"There is nothing that can replace a Personal Relationship" -

Practicing Intercultural Competence in German Multinational Corporations in Australia

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Abstract

This PhD thesis examines how work in the Australian subsidiaries of German multinational corporations is affected by cultural diversity. The investigation focuses on employee experiences, the salience of culture in different contexts, belonging and identity formation, as well as the impact of the corporate environment on transcultural communication.

The study aims to strengthen collaboration in the subsidiaries under investigation and their partnership with the overseas parent company. Identifying the key ingredients of intercultural competence in this specific context is sought to assist the selected organisations – and others – in managing cultural diversity more effectively. In a broader sense, this research aims to provide empirical data to further substantiate the value of developing an interculturally competent workforce in private organisations in Australia.

Following a critical realist epistemology and ontology, this study uses an in vivo approach to theory building and relies on mixed methods multiple case study. Data was collected from three German multinational corporations. The sample represents the logistics, energy and power transmission industries. Empirical evidence is based on seventy-four survey responses, twenty-three semi-structured interviews and three focus groups in the Australian subsidiaries. Another semi-structured interview with a representative of the senior management was conducted in the headquarters of each case during a cotutelle agreement with the Europa-Universität Viadrina in Frankfurt/Oder (Germany).

This research study argues that building meaningful relationships with people from different cultural and/or linguistic backgrounds is central to intercultural competence in working for a German multinational corporation in Australia, and that collective identity in a sense of membership in the larger organisation is the major contributing factor in the variation of this employee ability. Miscommunication and conflict based on language – which emerged as the major intercultural challenge across the three subsidiaries – occur less frequently and are solved more easily when the involved parties have developed a personal connection. Where employees in the subsidiary felt respected and included by the

headquarters, cultural and linguistic differences were perceived as less impacting on collaboration than in those cases where employees in the subsidiary sensed inferiority.

This research proposes the *Interrelated Model of Intercultural Competence for MNC Management* to strengthen collaboration in the subsidiaries of German multinational corporations in Australia and their partnership with the overseas headquarters. The study extends current knowledge about meaningful relationships in intercultural competence through the investigation of the German-Australian business context, and adds the notion of collective identity to contemporary understandings of the concept.

Statement of Candidate

I confirm that the work in this thesis with the title "There is nothing that can replace a Personal Relationship - Practicing Intercultural Competence in German Multinational Corporations in Australia" has not previously been submitted for a degree, nor has it been submitted as part of requirements for a degree to any other university or institution other than Macquarie University.

I also certify that this thesis is an original piece of research which has been written by me. Any assistance that I have received in the course of my research work and the preparation of the thesis itself has been appropriately acknowledged.

In addition, I confirm that all information sources and literature used for this project are indicated in the thesis.

The Macquarie University Faculty of Arts Human Research Ethics Committee approved the research presented in this thesis on November 25th 2011 (reference number: 5201100833).

Candidate Signature

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Chapter 1 of this thesis,

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Introduction

"In the end, intercultural competence is about our relationships with each other and, ultimately, our very survival as the human race, as we work together to address the global challenges that confront us." (Darla K. Deardorff)

Background of the Study

Australia has attracted close to five hundred German multinational corporations to establish subsidiaries in the country, representing one of the top ten sources of foreign direct investment into Australia over the last decade (Department of Foreign Affairs and Trade, 2014). Research about transcultural communication in the workplace of German multinational corporations in Australia, however, remains scarce. Limited is the availability of information about belonging and identity formation among employees in the subsidiary, the power of language, and the role of the corporate environment.

Such inquiry is interesting from a research perspective since the Australian government has recently positioned foreign direct investment as capital that "has helped build Australia's economy and will continue to enhance the wellbeing of Australians by supporting economic growth and prosperity" (Australia's Foreign Investment Policy, 2013, p. 1), more precisely through creating new employment, encouraging innovation, introducing new technologies and skills, accessing overseas markets and encouraging competition among diverse local industries (ibid). When transcultural communication continues to cart challenges in those business contexts previously researched, there is a probability that working for German multinational corporations in Australia is also affected by miscommunication and conflict.

Cultural distance measures continue to influence much of the international business and management research. The problems associated with such tradition are twofold. First of all, cultural distance measures suggest that societies are primarily homogeneous, portraying culture as stable. A mere focus on cultural distance between home and host country of the multinational corporation is insufficient because national borders have become increasingly porous. Both Australia and Germany are heterogeneous societies where people from different cultural and/or linguistic backgrounds share the same office space. As such, they may have different experiences and diverging perceptions of working for a German organisation in Australia. The creation of a *third space* (Bhabha, 1994) and the notion of *hybridity* (See Kraidy, 2005, for instance) also require acknowledgement in order to capture the fluidity of cultural systems more comprehensively.

The other problem with cultural distance measures is that they encourage research about cultures portrayed as distant, suggesting that intercultural competence plays a more

significant role in those contexts than in others. It has been argued, however, that difficulties in working across cultures are as likely to occur between dissimilar as between similar cultures (See O'Grady & Lane, 1996; Brewster, 1995; Brewster et al., 1993). Recent research supports such view empirically. In their study of Australian organisations entering the UK market, Fenwick et al. (2003, p. 308) conclude that "perceived similarity between Australia and Britain leads managers to underestimate actual differences between the British and Australian business environments", leading to "cultural overconfidence and a lack of preparation prior to entering the United Kingdom market" (ibid). Moore (2012) comes to a similar conclusion in her qualitative case study of a German automobile factory in the United Kingdom. She identified "animosity and difficulties" (Moore, 2912, p. 290) in the collaboration between employees from a German and British background, which many related theories, conceptualisations and models fail to predict, suggesting that "the two would have little difficulty integrating" (ibid).

Consistent across most of the cultural distance measures, Australia and Germany are described as comparatively similar in culture (See West & Graham's (2004) *Linguistic Distance*; Clark & Pugh's (2001) *Cultural Cluster Distance Index*; Jackson's (2001) *Cultural Diversity Index*; Kogut & Singh's (1988) *Cultural Distance Index*; Hofstede's (1980, 2001) *Cultural Dimensions*). Such image may serve as a starting point for a German organisation in their internationalisation process, but fails to embrace the fabric of contemporary Australian society.

Few organisations in Australia specify intercultural competence as selection criteria. A glance at career websites such as *www.seek.com.au* and *www.mycareer.com.au* indicates that the minority of roles advertised involving frequent interaction across national borders require the candidate to speak another language than English, demonstrate overseas experience, or a relevant tertiary background. Such skills are even less sought after in national roles where yet team members, customers and suppliers comprise people from diverse cultural and/or linguistic backgrounds. In Germany, those able to demonstrate proficiency in English, if not a second foreign language, have studied or worked abroad, and can claim intercultural competence seem to be in great demand as a brief review of roles advertised on German career websites such as *www.monster.de* and *www.stepstone.de*

shows. Nevertheless, such qualifications also seem to dominate those job advertisements involving work with overseas parties.

As one of the largest exporters of manufactured goods worldwide, Germany's economic performance requires people to learn English to communicate with other countries. Adapting products and marketing to other cultures has been important for Germany over the past decades. Only with the opening of countries like China to the West, Australia began to export on large scales, primarily natural resources such as coal. The Australian Government expresses diverging views about the relevance of intercultural competence in international trade. In October 2013, Treasurer Joe Hockey MP assured to "improve Australia's education and training so that the people have the skills and knowledge to meet the needs of globally competitive businesses." In an interview with the University of New South Wales (2011), Chief economist at the Australian Trade Commission, Tim Harcourt, on the other hand, stated that "cross-cultural skills […] are something that Australian managers learn at home, and which flow naturally out of the multicultural nation that Australia has become."

Even though intercultural competence has attracted a wide community of researchers and become a key theme in the internationalisation of business and management in many contemporary organisations, it remains unclear what intercultural competence means in different contexts, and how people can develop such ability. Schröder (2011) argues that mere contact with people from different cultural and/or linguistic backgrounds and the ability to speak the relevant foreign language is not enough for working successfully across cultures. There is some evidence that building meaningful relationships are most important in the nature of intercultural competence (Krajewski, 2011). Such notion is interesting because it acknowledges the diversity of educational backgrounds and life experiences.

Research Objectives

The aim of this project is to strengthen collaboration in the Australian subsidiaries of selected German multinational corporations as well as between subsidiary and overseas parent company. The study pursues to achieve this objective through developing a definition and model of intercultural competence that takes the specific circumstances of German multinational corporations in Australia into consideration, and shedding further light on the

way intercultural competence is being developed. As such, the project responds to recent calls for the inclusion of context (See Blasco et al., 2012; Pitkänen, 2007). In a more general sense, this research aims to identify whether or not other organisations involved in international business and management in Australia could benefit from incorporating intercultural competence in their human resources management, both on executive management and general staff level.

Research Questions

In light of the continuing vagueness about what intercultural competence means in different contexts and the way it can be developed, as well as recent advances in research in the field, this study investigates the following overall and related research questions:

Overall research question:

What does intercultural competence mean in working for a German multinational organisation in Australia, and how do employees in the subsidiary develop such ability?

Related research questions:

1. What are the key challenges employees of German multinational corporations in Australia experience in working across cultures?
2. How do they view cultural and/or linguistic differences within the subsidiary?
3. How do these views compare to the cultural and/or linguistic differences they see in their work with the headquarters?
4. What is the role of meaningful relationships and foreign languages skills in achieving mindful communication in working for a German multinational corporation in Australia?
5. To what extent do the relevant parties from the headquarters provide support to ensure mindful communication in the workplace?

Research Methodology

This project is based on an in vivo approach to theory-building, employing mixed methods, multiple case study research. The critical realist stance this study takes encourages mixed methods research through the argument that the social world, which organisations are part of, can only be understood when combining quantitative and qualitative research.

The sample consists of three German-owned multinational corporations, representing the logistics, energy and power transmission industries. They were selected based on the size of their Australian subsidiaries to allow an in-depth investigation within the time and resource limitations of this study. As medium-sized organisations, the subsidiaries employ more than twenty but less than two hundred staff according to Australian standards (Australian Bureau of Statistics, 2002).

The first part of the fieldwork was undertaken in the three corporations' subsidiaries in Sydney. Research methods comprised online survey, semi-structured interviewing and focus group. Research instruments included self-administered questionnaire, interview and focus group guides. Each questionnaire was filled in online and estimated not to take any participant longer than ten minutes to complete. Interviewing succeeded survey, with seven to nine interviews conducted per case, lasting between thirty-five and seventy-five minutes. In the course of the focus groups findings from survey and interviewing were discussed, and ideas towards more a more effective approach to cultural diversity at work put forward. All interviews and focus group discussions were audio-recorded and transcribed.

An important aspect of this research is the inclusion of non-managerial views. Even though it has been acknowledged that those perspectives provide "real insights into the lived experience of work in these organisations [multinational corporations]", "often casting new light on developing lines of enquiry" (Edwards et al., 2011, p. 423), much of the previous research concentrates on using managers to speak for the organisation. As such, the present study relies on survey participants, interviewees and focus group members from both managerial and non-managerial roles.

In combination with a cotutelle agreement at the Europa-Universität Viadrina in Frankfurt/Oder (Germany), the second part of the fieldwork was completed in the headquarters of each of the three organisations. One senior manager overseeing strategy and operations in Australia was interviewed per case to identify their awareness of intercultural

challenges as perceived by staff in Australia, and the level of support the parent company provided for working effectively and appropriately across cultures.

Thesis Structure

This research study commences with a critical discussion of multiculturalism in Australia to establish the larger context in which the subsidiaries under investigation operate (Chapter 1). Existing literature in relation to intercultural competence is being reviewed in Chapter 2, embedding culture, identity, *third space*, and the notion of cultural intelligence in the discussion. Chapter 3 details the theoretical research framework of this study, providing a strong rationale for employing an in vivo approach to theory-building, a critical realist stance, and the use of mixed methods in multiple case study. The methodological research framework discusses case sampling, the research methods and instruments employed, and outlines how theory and empirical data were combined (Chapter 4).

The thesis relies on a road less travelled in multiple case study analysis and reporting: To avoid lengthy descriptions and repetitions of topics, Chapter 5, 6 and 7 are structured in a way that they concentrate on the topics under investigation, rather than a case-by-case description. Even though the latter continues to constitute the norm in multiple case study analysis and reporting, Stake (2006) recognises that some researchers prefer to merge cases and compare the phenomenon in different contexts. He emphasises that "main findings or conclusions should be described in some detail in their own sections", and "case reports, in full or abbreviated, can be presented in the main body of the report or in the appendix" (Stake, 2006, p. 81). Restricted by the scope of a PhD thesis, this study provides abbreviated case reports in the appendix (Appendix 8). Such structure avoids unnecessary interruption of the flow of this research and, at the same time, offers an overview of findings for each case.

As such, Chapter 5 introduces the three organisations under investigation, and sheds light on mindful communication in terms of reciprocal respect in theory and practice. The chapter argues that writing good policies, at times, becomes a substitute for action, and that the corporate environment, and in particular leadership attitude and behaviour, is central to an inclusive workplace. In Chapter 6, findings regarding intercultural challenges and the ingredients of what intercultural competence means in working for a German multinational

corporation in Australia are being presented. The chapter establishes that building meaningful relationships is the most important single component of intercultural competence. Chapter 7 provides an insight into the data collected from the three headquarters. Including the headquarters view shows that a well-functioning relationship between subsidiary and headquarters positively impacts on collective identity in a sense of membership in the larger organisation. The latter explains, to a large extent, why perceptions of cultural differences vary. In the final chapter, key findings are being reviewed, and the researcher presents her own definition and own model of intercultural competence: The *Interrelated Model of Intercultural Competence for MNC Management* (Chapter 8). The study closes with implications for the participating – and other – organisations, research limitations and recommendations for future research.

