topic of communication problems, as he believed his experience with them was not particularly evident with intercultural communication, but just as much during communication with other Icelanders. He said:

CCP is quite special because there is a large proportion here who are foreigners, the culture inside here is not specifically Icelandic that people need to adapt to. It is just the CCP culture. [...] I would say the company’s culture is predominant rather than some Icelandic culture (H. Sigurðarson, personal communication, 15 April, 2015).

Höskuldur similarly mentioned that the company culture is very open, where people may just walk up to the CEO’s office and talk to him when they have something to say. Even though this might not work in other Icelandic companies with a similar structure, this works for them as the work-environment is simply that open.

4.4 Intercultural competence

On the topic of intercultural competence the focus was set on personality factors, where the managers were asked to comment on a list of factors. They were also asked about their experience with study abroad programs.

4.4.1 Characteristics

A list of characteristics related to intercultural competence was read to the managers and they were asked to give their opinion on the validity of that list, as well as if they thought any factors were more applicable than others. The characteristics were: flexibility, open-mindedness, emotional resilience, social skills, patience and a sense of humour.

The managers all agreed to these factors being important, and some of them had previously mentioned a number of them as important for someone holding their position. Bragi Þór mentioned that the factors were all applicable, but that each one’s validity depended on the situation. Höskuldur had a similar opinion, that this was dependent on the situation, topic and people and that it was hard to claim that one factor was more important than the others. The mixture of them all was more
important, and they need to be applied in different ways and in different amount according to each situation. Jóna Fanney found the list to be very accurate, having previously mentioned flexibility and open-mindedness as important, and was especially interested in the factor of humour, claiming: “definitely, you can get far with a sense of humour. Tackle difficult situations, and it can also generate a certain charm” (J. F. Friðriksdóttir, personal communication, 24 March, 2015). Jónas similarly agreed with all factors and mentioned that humour is absolute. He also found patience to be very applicable to his experiences in China. Kári also agreed with humour being important and said that it could fix every situation, wherever you are. He also believed the other factors to be applicable, and so did Hjálmar, even though he mentioned open-mindedness as the most important in his opinion, when working in an intercultural setting.

4.4.2 Studying abroad

The managers were asked whether they had any experience of exchange programs in order to have a look at its effect on the development of intercultural competence. Only Jóna Fanney mentioned going on a specific exchange program and complimented its effect. She mentioned the importance of “experiencing this, to get into trouble and reflect on that when you are reading [about the subject of cultural differences]” (J. F. Friðriksdóttir, personal communication, 24 March, 2015). She believed the exchange experience would be very helpful in any job in an intercultural setting and mentioned that even though it would not make people capable of understanding each and every intercultural situation, it could provide them with a cultural thinking, and help them realize that possible difficulties might be the result of cultural differences. None of the other managers had any experience with exchange programs even though Bragi Þór had some related experience, as he got his master’s degree from a university in Denmark.
5 Discussion

From the interview results, an overlap emerged between the personality traits believed to be important in the managers’ positions, which indicates that they believe that similar traits are needed whether managing at home or abroad. These include flexibility, open-mindedness, respect for people, and a cultural understanding. The list of factors the managers were asked to validate additionally included emotional resilience, social skills, patience and a sense of humour, all of which they agreed to as being important. The traits mentioned by the Icelandic managers are similar to the traits mentioned by Leung et al. (2014), and also relate to the main components of intercultural competence discussed by Fantini and Tirmizi (2006). It is therefore possible to conclude that the factors mentioned by the Icelandic managers are in accordance to what has previously been mentioned, even though the literature additionally discusses a number of other factors. The managers also mentioned how the validity of the factors on the list depends on each situation, which is similar to what was discussed by Johnson et al. (2006), in their model of intercultural competence, where they claim that lists of personality factors should be viewed with caution, as their application depends strongly on context.