Chapter 1

Multiculturalism in Australia

Introduction

Intercultural competence is a relevant concept in international business and management because society has become increasingly heterogeneous and cultural diversity an integral part of everyday life. We need to be able to communicate effectively and appropriately with one another to develop sustainable business across national, cultural, and linguistic borders. Australia represents a diverse nation where multiculturalism is the official federal policy, and people from different cultural and/or linguistic backgrounds work together on a daily basis. Nevertheless, intercultural competence seems to play a minor role in the recruitment and development of staff.

It also seems problematic that multinational corporations tend to underestimate the cultural and/or linguistic differences between headquarters and subsidary, particularly when the respective countries-of-origin are commonly viewed as similar by a range of cultural distance measures. Australia relies on foreign direct investment in economic terms, particularly in areas such as engineering and pharmaceutical. This makes Germany one of its most important trade partners. The German-Australian business context has received limited research attention in the field of intercultural competence, yet bears the potential to further uncover why the concept is relevant in even seemingly similar cultures. To identify the similarities and variation across cases in depth, the focus of this study remains on German multinational corporations.

Multiculturalism as a concept continues to find many advocates, but also one that is being increasingly criticised by those who speak from a range of political and academic viewpoints. Australian governments have interpreted multiculturalism in a number of ways, often associated with population challenges and the overall motivations of the governing party. At times, it seems as if there were as many interpretations of multiculturalism as there are practitioners and academics involved in the debate. Clayton (2009, p. 214) argues that those "who saw multiculturalism as emerging out of an antiracist struggle, a fight for the recognition, human rights and equal treatment of minorities have become disillusioned with the celebratory form of multiculturalism, which seems to ignore its political roots." In an era that has already been labelled as "post-multiculturalism" (Colic-Peisker & Farquharson, 2011, p. 584), multiculturalism has increasingly become a means of facilitating the achievement of selected political, economic, and social goals.

In critically reviewing Australia's contemporary multicultural strategy, this chapter aims to raise awareness of the role the macro-environment plays in living and working in a society that is shaped by cultural diversity. It is argued, that despite visible attempts to celebrate cultural diversity in public, migrants in Australia continue to experience inequalities. The chapter sets out with a brief overview of the debate around multiculturalism which has recently heated politics on a global basis, and a review of the concept's history in Australia, before moving on to a discussion of Australia's contemporary multicultural strategy. The latter provides a critical analysis of selected government actions, legal frameworks, programs and celebrations in relation to multiculturalism. The last section of this chapter contrasts multiculturalism and cultural pluralism, pinpointing the key concerns in Australia's current approach to its state policy.

1.1. The International Debate on Multiculturalism

Models of multiculturalism in other countries heighten the complexity of debates concerning the future of multiculturalism in Australia. Colic-Peisker & Farquharson (2011) conclude that multiculturalism experiences considerable challenges in many societies. The authors state that as one of the first nations to institute the concept in its political system, Canada is currently expressing uncertainties about multiculturalism. African-Americans in the United States are described as continuingly being confronted with ample forms of discrimination, and migrants in France as facing waves of assimilative government practices. The 2005 riots in some of the immigrant suburbs of Paris, and the ban of the burkha – the traditional garment worn by some Islamic women that covers most of the face – in public places are only two examples of the French anti-immigration movement over the last ten years.

The British Prime Minister and the German Chancellor have gone a step further and officially declared multiculturalism to be a failure. In his February 2011 speech on radicalisation and Islamic extremism in Great Britain, Prime Minister David Cameron accused multiculturalism of having fostered segregation and the development of poor community relations. He argued that state multiculturalism has "encouraged different cultures to live separate lives, apart from each other and apart from the mainstream" and criticised the nation for tolerating "these segregated communities behaving in ways that run

completely counter to our values" (Cameron, 2011). In his attempt to explain current developments, Cameron spoke about the Muslim population living in Great Britain and argued that "some young men find it hard to identify with the traditional Islam practiced at home by their parents, whose customs can seem staid when transplanted to modern Western countries. But these young men also find it hard to identify with Britain too" (Cameron, 2011). Vivero & Jenkins (1999, p. 6) refer to this phenomenon as "cultural homelessness", which describes "the unique experiences and feelings that have been observed in certain multicultural individuals: their struggles to belong and to reconcile their conflicting frames of reference, and their difficulties attaining membership in the group(s) in which they aspire to be accepted as members" (ibid). As such, these minority groups often seek to find a cultural home in the membership of other groups, which may be radical or extremist in nature.

In October 2010, Germany's chancellor Angela Merkel shared a similar attitude, declaring that multiculturalism had failed (Der Spiegel, 2010). Merkel argued that the lack of local language skills was one of the main issues in the failure of multiculturalism, resulting in increased segregation and disjointed communities. In her opinion, Germany had widely ignored the necessity to link migration with responsibilities, including the acquisition of a proficient level of host culture language. Unlike Great Britain, Canada, the US and Australia, Germany has never had an official multicultural state policy. Rex & Singh (2003, p. 6) describe Germany's response to immigration after World War II as one of "Gastarbeiter" [guest workers], under which migrants were invited to live and work in the country, but denied political citizenship. In 1961, Germany signed an agreement with Turkey for the recruitment of labourers under economic motives. Today, Turks represent the largest ethnic minority group in Germany, with a population that has swollen to approximately 3.5 million (Euro-Islam, 2015).

Despite the doubts expressed towards multiculturalism across the world, Australia is attempting to uphold the multicultural flag. In his address to the Sydney Institute in February 2011, Australia's then Minister for Immigration and Citizenship, Chris Bowen MP, criticised Angela Merkel for choosing the word "multiculturalism" to describe German society. He believed a nation that has regarded immigration as an economic necessity, but that has never come to realise its social benefits and established a respective state policy, can hardly speak

of multiculturalism. Bowen (2011) criticised Germany for never having invited its Turkish guest worker population to become citizens after World War II and for a lack of a multicultural state policy, arguing the latter has led to "ethnic, religious or cultural divides." He used France as an example of a country where the absence of a formal multicultural policy has "bred resentment, separatism and violence", and read the British Prime Minister, David Cameron's words on a "genuinely liberal country" as an advocacy of the Australian model of multiculturalism.

The government under opposition leader and Prime Minister Tony Abbott, elected in September 2013, continues to pursue a multicultural policy, declaring that "Australia's multicultural character gives us a competitive edge in an increasingly globalised world" (Department of Social Services, 2014). The portrait officials tend to paint of Australia as a successful multicultural society, however, needs to be viewed from a certain distance in light of recent events that have impacted on the migrant community. Is Australia a nation truly free from discriminative behaviour, providing equal opportunities for everyone, irrespective of cultural and/or linguistic background?

1.2. Historical Context

Tatz (1999) writes that Australia had been inhabited by the indigenous people for an estimated 24,000 to 60,000 years before the first European settlers arrived in 1788 and the British Government under King George III acquired the land as a colony. He describes the lack of a centralised political system among indigenous Australians as pathway of entry for new settlers in the late 18th century, finding themselves in an environment they often described as less civilized than their home country. A journey that began with official instructions from the British Government to Governor Arthur Phillip "to endeavour by every means in his power to open an intercourse with the natives and to conciliate their goodwill, requiring all persons under his Government to live in amity and kindness with them" (Tatz, 1999, p. 319), soon became an era of racism, injustice and violence.

With his text *Genocide in Australia*, Tatz (1999) provides a critical review of European settlement in Australia and its impact on the indigenous people. His work is important because it reflects the changing mind-set towards Australian history in the late 20th century. "The long history of racial oppression in Australia has until recently been ignored almost

entirely by historians and the public alike inside Australia" summarises Dafler (2005, p. 137) – a statement that offers a glimpse at the unease prevailing the discourse of European settlement in Australia until not long ago, and in many cases up until the present day.

Concerns about the existence of the indigenous population occurred in the late 18th century and increased in the course of the 19th century because Aboriginal culture was viewed as a barrier to British-Australian life. At that time, indigenous people were seen as an inferior race by many Western societies. It was believed that Aborigines would die out over time in keeping them in certain areas of the Australian outback. Towards the end of the 19th century, however, the new settlers realised that full-blooded Aborigines were not vanishing as quickly as predicted, and a new concern emerged: Spreading across the continent, sexual contact between indigenous and Caucasian people resulted in the emergence of a mixed race. (Dafler, 2005)

The government considered a mixed race of people from a Caucasian descent and Aborigines as conflicting with social life and framed this development as the "half-caste problem" (Van Krieken, 1999, p. 304). Against the will of the parents, many mixed race children were removed from their families and placed in missions or foster families to destroy their identity with indigenous culture. This practice became known as "absorption", and later "assimilation" (Dafler, 2005, p. 145). After the foundation of Australia as a nation in 1901, the *Aborigines Act 1905* created the role of *Chief Protector* who was the legal guardian of every aboriginal and half-caste child to the age of sixteen years (Find and Connect, 2013). The policy of absorption was strengthened during the 1937 *Conference of Commonwealth and State Aboriginal Authorities* in Canberra: "This Conference believes that the destiny of the natives of aboriginal origin, but not of the full blood, lies in their ultimate absorption by the people of the Commonwealth" (in Wilson et al., 1996, p. 156). The generations of children taken away from their families during that time became known as the *Stolen Generations* in the later 20th century (See Van Krieken, 1999).

At the same time, when racial discrimination against indigenous Australians was at its peak, the government viewed the large number of migrants from other countries than Britain living in society as another problem (Kabir, 2006). Even though Australia allowed, and benefited from this stream of immigration economically, such as the Chinese arriving for the Gold Rushes in the 1850s, Afghans helping the development of the drier areas during the

1860s, and other non-European workers being recruited for the Queensland sugar industry in the 1880s, non-Caucasian labourers were not welcomed in Australian society by the end of the 19th century (Kabir, 2006). It is argued that the main source of conflict was their willingness to work for cheaper rates than those from a Caucasian descent, potentially taking away employment.

With the foundation of Australia as a nation in 1901 the Australian Government sought to create a modern society, with ideas of democracy and equality, such as the right for women to vote, that were ahead of many Western nations at that time (Koleth, 2010). People from a non-Caucasian descent, however, did not fit into this picture. Influenced by the eugenic movement, and views of scientists such as Galton and Pearson who aimed to "breed a better kind of Englishman to maintain Britain's leadership among nations" (The Scorpion, 2012), the Australian Government pursued the objective to create a completely white nation, excluding indigenous Australians and other non-Caucasian races from equal rights and suppressing their cultural identities as they were considered a threat to Australia's dream of a "white man's working paradise" (Special Broadcasting Service SBS, 2011).

Cottle & Bolger (2009) write that at the time, Caucasians were considered as superior to the rest of humanity, which shaped life in Australia. Eugenic activists Galton and Pearson suggested that liberal immigration policies impose a threat to society (The Scorpion, 2013). The Australian Government used science to justify their activities and introduced the *Immigration Restriction Act 1901* to achieve the homogenous society they imagined (Jupp, 1995). Under this Act, all non-Caucasian people who attempted to migrate into Australia had to pass a *Dictation Test* which was conducted in a European language chosen by the respective immigration officer. As such, passing the test was subject to the officer's decision (SBS, 2011). In its original form, the *Immigration Restriction Act 1901* stated that those who failed the test would be "prohibited immigrants" and had to be prevented from entering Australia. Violating this Act was a crime according to Australian law, leading to imprisonment for up to one month which was then followed by deportation (Immigration Restriction Act 1901, in Robertson, 2005). As a consequence to this culturally selective immigration policy significantly less non-Caucasian people entered Australia, and even though the expression *White Australia* policy was never officially used, it was part of political and public debate over the years to come.

Pursuing the *White Australia* policy created a strong enemy for the young nation: Humiliated by Australia's successful reinforcement of its policy during a political meeting in Paris in 1919, Japan attacked Australia during World War II, demonstrating the country that insisted on its discriminating immigration policies how demographically exposed it was in 1942 (Koleth, 2010). As a reaction to this sudden consciousness of being under populated, the Australian Government changed their approach towards migration under the *White Australia* policy and established the *Department of Immigration* in 1945 (Koleth, 2010). In his "Populate or perish" speech, Australia's first Immigration Minister, Arthur Calwell, stated: "We either fill this country or we lose it. […] We have 25 years at most to populate this country before the yellow races are down on us" (SBS, 2011).

In 1947, the government introduced a post-war program of white immigration, running its *Come to Australia for Ten Pounds* advertising campaign in cinemas and newspapers across Britain. After many ships had brought more British settlers into the country, the government understood that the favoured source of migrants was unable to provide the population Australia required, and allowed a limited number of other Europeans to enter the country – as long as the migrant's ethnicity was Caucasian. It has been estimated that more than two million people arrived into Australia during the twenty years following the end of World War II, with the government providing assistance for many of them in settlement terms. (DIAC, 2011d)

After the war, however, the *White Australia* policy could no longer endure the changing mind-set both within the country and abroad (Syed & Kramar, 2010). The policy also proved to be a barrier to the nation's increasing trade with Asia (Tavan, 2004). Australia felt obliged to follow other countries between 1945 and 1973, when Canada and the United States, for instance, loosened their immigration policies. Upon suggesting a reform of its immigration policies in 1956/1957, however, many members of the Parliament were hesitant. Changes were not implemented until the late 1950's when the *Migration Act 1958* was introduced and the *Dictation Test* abolished.

The reform of Australia's immigration policies in 1966 influenced the dismantling of the *White Australia* policy in a way that it allowed a limited number of non-Europeans to acquire permanent residence, and non-Europeans already holding temporary residential status to be eligible for a permanent status, followed by citizenship after five years of

residence (Tavan, 2004). Whilst this reform opened the doors for increased non-European immigration into Australia, the government had not yet abolished racial discrimination officially. Only when other nations such as the United States and Canada criticised Australia for continuing to pursue its *White Australia* policy, international pressure was at its peak and forced the government to act as it relied on strategic and trade alliances with other nations.

Increasing opposition to the *White Australia* policy from within the nation also played a critical role in ending legal racial discrimination. Particularly universities, young and educated professionals who acquired higher positions of public authority began to exercise pressure on the government to terminate the *White Australia* policy. By the late 1960s and early 1970s, the Australian Government realised the increasing opposition from its own system (Tavan, 2004). Removing mixed race children from their families continued until the late 1960s when the government's guardianship over these children was officially terminated (Van Krieken, 1999). It has, however, been stated that discriminative behaviour against Aborigines and mixed race children continued to occur until the late 1980s (Tatz, 1999).

In 1973, then Minister for Immigration Al Grassby announced the end of racial discrimination and declared Australia to be a *multicultural society* in his "A Multicultural Society for the Future" speech (Koleth, 2010). Grassby replaced "racial homogeneity" by "structured selection" (Koleth, 2010) in the Australian immigration policy. Migrants had to be allowed to enter the country based on occupation and personal attributes rather than skin colour. Through the *Racial Discrimination Act 1975* this development became legislation and Australia implemented its responsibilities in relation to the *International Convention on the Elimination of All Forms of Racial Discrimination 1969* (Koleth, 2010). The changes that were introduced with the new government in 1972 included a more basic visa system, the possibility to obtain citizenship after three years, and a liberalisation of regulations regarding overseas students who intended to remain in Australia.

The notably slow dismantling of official acts of racism and injustice in Australia reflects the deeply embedded thoughts of successive governments in relation to cultural diversity. When the introduction of multiculturalism in Australia primarily took place due to pressure from a few influential parties, against public opinion, the concept was fragile and vulnerable in nature, likely to be affected by changes in political direction.

1.3. Australia's Contemporary Multicultural Strategy

Australia continues to describe itself as a multicultural society, interpreting the meaning of multiculturalism according to government priorities and population challenges. While some governments have prioritised a more liberal immigration policy, others have favoured restrictions – decisions often based on the labour situation and skills shortages. It has taken Australia a long time to change from a nation that rigorously pursued a *White Australia* policy to a society that promotes cultural diversity, inviting immigrants from different cultural backgrounds to participate in Australian life. In his address to the Sydney Institute in February 2011, then Minister for Immigration and Citizenship Chris Bowen expressed his pride in what multiculturalism means to Australian life, and confirmed the government's on-going commitment to the concept that has been state policy since 1973. He emphasised that the Australian model of multiculturalism is unique and not comparable with others across the world, particularly in its respect for Australian values, citizenship-centred structure and political bipartisanship in the achievement of the multicultural society represented by Australia today.

Chris Bowen was certainly right in saying that the two major political parties in Australia have built the nation's contemporary state of multiculturalism together. However, their ideas have often been divergent, a factor which has kept the debate on multiculturalism alive. While Labour Governments under Hawke and Keating continued to build a multicultural society, establishing bodies such as the *Office of Multicultural Affairs* (OMA) to formulate a national agenda for a multicultural Australia, the *Human Rights and Equal Opportunity Commission* (HREOC) to protect human rights, the Bur*eau of Immigration, Multicultural and Population Research* (BIMPR) to conduct research to inform policy-makers, and the *National Multicultural Advisory Council* (NMAC) to advise on multicultural issues (Koleth, 2010), opposition leader John Howard began to erode the idea of multiculturalism in 1988. Howard believed that "the rate of Asian immigration into Australia should be slowed down in order to maintain social cohesion" so that "the capacity of the community to absorb it was greater" (Megalogenis, 2007), statements for which he apologised in 1995. Upon his election in 1996, Howard reduced the rights of new migrants - for example, increasing the waiting period to access social welfare, such as unemployment benefits from six months to two years. Howard also cut-back funding for the television

broadcaster Special Broadcasting Services (SBS), which was established in the 1970s as a response to Australia's increasing cultural diversity and multicultural policy (Baringhorst, 2003). Further changes the Howard Government initiated soon after taking over political leadership included a reduction of funding and consultation of ethnic organisations and the abolishment of the OMA, which had been considered as one of the key bodies developed during the 1980s in support of a multicultural Australia (Koleth, 2010).

In the later stages of his leadership, the Howard Government introduced a *Citizenship Test*, seeking evidence of the applicant's understanding of Australian values, traditions and law as well as a working knowledge of the English language (Koleth, 2010). The new citizenship law required the successful applicant to commit to Australian values and way of life by signing a *Value Statement*, "fully integrating newcomers into the mainstream of Australian society" (Howard, 2006, p. 3). In contrast, other immigrant nations – notably Canada – focus on the more pragmatic aspects of life in the new country, including election procedures, rights and responsibilities. While Australia emphasises the knowledge of values – primarily those of the non-indigenous population – Canada does not test the applicant's knowledge of Canadian values, but ensures the new citizen is aware of the nation's social and cultural history (Citizenship and Immigration Canada, 2011). A similar approach is pursued by the German Government, which ensures the applicant knows how to access social benefits from the welfare state (Bundesamt für Migration und Flüchtlinge, 2012).

It is interesting to note that Canada and Germany have recently expressed their doubts about multiculturalism, a concept they actually pursue in their citizenship policies through a focus on facilitating life in the new country for new migrants and a non-assimilist approach in relation to culture, while Australia continues to embrace multiculturalism in public, but fails to actively practice the concept in their citizenship policies. Howard's use of the term "integration" reflects those policies pursued prior to the introduction of multiculturalism in 1973, indicating a step backwards in relation to equality. Integration in the 1960s and early 1970s was an attempt to end racial exclusion (Saber, 2010), but not necessarily to embrace the cultural heritage of migrants. Fozdar & Spittles (2009, p. 498) state that "under Howard, multiculturalism was first redefined as 'Australian multiculturalism', placing Anglo-Australians as central within a limited multicultural identity and focussing on shared values founded on a British heritage." Tate (2009, p. 115) goes even further, arguing that the

Citizenship Test made the "assimilationist demand that new citizens identify with the 'nation' at a cultural […] level." The Citizenship Test has raised much concern and debate and contributed to a shift in meaning of multiculturalism from culture to citizenship (Slade & Möllering, 2010). It remains in place, developing even stricter selection criteria under the Labour Rudd Government, including increasing the pass mark from sixty to seventy-five per cent (Fozdar & Spittles, 2009).

Howard's announcement of the Citizenship Test during a press conference on December 11th 2006 raised questions among the media about the actual meaning of Australian values. The then Prime Minister defined them as belief in democracy, a free media, the equality of men and women, the concept of mateship, the concept of having a go and the concept of looking after the very vulnerable in the community (Howard, 2006). The government under Tony Abbott defines Australian values as "respect for the freedom and dignity of the individual, equality of men and women, freedom of religion, commitment to the rule of law, support for Parliamentary democracy, a spirit of egalitarianism that embraces mutual respect, tolerance, fair play, compassion for those in need and pursuit of the public good, and equal opportunity for individuals, regardless of their race, religion or ethnic background" (DIABP, 2014a). Since October 2007, temporary and permanent visa applicants who are aged eighteen years and over also need to sign a Value Statement in order to be granted the visa they have applied for (DIAC, 2011b).

In his shift away from multiculturalism, John Howard also reinforced the term "assimilation", a term that had been replaced by "integration" in the later stages of the dismantling of the *White Australia* policy. Perera & Pugliese (1997, p. 14) describe assimilation as having "demanded the systematic shedding and erasure of any cultural or linguistic differences which did not mesh with Anglo-Australia", translating into "forms of violence against ethnic minorities both at the systemic level of the state […] and at the level of daily life." When Howard was asked about the budget the government allocated to the Australian Muslim community in a May 2007 interview, he stated that "there's every reason to try and assimilate, and I unapologetically use that word, assimilate a section of the community, a tiny minority of whose members have caused concern and after all once somebody's become a citizen of this country the best thing we can do is to absorb them into the mainstream" (Howard, 2007, p. 5). The election of John Howard in 1996 can be seen as

the beginning of a political anti-multiculturalism movement that continues to impact on new migrants to the present day.

Compounding the inequalities migrants are confronted with in Australia until the today is the establishment of the *One Nation Party* and appearance of multiculturalism antagonist, Pauline Hanson, on the political stage in 1996. As the founder and leader of the One Nation Party, Hanson promoted the theme of "Asian invasion" and raised questions regarding whether "certain segments of the Australian population were incompatible with, or posed a threat to the Australian society" (in Koleth, 2010). In her maiden speech to the Federal Parliament Hanson stated: "I and most Australians want our immigration policy radically reviewed and that of multiculturalism abolished. I believe we are in danger of being swamped by Asians. They have their own culture and religion, form ghettos and do not assimilate. A truly multicultural country can never be strong or united" (Australian News Commentary, 1996). Jupp (in Koleth, 2010, p. 30) argues that the One Nation Party was "the most successful party in Australian history to campaign on a program of limiting immigration and abolishing multiculturalism, Aboriginal reconciliation and a humane refugee policy." Although the One Nation Party has ceased to exist, its popularity and success indicate a long awaited outlet for public opinion in 1996. Public opinion expressed so strongly does not disappear with the representing political party, but remains inherent in people's everyday thinking and behaviour.

1.3.1. Legal Framework and Racism

In the discussion of Australia's contemporary multicultural strategy, legislation plays an important role. Established in 1975, shortly after multiculturalism was officially declared Australia's national policy, the *Racial Discrimination Act* (RDA) continues to be the nation's legal framework for managing cultural diversity in society. The Act states it to be "unlawful for a person to do any act involving a distinction, exclusion, restriction or preference based on race, colour, descent or national or ethnic origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of any human right or fundamental freedom in the political, economic, social, cultural or any other field of public life" (ComLaw, 2011).

Specific areas of public life are addressed in the Act, including employment, renting or buying property, the provision of goods and services, accessing public places and advertising. As Australia's first federal anti-discrimination law, the RDA can be seen as a symbol of the government's willingness to officially abolish discrimination and to comply with international regulations in the mid-1970s, but remains the foundation of respect for cultural differences in Australia. The issue of religion, and particularly the protection of Islamic individuals in Australia, however, remains unsolved in the Act. Since the 9/11 attacks, Muslims tend to be associated with terror and perceived as a potential threat to Western society. This stereotyping has played a key role in violent incidents towards the Muslim community, and heated the debate around their rights and obligations in Australia. Potentially banning the burkha in public has recently become a dominant topic in Australian politics, widely debated by the media.

In April 2014, the Abbott government dismissed their plan to change section 18C of the RDA which prohibits offensive behaviour because of race, colour or national or ethnic origin in favour of the freedom of speech in Australia. In August 2014, the *Sydney Morning Herald* newspaper cited the Prime Minister "I'm a passionate supporter of free speech and if we were starting from scratch with section 18C we wouldn't have words such as offend and insult in the legislation. But we aren't starting from scratch. We are dealing with the situation we find ourselves in and I want the communities of the country to be our friend not our critic" (Aston, 2014). This statement was made during a press conference on terror laws, finding the Abbott Government under pressure from the Muslim community not to pursue their plans to loosen legislation in relation to insulting or offending comments about race, colour or national or ethnic origin.

In their Australian-wide *Challenging Racism Project,* Dunn et al. (2004) found that racism is widely established in Australia. The project shows that the majority of Australians recognise racism to be a problem in society, and that racist attitudes are strong among the older, non-tertiary educated population; and weaker among those who do not speak a language other than English, the Australian-born, and males. In their research project about attitudes on multiculturalism, immigration and cultural diversity, Dandy & Pe-Pua (2010) confirmed Dunn et al.'s (2004) findings on the socio-demographic variables positively linked with racism. They found that participants who were younger, more highly educated,

born overseas or members of cultural minorities significantly favoured multiculturalism and cultural diversity, and perceived the consequences of immigration and diversity more beneficial than the older, less educated participants. It is important to note that Dunn et al.'s (2004) findings represent tendencies, rather than stereotypes of people with particular socio-demographic backgrounds. The authors' main findings include the existence of regional differences in relation to racism within Australia, with a more open attitude to be found in the major cities and a rather narrow view in the countryside. In June 2010, the *Australian Human Rights Commission* (AHRC) published the results of a three-year study on African Australians and their experiences of social inclusion and human rights in Australia. The study revealed that many members of this group, particularly those who have migrated to Australia within the last fifteen years, continued to experience a considerable level of racism, as part of their daily lives, in a range of areas explicitly outlined in the Racial Discrimination Act (Koleth, 2010).

In his February 2011 address to the Sydney Institute, then Minister for Immigration and Citizenship Chris Bowen announced the development of a new anti-discrimination strategy, acknowledging "while much good work has been done in Australia over many decades, we must continue to work to eliminate all forms of racial discrimination" (Bowen, 2011). Dunn et al. (2009) encourage a differentiation between elimination and reduction, arguing that the elimination of racism is desirable, but is unlikely to be achieved because not everyone will agree on how people should live their lives. The authors suggest that having mutual obligations and strategic agreements about what should be tolerated, and what needs to be done within Australia to tackle racism would be adequate. They mention long-term policy attention, public action and development, as well as the celebration of difference. Based on the findings from the *Challenging Racism Project*, Dunn et al. (2009) suggest that racism can cause both mental and physical health problems if those affected do not address and speak openly about it. They suggest to develop mechanisms that empower individuals in their confrontations with racism. The rhetorical tools Dunn et al. (2009) suggest for Australia in their battle against racism include everyday understanding on the street, in the schoolyard, and other public places. Based on their finding that racism is different from location to location in Australia, Dunn et al. (2009) suggest anti-racism campaigns to be varied to take the manifestation of racism in different areas of the country into consideration.