The managers working abroad did not mention receiving any pre-departure training. Only Kári talked about some difficulties with adjustment and agreed with the U-curve model, as he recollected having gone through a minor culture shock in relation to irritation due to lack of service orientation and how slowly things progressed in the Danish culture. Kári mentioned how the difference between the two nations surprised him, which is similar to what Selmer (2007) discussed about the impact of underlying cultural differences in countries that seem similar on the surface. When going to a distant country where cultural differences are to be expected, an individual can gather helpful information and interpret it in order to prepare, whereas an individual going to a neighbouring country may feel this is unnecessary, later causing difficulties. On the topic of training Kári commented that he believed pre-departure training was not really necessary due to his experience at the company. While it is possible to conclude that
specific job training would not necessarily have been important, cultural training and an explanation of the adaptation process and the possibility of culture shock and its effects could have been helpful in diminishing irritation and adaptation problems. Pre-departure training, a better support system, or at least the introduction to some sort of a project for Kári’s wife would have been helpful as well, as it would have facilitated adjustment for the whole family. This is in accordance to what Rosenbusch & Cseh (2012) discussed, as adjustment problems of family members often result in failure of expatriate assignments. In Jónas’s case, his experience of working with foreign communication seemed to be enough in regards to pre-departure training. He did not mention a culture shock, but even though the lack of culture shock may sometimes point towards the absence of cultural adaptation that is not believed to be the case here, as Jónas’s experiences point towards active involvement in the culture. The reason is also believed to lie in the short-term duration of his stays, diminishing the irritation caused by cultural differences as he always returns home in the meantime. Jónas did talk about an annoyance with how time-consuming trust-building in China was, which is hard to facilitate with training as it is essentially a process the individual has to go through. The focus Chinese people place on relationships can be explained by the country’s score in Hofstede’s long-term orientation dimension. Another dimension that greatly influenced Jónas’s stays in China is power distance, which is much greater in China, influencing superior-subordinate relationships. Jónas talked about the importance of listening to what people tell you about the culture beforehand, so it is not possible to completely disregard the need for pre-departure training even though the individual has extensive experience. He also mentioned a refresher course in intercultural training that proved helpful to him, so it is possible to conclude that even for individuals with extensive experience of intercultural communication it is important to regularly renew their knowledge. Hjálmar’s stay in the United States seemed to include insignificant problems, as the only one he mentioned was not having the extended family around to rely on for babysitting. Even though this relates mostly to the fact that Hjálmar’s extended family lives in another continent, it is also descriptive of differences between Iceland and the United States in the individualism dimension, where the United States scores as more individualistic. Hjálmar mentioned many similarities between Iceland and the region in USA where he lives, and claimed that
most surprises he had encountered were positive. He did not go through specific pre-departure training, other than previous experience of working with people from the United States. The importance of English as the host-country’s language is believed to be of major importance here, as language problems are often a great source of irritation. Hjálmar’s experience in the IT-environment, and the fact that most Icelanders are adequate English-speakers is believed to have greatly facilitated Hjálmar’s adjustment to the United States. Going into a culture with a completely foreign language might be more difficult and result in bigger adjustment problems. Kári and Jónas both shared a similar view on the importance of language training, that it was vital and greatly enhanced relationship building, and consequently influence cultural adaptation. Schneider et al. (2014) discussed linguistic abilities as important for managers working abroad, as it helps with establishing contact and a will to connect with the culture.

For the managers working at home, effective management was discussed, where Bragi Þór talked about how on one hand it includes having a clear group-vision in the company, with standardization and by following the company’s values, but on the other hand there is a need for adaptation in each country, as local managers may realize things a manager at headquarters fails to identify. This relates to the willingness to share power mentioned by Schneider et al. (2014) who also mentioned demonstrating cognitive complexity, in other words recognizing that there is a need for differentiation, while still understanding the need for integration. Höskuldur talked about the need for understanding people’s basic needs and respecting them, while still placing a focus on achieving organisational objectives. This is similar to what was mentioned in Bragi’s case even though his experience comes from management at headquarters, as it relates to recognizing the need for standardization while at the same time understanding that people are diverse and need to be adapted to. Jóna Fanney talked about how it is important to realize how to act in each situation, or recognizing different cultures simultaneously, which relates to what was discussed by Johnson et al. (2006) and Schneider et al. (2014), and also mentioned the importance of understanding one’s own culture. In regards to communication problems, understanding was discussed as a vital concept in communication with overseas associates. Understanding the possible cultural differences and knowing how to react to them is vital, and Bragi Þór mentioned
how management approaches may need to be adapted to specific situations. Höskuldur commented that communication problems do not necessarily only arise because of cultural differences, but that they are also existent between people of the same culture. He however claimed that they might deepen as the cultures become more distant. This does make sense, since every individual is different and not necessarily a reflection of the culture in which he lives, but it is also believed to be a result of the company culture Höskuldur talked about at CCP. With a specific company culture, the native country’s culture may become less important, as the company culture is often more predominant. Bragi similarly talked about the evidence of company culture at Eimskip. The attitudes of the managers also closely relate to the concept of a global mindset, discussed by Gaffney et al. (2014) and Clarke et al. (2009).
6 Conclusion

The first research question revolved around important personality characteristics related to intercultural competence. A list of the following factors was read to the interviewees: flexibility, open-mindedness, emotional resilience, social skills, patience and a sense of humour. They all agreed to these factors being important and additionally commented that their application may depend on each situation.

This question therefore partly answers the other two questions, as these characteristics are important for both types of managers that were studied; those who manage cultural differences abroad and those who manage them in their home country. Factors additionally mentioned by managers working abroad include cultural understanding, the ability to step out of one’s comfort zone and treating people with respect regardless of nationality. The managers working at home additionally mentioned active listening, the ability to read people’s feelings and distinguishing between minor details and main issues. Those working abroad need to go overseas with an open mind, and it must be kept in mind that pre-departure training or refresher courses are important to diminish cultural misunderstandings. Language skills also pay a major role in cultural adjustment and must not be overlooked. For the managers working at home it is important to encourage adaptation while paying attention to standardization, as well being as understanding as possible towards overseas associates, without disregarding one’s own culture.