In this context, it is worth taking a closer look at the changes the department has undergone over the years, and how such transformations reflect the government's attitude towards multiculturalism. Founded as the *Department of Immigration* in 1945, the body kept its original name until 1974 (DIAC, 2011c). With the introduction of Australia's multicultural policy came instability, and the department has been subject to a number of name changes ever since. 1976 marks an important year in the department's history when it became the *Department of Immigration and Ethnic Affairs*, reflecting the government's commitment to its culturally diverse role. However, it took the department until 1996 to incorporate the national policy into its name and to become the *Department of Immigration and Multicultural Affairs*. In spite of the name changes the department underwent in the following years, its title continued to mirror commitment to multiculturalism.

A new era began in 2007 with the removal of the word "multicultural" from the department's name, transforming it into the *Department of Immigration and Citizenship*. This move has been interpreted as "suggesting that multiculturalism is no longer a priority at government policy level" (Syed & Kramar, 2010, p. 99), but also marks a turning point as any relation to cultural diversity in the departmental title had been eliminated for the first time since 1976, serving as a reminder of a time when immigration was culturally selective. Alongside the introduction of the Citizenship Test on October 1st 2007, the name change the department underwent in the Howard era demonstrates the shift in the meaning of multiculturalism in Australia, moving from a focus on culture to one on citizenship (Slade & Möllering, 2010).

Following the removal of the term "multicultural affairs" from the title of the department by the Howard Government in 2007, the Labour Government under then Prime Minister Julia Gillard, who took over from Kevin Rudd in 2010, went a step further, removing the term "multicultural affairs" from the title of the new Parliamentary Secretary who assisted the Minister for Immigration and Citizenship. The government stated that the new Parliamentary Secretary for Immigration and Citizenship, Kate Lundy, had the same role as the previous Parliamentary Secretary for Multicultural Affairs and Settlement Services, Laurie Ferguson. However, the Gillard Government has been criticised by the Federation of Ethnic Communities Councils (FECCA) for the removal of the term "multicultural", indicating a certain level of community concern (Koleth, 2010).

Notably the most impacting change took place when the Abbott Government came into power in 2013. Renamed as *Department of Immigration and Border Protection*, the government now communicates Australia's attitude towards asylum seekers. New Minister for Immigration and Border Protection, Scott Morrison MP, introduced the *Operation Sovereign Borders* in a Sydney press conference in September 2013, announcing the operation to be "the new government's action to stop the boats that were started under the previous government. Operation Sovereign Borders is a military-led border security operation supported by the direct involvement of a number of agencies and departments brought together under single operational command and a single ministerial responsibility" (DIBAP, 2014b). On their website, the Department features a section labelled "No Way – You Will Not Make Australia Home". Not only becomes it apparent that multiculturalism in Australia is – and probably always has been – a vulnerable concept. Political actions under Tony Abbott begin to remind of the Howard era when multiculturalism experienced widespread disapproval.

An important component of the Department of Immigration and Border Protection's responsibilities continues to be the Migration Act 1958, which controls immigration into Australia. Significant changes to this act have been made since its introduction as part of an intensive push towards an inclusive society, including a 1984 provision for the equal treatment of new migrants. Given that the Minister has the power to introduce and adjust control mechanisms for visa grants, migrating into Australia can be a challenging procedure. The Skilled Occupation List (SOL) is a major tool for migration to Australia, including international students who often plan their studies and select their courses based on the professions in demand to remain in the country permanently afterwards. The SOL is under constant revision and adjustment in order to meet current demand in Australia.

The government's new focus on border protection is highly visible in the most recent changes to the Migration Act. According to the *Australian Broadcasting Corporation* (ABC), Minister for Immigration and Border Protection Scott Morrison announced that "amendments to the Migration Act will make it easier to send asylum seekers to other countries, and demands they provide documents more quickly to support their claim for protection" in June 2014 (Barlow, 2014). He seeks to increase the risk threshold for asylum

seekers from ten per cent chance that they will suffer significant harm in their home country to fifty per cent.

1.3.2. Voluntary Initiatives in Support of Multiculturalism

In addition to the RDA, a range of voluntary programs has been implemented by successive Australian Governments. Under Julia Gillard, then Department of Immigration and Citizenship's *Diversity and Social Cohesion Program*, for instance, aimed "to address issues of cultural, racial and religious intolerance" (DIAC, 2011a). The program is based on voluntary initiatives by not-for-profit communities such as schools, and provides grants for a variety of activities. The Department of Immigration and Citizenship described the Diversity and Social Cohesion Program - first introduced in 1998 as the *Living in Harmony Program* - as a major component of the government's approach to foster the multicultural society of Australia (DIAC, 2011a). Even though the Abbott government maintains the program, they shifted responsibility to the newly established *Department of Social Services* which is now in charge for all issues around settling in Australia.

In announcing Australia's multicultural policy in February 2011, the Gillard Government stated "Australia's multicultural policy aligns with the government's Social Inclusion Agenda where Australians of all backgrounds feel valued and can participate in our society" (DIAC, 2011e). Terms have varied - from "Social Justice" used under the Hawke and Keating Governments, to "Social Cohesion" introduced by the Howard Government and "Social Inclusion" used under Julia Gillard (Boese & Phillips, 2011, p. 194) - but refers to the same phenomenon in their essence. While the government's Diversity and Social Cohesion Program website promoted the initiative as one that focuses on cultural, racial and religious issues under Julia Gillard, the priorities of the Social Inclusion Agenda were jobless families, children at risk of long-term disadvantage, people with disability or mental illness, homeless and indigenous people. In a subordinate clause, not part of the list of priorities "vulnerable new arrivals and refugees" were listed, but there was no indication of making people from all cultural backgrounds part of society. The absence of multiculturalism within the Australian Federal Government's *Social Inclusion Agenda* has been the theme of the *Multiculturalism and Social Inclusion Symposium* held in Melbourne on July 8th 2010 at Deakin University. The symposium raised the question whether this is

"an inclusion into the Anglo-dominated majority society conditional upon assimilation", or an "inclusion into a multicultural Australia that recognises, respects and supports diversity?" (Boese & Phillips, 2011, p. 194). In 2013, Prime Minister Tony Abbott abolished the entire *Social Inclusion Unit*.

In reference to its Diversity and Social Cohesion Program, then Department of Immigration and Citizenship promoted Australia's "strong history of many people living together harmoniously", claiming that few other countries have achieved this and "many envy our record" (DIAC, 2011a). Research studies such as the Challenging Racism Project, however, have shown that racism is a problem in Australian society. Examples include the Cronulla riots in December 2005 when a group of an estimated 5,000 people - both white Australians and Australians of Middle Eastern heritage - were involved in an open conflict in the popular Sydney beach area of Cronulla; and the attacks against international students from India in Melbourne in 2009 and 2010. The attacks against international students from India have raised concerns about their safety in Australia and threatened the strategic relationship between Australia and India which is problematic for a nation that relies on Indians to live and study to maintain the growth of its third largest export industry "export education" (Universities Australia, 2009). The core idea behind multiculturalism in Australia has been stated as inviting and respecting difference, which, in turn, suggests that not everyone needs to have the same beliefs and live the same way. It may be difficult for all people in Australia to support the idea of multiculturalism, but a mutual understanding of what needs to be tolerated in society seems to be vital in order to provide a safer environment for everyone (Dunn et al., 2009).

Closely linked with the Diversity and Social Cohesion Program is *Harmony Day*, celebrated on March 21st of each year since 1999. This day, dedicated to Australia's cultural diversity, is also the United Nation's *International Day for the Elimination of Racial Discrimination*. Harmony Day was previously managed by the Department of Immigration and Citizenship and has under Tony Abbott also been removed from the Department's responsibilities. The message communicated through Harmony Day is that "everyone belongs", indicating that regardless of their cultural heritage, all Australians are a welcome part of the country. "It is a day to celebrate Australia's diversity. It is a day of cultural respect for everyone who calls Australia home – from the traditional owners of this land to those

who have come from many countries around the world" (Harmony, 2014). Harmony Day is primarily celebrated in schools and communities and is sponsored and supported by a number of business organisations.

1.3.3. Multiculturalism and Indigenous Issues

Some of the celebrations that seek to demonstrate respect for cultural diversity overlap with, or even target indigenous issues. For instance, each year on January 26th, the anniversary of the arrival of the first fleet of British settlers at Botany Bay in 1788, is celebrated on *Australia Day*. Although it marks this particular event, Australia Day also aims to embrace the nation's diverse society and landscape, achievements and future (National Australia Day Council, 2011). On this day, Australia honours its indigenous communities and welcomes new citizens, together with a community events, speeches and fireworks. Nevertheless, this holiday may be perceived as a debatable celebration as it also marks the beginning of discrimination against and injustice towards the indigenous people of Australia. Indigenous Australians have always been uneasy with their inclusion in multiculturalism as the term suggests that they are yet another ethnic group (Castles, 1997; Curthoys, 2000; Van den Berg, 2002) and widely criticised the celebration of this day.

In 1998, the government introduced *Sorry Day*, an annual event that is dedicated to the Aboriginal and Torres Strait Islander Australians who were affected by the government practice of forcibly removing mixed race children from their families. Sorry Day is celebrated on May 26th, with marches, speeches and presentations being held throughout the country. The event was introduced as a result of the national *Bringing Them Home Report* presented in Federal Parliament on May 26th 1997 and executed by the *Human Rights Commission HREOC*. The commission investigated the incidents and consequences of removing mixed race children from their families. February 2008 is viewed as a milestone for the Aboriginal community in Australia: Then Prime Minister Kevin Rudd officially apologised to the indigenous people of Australia for what they experienced since British settlement began in the late 18th century. Rudd's predecessor, John Howard agreed to introduce Sorry Day, but refused to publicly apologise for something previous generations had done. Rudd's apology marks a significant event as it reflects the respect for the

Indigenous community in Australia, who waited for a recognition of the pain inflicted on the *Stolen Generation* for many decades (Barta, 2008, p. 201).

Another celebration that seeks to show respect for the indigenous community in Australia is the *National Reconciliation Week*, held after Sorry Day from May 27th until June 3rd. National Reconciliation Week was first celebrated in 1996, and aims to give people across Australia the opportunity to focus on reconciliation between indigenous and non-indigenous Australians with community events and school festivities. Each year, the week has a different theme – for instance, "Communities working Together" in 1998, "Reconciliation: It's Not Hard to Understand" in 2003, and "Let's talk recognition!" in 2011 (Australian Government, 2011). The date - May 27th – marks the anniversary of the 1967 referendum that passed an alteration to the Australian Constitution, which included indigenous Australians in the census count and recognised them as citizens. June 3rd represents another important day for the indigenous community in Australia, as it was the day in 1992 when the High Court officially abandoned the concept of "Terra Nullius", the assumption that Australia was unoccupied prior to British settlement, and acknowledged pre-existing land rights of the Aboriginal population.

Comparing Australia Day with Harmony Day, Sorry Day and National Reconciliation Week is a prime example of the "struggle to disengage from a legacy of Anglo-privilege and cultural dominance" (Forrest & Dunn, 2006, p. 208). Celebrations that address indigenous issues have little impact on the population unless they are personally involved, whereas Australia Day has been turned into a public holiday and developed into one of the most important days in the national calendar, including a day off work and large-scale displays of Anglo-Australian pride across the country. In honouring indigenous Australians and welcoming new citizens on Australia Day the Australian Government confirms the perceived superiority of Anglo-Australian values and further marginalises Aborigines in a homogenous "multicultural" population.

1.4. Multiculturalism versus Cultural Pluralism

The above discussion suggests that the current approach to multiculturalism in Australia is problematic. Multiculturalism was a concept formulated in the early 1970s to overcome the limitations of assimilation and integration (Koleth, 2010), yet government

actions, comments and festivities have not always been consistent with multicultural ideals. A common feature of most contemporary societies is cultural diversity, even though there is hardly one that is made up of people having "one culture, one language and one identity" (Berry, 2011, p. 2.2), but these culturally diverse societies are not necessarily multicultural. Feinberg (1996) and Berry (2011) argue that there is a distinction to be made between multiculturalism and cultural pluralism. While cultural pluralism represents a strategy practised by the larger society that "allows" cultural identity to flourish, multiculturalism "encourages" cultural identity to do so. They speak of cultural pluralism when a society tolerates individuals from different cultural backgrounds to express their way of life within a separate cultural sphere, whether at home or within a cultural association, but are expected to follow the mainstream in the shared public sphere. A pluralist society has no responsibility to support cultural structures, but needs to make choice possible (Feinberg, 1996). Thus, pluralism is not necessarily against the maintenance of cultural values, beliefs and traditions, but shows certain hesitation from discrimination (Feinberg, 1996). Multiculturalism, in contrast, invites and appreciates cultural difference, and seeks to assure that no group dominates the public sphere in a way that it excludes those from a different cultural background.

Lopez (2000) draws our attention to the fact that multiculturalism in Australia emerged at a time when public opinion reflected an overwhelming disapproval of the idea, with opinion polls conducted in the late 1960s and early 1970s suggesting that approximately ninety per cent of the Australian population was against the introduction of multiculturalism. Rather than being a decision by the majority, a small number of activists followed techniques of elite and pressure-point politics. They came from a range of positions in academia and politics, and their techniques included writing academic papers, forming committees and organisations, trying to influence official speeches (Lopez, 2000). It is therefore not surprising that the One Nation Party gained more support than any other party in Australian history. Against public opinion, multiculturalism was introduced as a state policy, and it seems as if the One Nation Party was an outlet to express the widespread disapproval. Instead of removing the dominance of British-Australian values, multiculturalism has created a hierarchy of cultures, serving as an explanation for the manifestation of racism, government prioritising of multicultural celebrations and the inequalities migrants continue to face.

Conclusion

In light of the above discussion, the Australian model of cultural diversity is not as straightforward as it may seem. Elements indeed reflect Berry's (2011; 2008) and Feinberg's (1996) ideas on multiculturalism, including the festivities of Harmony Day that encourage heritage cultural identity to flourish in the public sphere. Other elements of the Australian strategy, however, fail to meet even the fundamental criteria of both multiculturalism and cultural pluralism. New migrants do not possess equal rights, but often spend years waiting on access to social benefits, including unemployment benefits and domestic tuition fees for tertiary education as well as the right to vote in state and federal elections. Equal rights are only granted upon the acquisition of citizenship. The government also fails to provide many of the essential cultural structures, such as providing all services for new migrants in languages other than English to facilitate the settlement process.