The results from the research regarding Icelandic managers are therefore greatly in accordance to the theoretical aspects discussed and the results of the researches that were examined. This indicates that the literature review might in fact be applicable in the cases of Icelandic managers, and it could therefore be important for managers to be aware of these studies and familiarize themselves with their results. Even though personality traits are often mentioned as important, people’s attitudes and abilities are of no less importance, and Icelandic managers should do their best to attend necessary intercultural training in order to effectively understand people of other cultures.
6.1 Limitations and further research

The conclusion is dependent on some limitations. Similar to other qualitative research, its results may be influenced by the researcher’s personal biases and attitudes, and the subjects responses may also be affected by the researcher’s presence during data gathering. The research also only consists of six individuals and is based on their personal opinions and attitudes, and therefore it is not possible to conclude that the results reflect the opinions of all Icelandic managers. The interviewees’ gender rate was unequal, as it comprised five males and only one female. One of the interviews had to be conducted through e-mail due to lack of time, where a Skype interview would have generated more profound results. Rather than reading a list of factors related to intercultural competence it might have been better to ask the managers to state their own opinion, however, this is likely to have generated similar results as the question in which they were asked to comment on important personality traits for someone in their position. Another factor that might have influenced results was that none of the managers working abroad had any prior knowledge of the Hofstede dimensions, so the results generated from that are dependent on the researcher’s explanation of each dimension which may have altered results. Finally, the result relating to the impact of study abroad programs must be taken with caution as only one participant had gone on an exchange program, and said participant is currently CEO of an exchange program organisation’s division in Iceland and therefore not impartial.

As for further research, it could be interesting to take a closer look at the impact of study abroad programs, as only one participant had such experience. Examining why the managers working abroad did not mention receiving pre-departure training is also an interesting angle, and whether that is the case for other multinational companies in Iceland. Finally, it could also be informative to look closer at the concept of company culture, whether that is prevalent in Icelandic companies, and if so, the impact it has on the organisation.
References


Appendix 1 - Questionnaire

Questions for those managing cultural differences at home:

1. What is your current job position? How would you say it relates to intercultural communication? (Subordinates/co-workers of different nationalities, being in contact with people from different places around the world through e-mail etc.)
2. What personal traits do you find important for someone holding your position? (For example, if you had to hire someone to do your job, what characteristics would you be looking for?)
3. Some characteristics of an interculturally competent person include: social skills, open-mindedness, flexibility, sense of humour, emotional resilience and patience. Do you feel these all apply? Any that apply more than others? Which do you find most important? Why?
4. If applicable: Have you had any communication problems with foreigners inside of the company?
5. How about communication problems with foreigners outside of the company?
6. What do you find most effective when dealing with culture related communicational problems?
7. A list of important skills and abilities for managing cultural differences at home - discussion
8. Any advice for people managing cultural differences at home?

Questions for those managing cultural differences abroad:

1. What is your current job position? How would you say it relates to intercultural communication? (Subordinates/co-workers of different nationalities, being in contact with people from different places around the world through e-mail etc.)
2. Before taking on this position, did you have any previous experience of living overseas? (Work, study or exchange experience)
3. What personal traits do you find important for someone holding your position? (For example, if you had to hire someone to do your job, what characteristics would you be looking for?)
4. When moving to__________, did you feel like you had some adjustment problems? (Language problems, difference in body language, different behaviours, values and customs)
5. Do you feel like you went through the process of culture shock? If so, how would you describe it? If not, why do you think you didn’t’?
6. Are you familiar with Hofstede’s cultural dimensions? Take a look at the chart. Do you feel this somehow represents your experience of cultural differences between Iceland and _________?
7. Before going to __________, did you read up on possible cultural differences, or in some way prepare for them? Do you think reading about the culture is helpful in order to be properly prepared or unnecessary?

8. Some characteristics of an interculturally competent person include: social skills, open-mindedness, flexibility, sense of humour, emotional resilience and patience. Do you feel these all apply? Any that apply more than others? Which do you find most important? Why?

9. Any advice for people going to work abroad?
Appendix 2 – Charts of cultural dimensions

Iceland* in comparison with Denmark

- Power Distance: Iceland*, 30; Denmark, 18
- Individualism: Iceland*, 60; Denmark, 74
- Masculinity: Iceland*, 10; Denmark, 16
- Uncertainty Avoidance: Iceland*, 50; Denmark, 23
- Long Term Orientation: Iceland*, 28; Denmark, 35
- Indulgence: Iceland*, 67; Denmark, 70

Iceland* in comparison with China*

- Power Distance: Iceland*, 30; China*, 80
- Individualism: Iceland*, 60; China*, 66
- Masculinity: Iceland*, 10; China*, 20
- Uncertainty Avoidance: Iceland*, 50; China*, 30
- Long Term Orientation: Iceland*, 28; China*, 87
- Indulgence: Iceland*, 67; China*, 24
Iceland* in comparison with United States