The previous Australian Government has made provocative statements about the failure of multiculturalism in some of the European countries in 2011. Australia is far away from being free from inequalities as can be seen by the manifestation of racism in recent incidents of violence and discrimination towards minority groups living in the community. The ethnocentric views displayed by the Australian Government in relation to the Citizenship Test and the so-called "Australian values" that new migrants and citizens are expected to adhere to raises the question of how dedicated the nation is to actually pursuing its multicultural policy. Is Australia's recently reinforced commitment to the concept nothing more than a large scale marketing campaign? It can only be said with confidence that Australia is not the multicultural society it envisions to be, but, in confronting migrants with inequalities in many layers of life, is moving further and further away from achieving this goal.

Chapter 2

Literature Review

Introduction

Half a century after Edward T. Hall (1959) published *The Silent Language*, non-verbal communication has become an integral part of the discourse around communication across cultures, and his work continues to influence scholarly activity until the present day. The concept of intercultural competence also emerged in the 1950s when the cultural differences were recognised to affect the work of the US Peace Corps and other US activities in foreign countries. Sixty years on, intercultural competence has become one of the key issues in many contemporary organisations. Multinational corporations operate networks of offices across the world, where people from different cultural and/or linguistic backgrounds collaborate. The United Nations Conference on Trade and Development (UNCTAD) reports that foreign direct investment continues to increase: Foreign subsidiaries of multinational corporations employ a workforce of an estimated sixty-nine million, with sales and employment figures in the subsidiaries growing significantly faster than those in their home economy (UNCTAD, 2012). Communication between the different offices around the globe as such is transcultural. Fantini (2000, p. 25) notes that "multinational corporations […] increasingly recognize that success in a global marketplace depends, to a large degree, on their employees' ability to deal in the international arena." National and cultural borders have become increasingly permeable, building increasingly diverse workforces. As such, the culturally diverse make-up of many societies is adding to the complexity, and employees can find themselves working in a diverse cultural environment without even leaving their home country.

Extensive research has been conducted in the field since intercultural competence came into being. Nevertheless, there is vagueness regarding the definition and conceptualisation of intercultural competence, with diverging views coming from disciplines including, but not limited to anthropology, business, communication, ethnology, health sciences, linguistics, political sciences, and psychology. Even within the field of intercultural communication, common ground seems difficult to achieve. Fantini (2000, p. 26) summarises that "although the term intercultural competence is now widely used in the field of intercultural communication; it is still not widely understood, nor do interculturalists agree upon a common definition." Researcher background also affects the components of intercultural competence. Whilst foreign language skills, for instance, are in the centre of

research originating in Europe, US researchers tend to view foreign language skills as less important.

A definition that has been frequently employed in recent research is Fantini & Tirmizi (2006, p. 12), viewing intercultural competence as a "complex of abilities needed to perform *effectively* and *appropriately* when interacting with others who are linguistically and culturally different from oneself." Some studies have begun to seek consensus among scholars in intercultural competence from different disciplines. Among those efforts are Deardorff's (2006) Delphi study with an international expert panel, and Krajewski's (2011) model of intercultural competence she proposes based on consensus among the participating scholars, representing all of the faculties at Macquarie University in Australia.

Another multifaceted dimension in the discussion about communication across cultures is terminology. In their paper *Exploring and Assessing Intercultural Competence*, Fantini & Tirmizi (2006, p. 11) remind that intercultural competence "represents only one term among many that are still used to address what transpires during intercultural encounters." Examples the authors provide of terms frequently in use include: "cross-cultural awareness, global competitive intelligence, cultural competence, cultural sensitivity, ethno-relativity, international competence, intercultural interaction, biculturalism, and multiculturalism, and so forth" (ibid). It needs to be noted, however, that these terms differ from intercultural competence. Cross-cultural awareness, for instance, is part of intercultural competence, and multiculturalism, as discussed in Chapter 1, reflects a state of being rather an ability.

Intercultural competence experiences a majority of research attention from Western scholars, with many theories and conceptualisations originating in the United States. Empirical research in the field is currently strong in Denmark, Finland, and Sweden, thus allowing us to understand many practical aspects within those countries and their interaction with unfamiliar cultures (See Gertsen & Søderberg, 2010; Peltrokorpi, 2010; Martensen & Grønholdt, 2009; Pitkänen, 2007; Vaara et al., 2005; Marschan-Piekkari et al., 1999). Some geographic regions, such as Africa, South and Latin America, remain under researched and produce significantly fewer theories, definitions and conceptualisations about what intercultural competence means in the specific context. Even though research from Asia is emerging, Western viewpoints continue to dominate contemporary discourse.

This chapter critically reviews existing literature about culture, identity and the notion of *third space*, and provides an overview of key concepts and theories of intercultural competence, the role of relationship building and language in intercultural competence as well as external factors influencing our ability to communicate effectively and appropriately with people from different cultural and/or linguistic backgrounds – reflecting the key themes identified in this in vivo approach to theory building. A discussion of cultural intelligence and its variation from intercultural competence also forms part of this chapter since it has received attention in international business and management research and served as the original theoretical concept this study departed from.

2.1. Culture and Identity

At the core of intercultural competence research is the notion of culture. Definitions of culture have seen a significant development over the past decades. Whilst earlier definitions tend to view culture as homogeneous and stable, more recent research views culture as heterogeneous and constantly changing. In 1952, Kroeber & Kluckhohn (p. 181) proposed that culture consists of "patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditional elements of future action." Bakic-Miric (2007, p. 80) critiques the assumption that cultural patterns can predict behaviour as it reinforces the notions of stability and homogeneity, and emphasises that humans have always been "constructing new and different ways of understanding the world, which is to say that cultures are always taking into consideration instability and change." Globalisation is not a new phenomenon. Culture has always been in constant motion. Rather is it the pace with which globalisation occurs today, greatly influenced by the availability and accessibility of transportation and communication technologies.

Homogeneity also plays a key role in Hofstede's (1991) work, suggesting that culture is uniformly distributed among all members of a group. Hofstede (1991, pp. 4-5) describes culture as "the collective programming of the mind which distinguishes the members of one

group or society from those of another." Such understanding of culture leaves little room for the uniqueness of each individual. Even if people feel as members of a specific cultural group, they may have different values and beliefs than other members of the same group. Matsumoto et al. (1996, p. 16) acknowledge the individual in their definition of culture as "the set of attitudes, values, beliefs, and behaviours shared by a group of people, but different for each individual, communicated from one generation to the next", nevertheless maintain the idea that culture is stable, and people rather passive to the world.

Definitions of culture capturing the human strive to evolve (Bakic-Miric, 2007) as well as the consequences of globalisation have become more visible in recent scholarly activity. A definition that allows for development and change is the one provided by Spencer-Oatey (2012, p. 3): "Culture is a fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, and that influence (but do not determine) each member's behaviour and his/her interpretations of the 'meaning' of other people's behaviour." Spencer-Oatey's (2012) standpoint acknowledges that cultural borders are becoming increasingly permeable, and considers other facets to constitute who people are, such as personality and the experiences they make in the course of their lives.

Attempts to explain cultural differences are primarily rooted in the earlier views of culture. Edward T. Hall (1976), for example, distinguishes between high and low context cultures. High context cultures focus to a larger extent on the context in which messages are presented rather the actual words. In low context cultures the verbal message is central, more than the context around it. Hofstede (1991) developed four dimensions to explain cultural variability: individualism-collectivism, uncertainty avoidance, power distance, and masculinity-femininity. In 2001, he added a fifth dimension: long term versus short term normative orientation. In individualistic cultures, the individual is considered to be more important than the group, whereas in collectivistic cultures, the group takes priority over the individual. In high uncertainty avoidance cultures, people usually avoid uncertainty, whereas in low uncertainty avoidance cultures, people accept uncertainty as part of life. Inequalities between people are assumed to be natural in high power distance cultures, whereas in low power distance cultures people believe in equality. Masculine cultures tend to differentiate more between gender roles than feminine cultures. Hofstede (2001) adds that in long term

orientation societies people act rather pragmatically, viewing changes in the future as part of evolution, whereas short term normative orientation refers to the view that societal change is undesirable. The increasing heterogeneity of many contemporary societies, however, may eventually lead to less significant cultural variability. In contemporary research, individualism and collectivism, in particular, have been described as an outdated dimension, merging together in times of increasing globalisation (See Parker et al., 2009, for example).

Exposure to an unfamiliar culture bears challenges for the individual's self-concept. As such, culture and identity are inseparable, but not the same. In a world that is characterised by cultural diversity in many aspects of life, the self-concept plays a focal role and allows to better understand how effectively and appropriately people interact with other cultures. It enables people to consciously reflect upon themselves and to develop an image of "self", categorising experiences and guiding behaviour (Taylor & Usborne, 2010).

The self-concept encompasses an individual's ascribed and avowal identity (Fong & Chuang, 2004). While ascribed identity refers to how others perceive an individual, avowal identity describes that individual's sense of who he or she is as a human being. This research focuses on avowal identity because it aims to access and understand individual experiences of those working for a German multinational corporation in Australia, and in how far these experiences impact on them. Avowal identity comprises what Triandis (1989) and Jameson (2007) call personal and collective identity. Personal identity refers to the sense of self derived from personality and character, for instance, being the "unique elements that we associate with our individuated self" (Ting-Toomey, 2005, p. 212). Collective identity seeks to explain the sense of self derived from membership in groups.

In their *Informational Influence Theory*, Terry & Hogg (1996) argue that for people to define their personal attributes, they require a norm that allows for comparison. In other words, if an individual considers himself or herself as successful or attractive, for instance, this self-image has primarily been developed by comparing to other members of the same group. The relationship between collective and personal identity becomes particularly evident in an intercultural context, in which encounters of diverging norms and values are likely to occur. As one form of collective identity, cultural identity involves knowledge and values in relation to family structure, behaviour towards the opposite sex and elders, profession, status, and how to cope with death (Taylor & Usborne, 2010). In interacting with

individuals from a different cultural and/or linguistic background, people may perceive themselves as less attractive and successful than they used to, and the self-concept be challenged. In their study on collective trauma through colonisation and other forms of cultural domination, Taylor & Usborne (2010) demonstrate how the self-concept can be affected under specific circumstances. The authors state that the Aboriginal people in Canada "were exposed to a powerful and often confusing mainstream culture at the same time as they were trying to retain the values of their traditional culture. Currently, they are dealing with the pressures of an overwhelming, dominant culture while trying desperately to rebuild a now largely destroyed heritage culture" (ibid, p. 104).

A common understanding of cultural identity and its salience has not been achieved yet. Recent research has brought forward the view that increasing globalisation has led to a heterogeneous set of values and beliefs, such as striving for Western culture as observed in many Asian countries. Such stance implies that cultural differences even cease to exist. In earlier research, Collier & Thomas (1988) suggest that an individual has multiple identities (Also see Ting-Toomey, 1999), including racial, ethnical, national, and gender identity, which compete for primacy in different situations. Tomlinson (2003) agrees with Collier and Thomas (1988) on the existence of multiple identities, views race, ethnicity, nationality, gender, and also sexuality, class, and religion, however, as *components* of cultural identity and suggests a more integrated model of identities. In describing the concept of Collier & Thomas (1988, p. 209) as failing to "recognise […] that people think of themselves as whole persons with integrated identities", and based on Varner & Beamer's (2005, p. 5) definition of culture as "the coherent, learned, shared view of a group of people about life's concerns that ranks what is important, furnishes attitudes about what things are appropriate, and dictates behaviour", Jameson (2007) suggests that the constituent elements of cultural identity include components related to a person's membership in groups based on vocation, class, geography, philosophy, language and biology. In her pie chart model of cultural identity, Jameson (2007) admits that the proportion of the components can vary, but emphasises that the total always equals one hundred per cent. Even though a particular component may be small in percentage, it continues to influence the overall sense of self.

While some identities are fluid, others remain constant over time (Taylor & Usborne, 2010; Jameson, 2007; Fong & Chuang, 2004; Cupach & Imahori, 1993; Collier & Thomas,

1988). In the course of a lifetime, people can find themselves adjusting to a variety of new situations: Entering a new relationship, moving to a different profession, or even changing nationality or religion. All these types of changes influence the self-concept. Sussman (2000) found that after a period of exposure to an unfamiliar culture, the identities of expatriates can shift in the transition. Kim (1995) explores the changes in people upon crossing cultural boundaries, especially when they relocate on a long-term basis. She argues that the process of learning about the new culture is balanced by "unlearning" of the old culture, with adaptation occurring through "a dialectic relationship between push and pull, or engagement and disengagement" (Kim, 1995, p. 178). In their study about Taiwanese women migrating to Australia, Krajewski & Blumberg (2014) found that women's cultural identity changes during and after migration. Growing up with Confucian values, Taiwanese women migrants experienced freedom and flexibility in Australia, thus, changing the self-concept in relation to their roles as daughters, wives and mothers, for example. Even gender identity can be fluid, and whilst many people never question whether they are female or male, it can be a struggle for others.

2.2. Globalisation and the Creation of Third Spaces

The term *hybridity* has been employed in cultural identity discourse to capture the impact of globalisation on the self-concept. Kraidy (2005, p. 5) refers to *hybridity* as "the fusion of two hitherto relatively distinct forms, styles, or identities", eventually leading to the creation of something new. If the process of identity negotiation as suggested by Ting-Toomey (2005) is successful, the individual develops what Kim (1995, p. 180) calls an "intercultural identity": "The original cultural identity begins to lose its distinctiveness and rigidity while an expanded and more flexible definition of self emerges."

A mere reliance on *hybridity*, however, is problematic because of its association with colonial history. The term, as such, was deeply embedded in 19th century eugenicist and scientific-racist thought (Meredith, 1998). Papastergiadis (1997, p. 258) challenges such view and poses the question whether we should "use only words with a pure and inoffensive history, or should we challenge essentialist models of identity by taking on and then subverting their own vocabulary?" Kraidy (2005) himself acknowledges the problem associated with hybridity, devoting space to critiques of the term that used to be reserved to

biology, and is now being employed in intercultural communication in his book *Hybridity or the Cultural Logic of Globalization*.

A leading figure in contemporary cultural identity discourse is Homi Bhaba, who introduced the concept of *third space*. Bhaba speaks of *hybridity*, emphasising that it is not about being able to "trace two original moments from which a third emerges", but "the third space which enables other positions to emerge" (Rutherford, 1990, p. 211). Bhaba argues that "the process of hybridity gives rise to something different and new, unrecognisable, a new area of negotiation of meaning and representation" (ibid). In Rutherford's (1990) interview with Homi Bhaba, the latter provides an example of hybridity and third space in post-communist Eastern Europe. Bhaba points out that people not only have to "redefine elements of socialist policy, but also wider questions about the whole nature of this society which is in a process of transition from a communist-state, second-world, iron-curtain frame of being" (Rutherford, 1990, p. 220). In discussing socialism in Eastern and Western Europe, Bhaba emphasises that people cannot be addressed as "colossal, undifferentiated collectivities of class, race, gender or nation" but "exist as a multiple form of identification, waiting to be created and constructed" (ibid).

In light of the theoretically vague and rather ideological concept of *hybridity*, Kraidy argues for a *Critical Transculturalism*. Critical Transculturalism refers to power in intercultural relations, viewing culture as synthetic, characterised by internal differences and fusions. Global mass media and economies play central roles in Kraidy's (2005) argument. The notion of transculturalism was first introduced by Ortiz in 1940, challenging the view that culture in South America has ever been homogeneous. Ortiz proposes that cultures have emerged out of a mix of cultures, defining transculturalism as the "synthesis of two phases occurring simultaneously, one being a deculturalisation of the past with a métissage with the present. This new reinventing of the new common culture is therefore based on the meeting and the intermingling of the different peoples and cultures. In other words one's identity is not strictly one dimensional (the self) but is now defined and more importantly recognized in rapport with the other. […] one's identity is not singular but multiple" (In Cuccioletta, 2002, p. 8).

Power inequalities continue to persist in many parts of the world, and in many relationships between individuals and groups, as such, imposing an obstacle to *hybridity* and

the *third space*. The concepts, however, offer a glance at the possibilities humans have to identify new ways of being in an increasingly heterogeneous, constantly changing world, leaving room for people to develop a unique relationship between them.

2.3. Overview of Key Conceptualisations of Intercultural Competence

In the *Sage Handbook of Intercultural Competence*, Spitzberg & Changnon (2006) distinguish between compositional, co-orientational, developmental, adaptational, and causal process models of intercultural competence. These categories have been cited frequently in recent research (See for example Barrett, 2013; Reid, 2013), and shall therefore serve as the foundation for this study. According to Spitzberg & Changnon (2006), compositional models concentrate on lists of components proposed to constitute intercultural competence. Co-orientational models view intercultural competence as interaction between people with the objective to achieve mutual understanding. Stages of progression are central to developmental models, emphasising the time that is required to acquire intercultural competence. As co-orientational models, adaptational models focus on human interaction and mutual understanding, but emphasise the adaptation of both parties through changing attitudes and behaviour. Causal process models are described as most suitable for empirical testing, portraying intercultural competence as a system of linear connections. As Spitzberg & Changnon (2006) emphasise, these categories have loose contours and may, at times, overlap with one another.

One of the key conceptualisations of intercultural competence has been presented by Ruben (1976) and Ruben & Kealey (1979) in their behavioural approach to intercultural competence. Their compositional model represents a landmark in intercultural competence discourse as it was the first to emphasise that knowledge and skills do not always translate into corresponding behaviour. In Ruben's (1976, p. 337) view, it is necessary to focus on behaviour rather "intentions, understandings, knowledges, attitudes, or desires." The behavioural component of intercultural competence has been consistent in research until the present day. Ruben (1976) proposes seven components of intercultural competence:

1. Display of respect: An individual's ability to "express respect and positive regard' for others"

2. Interaction posture: An individual's ability to "respond to others in a descriptive, nonevaluative, and nonjudgmental way."

3. Orientation to knowledge: An individual's ability to "recognize the extent to which knowledge is individual in nature."

4. Empathy: An individual's ability to "put oneself in another's shoes."

5. Self-oriented role behaviour: An individual's ability to "be flexible and to function" in group task and relationship-building roles.

6. Interaction management: An individual's ability to take "turns in discussion" and initiate and terminate "interaction based on a reasonably accurate assessment of the needs and desires of others."

7. Tolerance for ambiguity: An individual's ability to "react to new and ambiguous situations with little visible discomfort." (Ruben, 1976, pp. 339-341)

Another key conceptualisation in intercultural competence discourse is Bennett's (1993) *Developmental Model of Intercultural Sensitivity*. The underlying assumption of Bennett's model is that intercultural competence requires learning through interaction with other cultures. In her view, people with a rather ethnocentric worldview can acquire a more ethnorelative worldview through experience. Individuals move from an ethnocentric stage that includes denial, defense, and minimisation, to an ethnorelative stage which consists of acceptance, adaptation, and integration. Bennett's model remains significant in research and intercultural training.

Critiques of the *Developmental Model of Intercultural Sensitivity* often address the absenteeism of language in Bennett's work. Coming from a linguistic background, Byram (1997) presents a predominantly co-orientational model that emphasises the importance of foreign language skills in intercultural competence. Initially developed to assist language teachers to understand the concept of intercultural competence, Byram's (1997) model has become one of the best known and most frequently cited contributions in the field, arguing for the "intercultural speaker" as a mediator, confident to communicate effectively in diverse cultural settings. In his *Multimodal Model of Intercultural Competence*, Byram proposes five factors to constitute intercultural competence:

1. Attitude: "Curiosity and openness, readiness to suspend disbelief about other cultures and belief about one's own."
2. Knowledge "of social groups and their products and practices in one's own and one's interlocutor's country, and of the general processes of societal and individual interaction."
3. Skills of interpreting and relating: An individual's ability to "interpret a document or event from another culture, to explain it and relate it to documents from one's own."
4. Skills of discovery and interaction: An individual's ability to "acquire new knowledge of a culture and cultural practices and the ability to operate knowledge attitudes and skills under the constraints of real-time communication and interaction."
5. Critical cultural awareness/political education: An individual's "ability to evaluate critically and on the basis of explicit criteria perspectives, practices and products in one's own and other cultures and countries." (Byram, 1997, pp. 50-53)

Deardorff (2006) combines the views of international experts in intercultural competence to develop a model twenty-three panel members agreed upon. Her Delphi study was the first of its kind, and included scholars such as Bennett and Byram. Two models emerged out of Deardorff's (2006) research: the *Pyramid and Process Models of Intercultural Competence*. Whilst the Pyramid model is developmental, visualising stages of progression moving from basic attitudes up to behavioural outcomes, intercultural competence is portrayed as a process in the latter. The Process model consists of the same elements as the Pyramid model, is, however, dynamic, and portrays constant learning as central to intercultural competence.

With twenty-one panel members coming from the United States, and one from Canada, Deardorff's (2006) model is a representation of Western perspectives. She acknowledges the lack of non-Western perspectives in her research, and defends her standpoint through arguing that Asian scholars have contributed in a limited way to our understanding of intercultural competence. Deardorff (2006) views group harmony as a key concern in research that originates in high context cultures as incompatible with a study that seeks to

reflect the cultural background of those having proposed the most significant definitions of intercultural competence. – This raises the question as to whether intercultural competence is culture-specific, after the various efforts that have been undertaken to convince us that it is culture-general.

Other theories and conceptualisations have been influential in intercultural competence discourse. The *Facework-Based Model of Intercultural Competence* proposed by Ting-Toomey & Kurogi (1998), for instance, draws out attention to knowledge about the differences between high and low context cultures. In her *Identity Negotiation Theory*, Ting-Toomey (1993, p. 73) suggests that intercultural competence is "the effective identity negotiation process between two interactants in a novel communication episode. A strong self leads to a more open interaction with other cultures." Security is also a key concern in Gudykunst's (1993) *Anxiety/Uncertainty Management Theory.* Gudykunst (1993) views anxiety and uncertainty to be part of interaction with people from unfamiliar cultures. Managing anxiety through mindfulness is key to Gudykunst's theory, and so are identifying the sources of this anxiety. Hecht's (1993) theory on identity, Cupach & Imahori's (1993) *Identity Management Theory*, and Kim's (1997) *Integrated Theory of Interethnic Communication* have also greatly influenced existing conceptualisations of intercultural competence.

2.3.1. Intercultural Competence and Building Meaningful Relationships

Contact between members of different cultural groups was recognised as an important part of communication across cultures by Gordon Allport who has been accredited with the development of *Contact Theory*, and first published the idea in *The Nature of Prejudice* in 1954. Allport argues that prejudice can be reduced by personal contact between members of different cultural groups. The conditions Allport ascribed to Contact Theory included equal status of the groups, intergroup cooperation, common goals, and authority support. Later research resulted in the conclusion that contact can reduce prejudice even if Allport's conditions are not attained (Pettigrew & Tropp, 2006). Contact Theory has been further extended by Wright et al. (1997) who suggested that having in-group members with out-group contact can lead to a reduction of prejudice. Contact theory has been applied to various different settings, ranging from the contact between domestic and international university

students (See Wright et al., 1997) to socio-political conflicts in society (See Paolini et al., 2004).

A mere focus on contact in the discussion around the constituting elements of intercultural competence is insufficient because contact alone fails to capture the complexity of human interaction and its consequences. "At the heart of all human societies" Bercovitch et al. (2009, p.3) argue, is conflict. "Conflict is normal, ubiquitous, and unavoidable" (ibid), and has been defined as two parties finding themselves as divided by incompatible interests, goals or scarce resources (Avruch, 1998).

Interculturalists often describe diverging values and beliefs (Bercovitch et al., 2009), or the perception of such (Ting-Toomey & Kurogi, 1998) as the main sources of conflict, thus emphasising the impact of culture on such encounters. Ting-Toomey & Kurogi (1998) enhance our understanding through identifying differences in the way individualist and collectivist cultures manage conflict. The increasing permeability of cultural borders, however, needs to be part of the discussion. Many of the Asian societies, for instance, have allowed for increasing contact with Western culture in recent years, to the extent that traditional values and beliefs have begun to fade in the younger generation in places such as Japan (See *The New Japan – Debunking Seven Cultural Stereotypes*, Matsumoto, 2007). Conflict management styles, as such, may have become affected in the course of this development.

Fisher & Brown (1988) remind that trust is often viewed as the single most important element of a well-functioning relationship. Ting-Toomey & Kurogi (1998, p. 206) pick up the notion of trust and argue that "without trust, people tend to turn off their listening devices in conflict situations." Well-functioning, or meaningful relationships appear key in the way we manage conflicts. The related parties usually know the other person well, and have an interest in conserving the relationship. They are more likely to try harder to solve the conflict than those who have only been in contact with one another. They will also know about the other person's cultural background and personal idiosyncrasies and, as such, be more prone to understanding and accepting of the interpersonal differences.

There is substantial evidence that people cope better with the stress conflict can cause when there is support from other people. Ferraro et al. (1989) identified the integration in social support networks to be crucial in stressful life events. Krajewski & Blumberg (2014)

conclude that the ability to build meaningful relationships is a key determinant of how successful Taiwanese women migrants will cope with cultural transition to Australia. Various other studies have confirmed the link between support and emotional wellbeing (See Helman, 2007; Giles et al., 2005). The international student experience has gained specific attention in recent years. Research suggests that international students tend to seek friendships in the host country, and that those who have managed to make friends during their overseas study perform better, both academically and in coping with life in an unfamiliar cultural environment (Hotta & Ting-Toomey, 2013; Williams & Johnson, 2011; Gareis, 2010). Institutions such as *The Mental Health Foundation* in the United Kingdom also address the positive impact of friendship on mental health.

The ability to build relationships has been incorporated in some of the intercultural competence models. Kupka (2008), for instance, defines intercultural competence in terms of "impression management that allows members of different cultural systems to be aware of their cultural identity and cultural differences, and to interact effectively and appropriately with each other in diverse contexts by agreeing on the meaning of diverse symbol systems with the result of mutually satisfying relationships" (in Spitzberg & Changnon, 2006). Mendenhall et al. (2012) consider *relationship interest*, "the degree to which people have a desire and willingness to initiate and maintain relationships with people from other cultures", as a component of intercultural competence. The authors argue that people "high on this dimension work hard to develop relationships with others." Mendenhall & Oddou (1985, p. 41) refer to "the ability to develop long-lasting friendships with host nationals." From a Chinese perspective, Cheng (2002) identified relationship building to be vital in intercultural competence, with specific focus on face, facework, politeness and impoliteness. Other international business and management literature reviewed in the course of this research also demonstrates that the ability to build meaningful relationships in intercultural contexts is a key component of intercultural competence (See Osland, 2008; Thomas & Lazarova, 2006; Bhaskar-Shrinivas et. al, 2005; Mol et. al, 2005).

Friendship is one form of meaningful relationship people derive support from outside the family context. There seems to be a word for *friend* in most languages (Krappmann, 1996). The word *friend*, however, differs in its meaning between cultures. Close friendship in China, for instance, has a higher intimacy than in many Western cultures (Gummerum &

Keller, 2008). In times of social media such as Facebook, the word *friend* has gained yet another dimension, now also being used for people we may have never met in person or communicated with.

Berman (2002, p. 218) studies workplace friendships and defines them as "nonexclusive workplace relations that involve mutual trust, commitment, reciprocal liking and shared interests or values." The author investigates how senior managers view workplace friendships and in how far they support the development thereof. A survey among local governments in the United States found that the majority of senior managers had a positive attitude towards workplace friendships in a way that it assisted communication. Workplace friendships were associated with better productivity, less absenteeism and lower stress levels. Marschan-Piekkari et al. (1999) come to the conclusion that relationships in the multinational corporation are critical. They argue that staff in the various subsidiaries can develop close relationships so that "they function as members of a global family: having access to, and be willing to share critical information in a flexible and integrative way with other units, for the benefit of 'the family'" (Marschan-Piekkari et al., 1999, p. 422).

International business and management has seen less research on meaningful relationships than other disciplines. Friendship, in particular, is a concept traditionally associated with people's private life, outside of the work context. The employing organisation, however, is the place where people tend to spent most of their time, and since humans have a need for friendship, it seems only natural that these often develop in the workplace.

2.3.2. Language and Intercultural Competence

The role of foreign language skills seems to divide intercultural competence researchers. In Deardorff's (2006) Delphi study, consensus about the role and importance of language in intercultural competence was not achieved, remaining a rather "controversial issue" (Deardorff, 2006, p. 259). Fantini & Tirmizi (2006) argue that foreign language skills are often overlooked in intercultural competence models. A glance at contemporary theories and concepts shows that language is considered a component of intercultural competence in selected models, such as Imahori & Lanigan's (1989) *Relational Model of Intercultural Competence*, Fantini's (1995) *Worldviews Convergence Model*, Byram's (1997)

Intercultural Competence Model, Hammer et al.'s (1998) *Anxiety/Uncertainty Management Model of Intercultural Competence*, and Kupka's (2008) *Intercultural Competence Model for Strategic Human Resources Management*. Most recently, Krajewski (2011) identified foreign language skills to be a key ingredient in intercultural competence as a graduate capability for university students in her *Macquarie Model of Intercultural Competence*.

Assuming that language was insignificant in other intercultural competence models, however, would be a rather hastily conclusion. In the discussion about language, communication is central. Shannon & Weaver (1949) provided one of the first models of communication, and even though it has been criticised for its linearity, failure to acknowledge content, meaning, context and relationships, the model remains influential because of its originality at the time, providing the foundation for communication studies (Chandler, 2014). People seeking to communicate information about who they are and how they relate to others remains central to most of the contemporary models of communication. They do so through verbal messages as well as facial expressions, gestures, body language, proxemics, eye contact, haptics, appearance, and paralinguistics. Thus, language is part of communication, more or less salient in a given culture. Krajewski & Blumberg (2014), for instance, provide evidence that language was critical for Taiwanese women migrants' successful cultural transition into Australia where, in spite of the nation's culturally diverse make-up, communication primarily relies on verbal messages.

This is important to remind of because most intercultural competence researchers view communication as fundamental. As Byram (2008, p. 72) argues, the best communicators across cultures are "those who have an understanding of the relationship between their own language and language varieties and their own culture and cultures of different social groups in their society, on the one hand, and the language (varieties) and culture(s) of others, between (inter) which they find themselves acting as mediators." As such, the debate about language in intercultural competence may not be as controvers as sometimes assumed, and if we aim to develop a mutual understanding of intercultural competence that is applicable to all situations and contexts, then language needs to be part of the discussion. Language is indeed moving into the foreground of contemporary discourse, with journals such as *Language and Intercultural Communication* and the *Handbook of Language and Intercultural Communication* emerging in recent years.

In the multinational corporation, employees come from different linguistic backgrounds, hence, for many, communication takes place in a foreign language (Marschan-Piekkari et al., 1999). Fifteen years ago, researchers found that in case of the Swedish corporation ABB, English was used as the corporate language even though two-thirds of employees were non-native speakers of English (Marschan-Piekkari et al., 1999). National borders have become even less porous and communication technologies advanced so that the international business world has become more connected and intertwined than ever. Many employees are required to communicate in a second language with external parties on a daily basis without ever leaving corporate premises. In international business and management research language is being described as "the basic means of communication in organisations, the basis for knowledge creation, and signifiers and symbols of ethnic and national culture/identity" (Vaara et al., 2005, p. 595). Marschan-Piekkari et al. (1999) equate communication with language, warning that the associated implications have long been overlooked in multinational corporations, and Harzing & Pudelko (2014, p. 696) conclude that "language differences can be a serious threat to the successful management of human resources." The latter identified relationships between headquarters and foreign subsidiaries to be significantly affected by language differences, with a lack of a shared language often causing misunderstanding and conflict potentially harming headquarters-subsidiary interactions. Neely et al. (2012, p. 236) confirm the impact of language on business: "Language-related inefficiencies take numerous forms: loss of information, added work, loss of learning opportunities, and disruption of the collaborative process." The former CEO of the ABB, Percy Barnevik, concludes that communicating across languages is the most severe operational problem in his organisation (in Harzing & Feely, 2008), confirming Neal's (1998) argument that language problems present the main source of frustration, dissatisfaction and friction in multinational corporations.

Those able to communicate in a foreign language can assert power over those who don't (Neely et al., 2012; Krajewski, 2011; Jameson, 2007; Vaara et al., 2005). Such exercise of power can take multiple forms. In their study of language use in a Finnish company with subsidiaries in forty countries, Charles & Marschan-Piekkari (2002) found that employees who were fluent in the official corporate language English or the headquarters' native language Finnish accumulated power. In an analysis of different languages used in meetings

of an Italian company's international distributors, Poncini (2003, p. 30) concludes that "even simple shifts in language can serve instrumental and interpersonal purposes in multicultural business meetings." Intercultural competence is about effective and appropriate behaviour in situations where people from different cultural and/or linguistic backgrounds come together. When people exercise power based on language choice, such as speaking their mother tongue in front of non-native speakers, there is futile ground for feelings of exclusion and mistrust, "creating 'us' versus 'them' divisions" (Neely et al., 2012, p. 238). Choosing a particular language can create superiority-inferiority relationships between the people who belong or not belong to the group that shares a language and the culture symbolised by this language (Vaara et al., 2005). As such, language choice has the potential to mark people as representatives of the dominating or dominated group, as more or less competent, or as future candidates for top positions. Those falling within the "loser" category (Vaara et al., 2005) are more likely to suffer in the long-term from this kind of atmosphere. Whether purposeful or not, such behaviour seems rather counterproductive to the objective of intercultural competence.

Power is linked with emotions. Neely et al. (2012) investigate the emotions of native and non-native speakers of other languages than English in multinational corporations where English is the corporate language. They found that employees who had acquired foreign language skills themselves can usually better emphasise with non-native speakers of English. Lo Bianco et al. (1999) also note that learning a foreign language is a long term effort that often increases people's understanding for those who try to speak one's language.

2.3.3. External Influences on Transcultural Communication

Intercultural competence is a concept that, at its core, is about human interaction, their identities, and the ideology of creating *third spaces*. Every intercultural encounter involves at least two parties, and whilst people may find themselves successful in communicating across cultures in some situations, they may find themselves less successful in others. In their book *Communication with Strangers: An Approach to Intercultural Communication*, Gudykunst and Kim (2003) discuss the influence of the conditions prevailing in the host society, as originally proposed by Kim (1988) in the *Intercultural Communicative Competence Model*. The authors argue that the potential for people to interact with the people

from an unfamiliar culture depends on the receptivity of the host society towards them. Receptivity refers to the general attitude in the host environment, and the openness towards and acceptance of cultural differences. Gudykunst and Kim (2003, p. 374) conclude that people "are likely to be better adapted in an environment that provides greater receptivity toward them."

Adaptation is a core component of many intercultural competence models, and refers to people learning about the other culture and finding ways to behave effectively and appropriately in the new cultural context. The term, as such, becomes problematic when it implies the dominance of one culture. Gudykunst & Kim (2003) speak of conformity pressure as one of the key determinants of success in cultural transition. Conformity pressure describes the extent to which the host culture expects people to conform to cultural values, norms and beliefs prevalent in the host society. Adaptation in this sense has a rather assimilative character, bears challenges for the self-concept, and seems counterproductive to the notion of the third space.

Other models of intercultural competence include the external environment. Berry et al. (1988) discuss the impact of the host society in their *Attitude Acculturation Model,* where integration, assimilation, separation and marginalisation are presented as the four potential acculturation styles. Navas et al. (2005) extend Berry et al.'s (1988) theory in their *Relative Acculturation Extended Model* through the inclusion of migrant and host society perspectives. In a more recent approach, Kupka (2008) views the environment as part of noise in intercultural communication, summarised in his *Intercultural Competence Model for Strategic Human Resources Management*. A second group of models acknowledges that intercultural competence does not take place in isolation. Rather than referring to the environment in a larger sense, these models include a counterpart from the culturally and/or linguistically different background. (See Fantini's (1995) *Intercultural Interlocutor Competence Model*, Gallois' et al. (1988) *Intercultural Communicative Accommodation Model,* and Imahori & Lanigan's (1989) *Relational Model of Intercultural Competence*.)

Environment is a broad term that can, depending on the individual context, encompass society at large, the local community, neighbourhood, school, university, and/or the workplace, for instance. Each context has its own rules, either in the form of legislation, policies, agreements, or common understanding, and consists of individual members. The

Australian government has implemented legislation regarding anti-discrimination, equal opportunities, and diversity management to respond to workforce diversity. As anti-discrimination legislation, equal opportunities legislation applies to the public and private sector. The latter, however, mainly addresses gender diversity and only requires private organisations with more than one hundred employees to report to the government on an annual basis (Syed & Kramar, 2012). Strachan et al. (2004) describe the Australian equal opportunities legislation as complaint-based and relatively passive in nature, primarily dealing with the individual complaint after discrimination has already occurred. Diversity management has only been translated into legislation for the public sector in Australia, remaining a voluntary initiative for private organisations. Bleijenbergh et al. (2010, p. 414) summarise that diversity management "is believed to engender competitive advantage by establishing a better corporate image, improving group and organizational performance and attracting and retaining human capital. On the other hand, diversity management aims for social justice. By advancing individual development and inclusion of different employee categories, diversity management supports equal opportunities." In the end, diversity management is no guarantee for all employees to feel welcome, their different views and norms be appreciated and discrimination be prevented.

Furunes & Mykletun (2007) investigate the work environment and conclude that manager attitudes play a key role in the failure of diversity management practices in the hospitality industry in Norway. Young managers often held negative stereotype of older employees. In light of such considerations, leadership attitudes can be critical in how receptive the corporate environment is for employees from different cultural and/or linguistic backgrounds. Limited legislation and corporate initiatives that can be violated by their own architects require leaders who are able to create a workplace where everyone is welcome.

At the same time that the above discussion pointed out the differences in approach to understand intercultural competence by significant scholars in the field, these conceptualisations share many key features. The aspect that continues to divide scholars is the role of language in intercultural competence.

Subsequent to the discussion of culture and identity, the third space and the key conceptualisations of intercultural competence the link between these constructs becomes apparent. Kupka (2008), for example, views intercultural competence as an ability that

"allows members of different cultural systems to be aware of their cultural identity and cultural differences, and to interact effectively and appropriately with each other in diverse contexts" (p. 16). The ability to understand in how far culture shapes people will enable an individual to communicate more effectively and appropriately across cultures. This requires awareness of one's own and others' cultural identities. The third space is an ideal, where people from different cultural and/or linguistic backgrounds manage to find ways of communication that are unique to their relationship. Individuals high on intercultural competence will usually find it easier to create such space.

2.4. The Notion of Cultural Intelligence

A term that also seeks to explain human interaction across cultural borders, and has gained attention primarily in the international business and management context is *cultural intelligence*. Grounded on the theory that humans possess more than one intelligence, cultural intelligence is defined as "a person's capability for successful adaptation to new cultural settings, that is, for unfamiliar settings attributable to cultural context" (Earley et al., 2006, p. 5). Cultural intelligence allows an individual not only "to gather, interpret, and act upon these radically different cues to function effectively across cultural settings or in a multicultural situation" (Earley & Peterson, 2004, p. 105), but also to "shape the cultural aspects of their environment" through "a system of interacting knowledge and skills, linked by cultural metacognition" (Thomas et al., 2008, p. 126).

Emotional and social intelligence seek to explain the ways people behave, assuming that they are familiar with their own culture (Gardner, 2006). Since social norms differ between cultures, emotional and social intelligence do not necessarily mean that people interact effectively and appropriately with those from different cultural and/or linguistic backgrounds (Earley & Ang, 2003). People with a high level of emotional intelligence in one culture may not be very successful in understanding the emotions of people in another culture (Sternberg & Grigorenko, 2006). Cultural intelligence has been proposed to pick up where emotional and social intelligence leave off, in other words dealing with individuals and situations in unfamiliar cultural environments (Earley et al., 2006).

Intercultural competence and cultural intelligence overlap in many areas; that is attitude and awareness, knowledge and skills, as well as the behavioural dimension. Gertsen

& Søderberg (2010, p. 251) define the constituent elements of cultural intelligence as a "dynamic unity of three interdependent dimensions: the cognitive (including metacognitive), the emotional, and the behavioural dimension." The cognitive dimension of cultural intelligence refers to knowledge about culture and the differences between cultures (Gertsen & Søderberg, 2010; Ward et al., 2009). The metacognitive dimension of cultural intelligence reflects an individual's understanding of how culture affects the own and others' behaviour and ways of thinking (Gertsen & Søderberg, 2010) as well as the cultural awareness during interactions with members of culturally different groups (Ward et al., 2009). The emotional aspect of cultural intelligence includes the motivation to engage with other cultures, and the empathy to be more accepting of cultural difference. Thomas et al. (2008, p. 138) avoid including motivation in their conceptualisation of cultural intelligence as they believe it leads to "unnecessary complication". In their work, "mindfulness" is used rather than motivation (Also see Thomas & Inkson, 2003). According to Gertsen & Søderberg (2010), both verbal and non-verbal communication are critical to the behavioural dimension of cultural intelligence. Behaviour includes flexibility in showing the appropriate interaction when communicating with people from different cultural backgrounds (Earley & Ang, 2003; Plum et al., 2008; Thomas et al., 2006).

Cultural intelligence is a concept that tends to be employed in international business and management research more than in other fields (See Huff, 2013; Søderberg and colleagues, 2008-2011 *Cultural Intelligence as a Strategic Resource* programme at Copenhagen Business School; Imai & Gelfand, 2010; Karma & Vedina, 2009; Thomas et al., 2008). In spite of the similarities with intercultural competence, most of the academic discourse overlooks cultural intelligence as a concept that also seeks to describe what occurs in situations where people from different cultural and/or linguistic backgrounds interact. The difference between competence and intelligence in a more general sense may serve as an explanation. Earley & Peterson (2004) distinguish between cultural intelligence and the related competences, suggesting that an individual with a high level of cultural intelligence is more likely to develop the competence to be successful in communication with other cultures than an individual with a lower level of cultural intelligence would be. Cultural intelligence also differs from intercultural competence in the separation of individual and external influences on communication (Thomas et al., 2008).

Conclusion

Multiple efforts to understand intercultural communication have been made in the course of more than a half a century of scholarly activity in the field. Terms other than intercultural competence have emerged, offering valuable insights in how people communicate effectively across cultures. This study relies on *intercultural competence* because the most influential concepts and models have evolved around the term. In contrast to cultural intelligence, intercultural competence allows for the inclusion of external influences on communication, thus, recognising variation in our ability to behave effectively and appropriately in situations characterised by cultural diversity. Host culture receptivity and leadership attitudes, for instance, are among those external factors that can affect the success in communicating across cultures.

Communication is based on a shared language. Even though some cultures focus more on the context in which the message is presented than the actual words, communication across cultures can prove challenging without relevant language skills, unless people come from the same linguistic background. Developing meaningful relationships in the new cultural environment will most of the times require foreign language skills for people to be able to communicate about a variety of topics both parties can relate to. This is particularly the case in low context cultures. Consensus about the role and importance of foreign language skills and the ability to develop meaningful relationships in intercultural competence, however, has not been achieved yet.

Government legislation, corporate policies, and diversity management practices, among others, can only guide behaviour. Respect for people from other cultural and/or linguistic backgrounds than one's own largely depends on the attitude of the individual. In light of Organisational Support Theory, leadership attitude appears to be pivotal, laying the foundation for receptivity of difference in the workplace.

Chapter 3

Theoretical Research Framework

"Whenever you find yourself on the side of the majority, it is time to pause and reflect." (Mark Twain)

Introduction

The theoretical framework of this research is based on an in vivo approach to theory building and a critical realist epistemology and ontology. Mixed methods case study research links these theoretical considerations to data collection and analysis.

Planning, designing and conducting a study grounded on such framework means to move away from mainstream research in the social sciences (Bryman, 2012), and particularly in the field of international business and management (Piekkari & Welch, 2011; Miller & Cameron, 2011; Easton, 2010; Stake, 2006). Theory-testing research employing quantitative strategies of data collection, in which culture and organisation are displayed as relatively stable and homogeneous, continues to be the norm. Although such studies deliver valuable contributions to the field in drawing our attention to the impact of culture on the workplace and reminding us that much work needs to be done in order to make business communication more effective, there are problems associated with a mere focus on positivist research. A positivist paradigm bears the risk of creating stereotypes and broad generalisations of organisations and cultures. Even though sophisticated stereotypes may assist in pointing out national characteristics upon first contact, generalisation studies fail to account for how perceptions and identities are developed and how they can change over time (Clausen, 2010; Lauring, 2008). When case study is conducted from a positivist stance, quantifications are somewhat insignificant because case study is usually small number research, concerned with the investigation of certain phenomena in a particular setting (Easton, 2010; Morais, 2011; Sayer, 2000). Positivist viewpoints tend to ignore the world's diversity, whether it is society or an organisation, and therefore suggest a high level of generalisability. Limitations of self-report attitudinal surveys have also been widely recognised and discussed in detail in various fields, particularly so in psychology (Funder, 1995; Ozer & Reise, 1994; Schwarz, 1999). Responses to attitudinal surveys depend upon the immediate and correct understanding by the participant. Reasons behind response choices cannot be further investigated and, as such, may be misinterpreted by the researcher. Self-report surveys are also affected by the image a respondent wishes to communicate, with no opportunity for the researcher to combine the response with any kind of non-verbal communication or other contextual factors.

The theoretical framework this study is based upon is not a dismissal of the dominant approach, rather a representation of its complementary counterpart. Although critical realism is still a relatively new position, it has been described as a way forward for the case study in international business and management research (Piekkari & Welch, 2011; Morais, 2011; Easton, 2010). The central assumption of critical realism is that reality exists without our knowledge thereof, and at the same time acknowledges that people have created meaning to the world. Considering reality to be independent of our knowledge is relevant for the yet uncovered views of what constitutes intercultural competence in the specific context of this study and how it is being developed. The emphasis on meaning is important to allow for a more fluid view of culture and organisation.

The last ten years have seen an increase in the number of studies seeing culture and organisation from a more dynamic viewpoint; as entities people make sense of in their own ways. It is also increasingly being acknowledged that the nature of cultural identity is fluid and its salience subject to change. As discussed in the previous chapter, some identities can change and become more salient than others when people find themselves confronted with an unfamiliar environment. This also applies to the workplace where work ethics differ between cultures. In light of such understanding, research that takes these dynamics into account is becoming more important in recent international business and management research.

This chapter outlines the theoretical framework the study stands on, starting out with a discussion about the nature of the relationship between theory and research before addressing the underlying epistemological and ontological considerations. The second part of this chapter is dedicated to the research design which presents a way of combining quantitative and qualitative data collection within case study research to produce legitimate knowledge. In doing so, the chapter establishes a strong argument for in vivo theory-building, a critical realist stance and mixed methods case study research.

3.1. In Vivo Approach to Theory-Building

Theory-building was critical to this research in order to identity what intercultural competence means in the Australian subsidiaries of selected German multinational corporations, and the yet uncovered strategies of individual employees of how to develop

this ability. Intercultural competence is a concept that seeks to reduce the challenges associated with cultural diversity, but too little is known about the ways it can be learned. Literature is incomplete in the exploration of the shape intercultural competence can take in different individuals and contexts, and paints a rather disjointed picture of how employees develop this ability. Theoretical ideas evolve from different sciences and are often too abstract for an organisation to implement. It was therefore important to enter the field with the mind-set that there are uncovered strategies of acting interculturally competent. A theory-testing study would have limited the potential of this research, preventing the researcher from enhancing current knowledge.

This study relies on an in vivo approach to theory-building in order to overcome the dilemma associated with inductive research, expecting to collect data without any "theoretical ballast" (Andersen & Kragh, 2011, p. 164) and, at the same time, to provide a priori specification of concepts, following the same procedure as for establishing research questions as in hypothesis testing research (Eisenhardt, 1989). Conducting research through an in vivo approach aims to balance the inclusion of theory with detachment from theory. Orton (1997) labels such approach *iterative grounded theory*, which emerged from the need to include deductive elements into merely inductive grounded theory. The inductive stance considers existing theory as a barrier for the identification of new phenomena in an objective way, whereas the in vivo approach views existing theory as a guide to research (Andersen & Kragh, 2011). Even though Bryman (2012, p. 27) does not speak of in vivo, he concludes that "it is useful to think of the relationship between theory and research in terms of deductive and inductive strategies. However […] the issues are not as clear-cut as they are sometimes presented. To a large extent, deductive and inductive strategies are possibly better thought of as tendencies rather than as a hard-and-fast distinction." Morais (2011) argues that explanation tends to be more convincing in light of existing theory and data, and Andersen & Kragh (2011, p. 147) advise that qualitative researchers should even "embrace and understand how theory and data interact in their sense making efforts during theory-building." Glaser & Strauss (1967, p. 253) summarise that "no sociologist can possibly erase from his mind all the theory he knows before he begins his research. Indeed the trick is to line up what one takes as theoretically possible […] with what one is finding in the field."

Hence, it is being acknowledged that existing theory and previous empirical research have informed this study. Key theories and conceptualisations of intercultural competence, the notion of the *third space* and cultural intelligence played important roles in this research as they provided direction for the way in which culture and organisation are seen. Previous empirical research indicates that challenges persist in working in a culturally diverse environment. In her article on cultural identity and business communication, Jameson (2007, p. 200), for instance, states that "people continue to encounter difficulties when they meet with overseas clients, manage an ethnically diverse workforce, negotiate contracts in another language, or take a job at an organization with a radically different corporate culture." Pitkänen (2007, p. 403) found that "mainstream people were the norm" in culturally diverse Eastern Finnish companies, with rather assimilative dominating human resources policies. Cultural stereotypes have been identified as a major barrier to effective communication in the workplace. Clausen (2010, p. 64) provides evidence of how "disparate 'stereotypical' business practices have indeed created management challenges" in her case study research on Danish multinational corporations in Japan. These fragments of empirical research indicate the incomplete picture of culture in organisations, with even less known about the specific context of Australia.

Cultural intelligence served as the initial overarching theoretical framework Andersen & Kragh (2011) propose, from which this research departed. In the course of data collection and analysis, it became apparent that the corporate environment played a central role to the individual's ability to work effectively and appropriately with people from different cultural and/or linguistic backgrounds. Hence, since cultural intelligence separates individual and environment, the concept was discarded. Searching for a theoretical framework that would allow for the inclusion of the corporate environment led to the concept of intercultural competence. Such procedure is consistent with Andersen & Kragh's (2011, p. 151) argument that the in vivo approach to theory-building takes "departure from one single overarching theoretical framework", but continues "to scan, select and discard theoretical perspectives as this framework meets empirical data." The study, thus, gradually shifted from a focus on the concept of cultural intelligence to intercultural competence.

The in vivo approach to theory-building emerged as a consequence to the problem that ignoring existing theories and concepts can prevent researchers from gaining new insights,

and allow for hastily conclusions. The in vivo approach to theory-building challenges the "inductive myth" (Andersen & Kragh, 2011, p. 164) that conducting research without considering any existing theories situates the researcher in a better way, and, as such, presents an alternative to purely inductive research.

3.2. Critical Realism

In vivo research is usually associated with a critical realist epistemology and ontology (Andersen & Kragh, 2011). Critical realism views access to reality as "always mediated by a pre-existing stock of conceptual resources" (Fleetwood, 2005, p. 1) and the underlying research as one of "continuous cycles of research and reflection" (Eastwood, 2010, p. 128). Thus, critical realism suits the in vivo approach to theory-building best, appreciating literature to be part of theory-building research before entering the field, and recognising the importance of verifying empirical findings in the course of data collection.

Employing a critical realist paradigm is a move away from the dominance of positivist research in international business and management. The number of studies concerned with cultural diversity in the workplace, concentrating on merely quantitative research, displaying culture and organisation as stable and generalising outcomes across company types, industries and national cultures is indeed overwhelming. Taras & Steele (2009) explain this phenomenon by the on-going influence of Hofstede and his framework of cultural dimensions. The authors argue that "the need for quantitative culture indices became evident through its popularity" (Taras & Steele, 2009, p. 40), noting that "Hofstede's *Culture's Consequences* is a 'super-classic', having been cited about 5,000 times" (p. 40). D'Iribarne (2011, p. 453) concludes that "empirical research using attitude scales, dominated by Hofstede's work (1980[2001]), enjoys an almost hegemonic status in the field of cross-cultural management."

This popularity continues to be highly visible in recent research. Drogendijk & Holm (2010), for instance, explore the effect of culture on the headquarter-subsidiary relationship in multinational corporations, with a sample of 1,714 subsidiaries in six countries. The researchers emphasise that "great care was taken to ensure that the data would be comparable, and the questionnaire was constructed so that it could be applied in all countries involved" (Drogendijk & Holm, 2010, p. 390). Based on their study on the effects of cultural

diversity on team outcomes, Stahl et al. (2010) argue that cultural diversity in work teams can be both an asset and a liability. The authors draw this conclusion from a meta-analysis of one hundred and eight empirical studies on process and performance in 10,632 teams, and suggest that future research "should focus on the mechanisms through which cultural diversity affects team dynamics and performance" (Stahl et al., 2010, p. 705). Another recent study concerned with culture and the workplace is Lu et al.'s (2012) research on the acculturation and job satisfaction of Chinese professionals in Australia. Based on their sample of 1,050 participants the authors conclude that most Chinese professionals seek to maintain their heritage culture and strong relationships with Chinese culture, either managing acculturation through separation or integration.

While these example studies illustrate the need for building an interculturally competent workforce, they leave organisations with rather vague implications than concrete recommendations as to how this can be achieved. Most importantly, such studies leave us with the question as to why. Nakata (2009, p. 42) describes it as "ironic" that even though there is a general agreement that cultural values and beliefs can best be identified through direct interaction with individuals, the majority of scholars employ self-report questionnaires and secondary data.

Critical realism responds to the call for the inclusion of meaning and interpretation in how we see reality. As an advocate of critical realism, Sayer (2000) urges to conduct research that views the world as less objective and moves away from broad generalisations across different contexts, instead manages to explain why certain phenomena occur to allow for a better understanding of the social world. Stahl et al.'s (2010) call for future research that identifies mechanisms around cultural diversity seems to be an inherent request for a critical realist standpoint. The following section further elaborates on such mechanisms and outlines the key features of critical realism.

Reality and Meaning

The belief that reality exists independent of our knowledge is a main feature of critical realism (Morais, 2011; Easton, 2010; Fleetwood, 2005; Sayer, 2000) and a fundamental belief of this research. Strategies of developing intercultural competence can exist without

our knowledge. They can be tacit knowledge of individual employees, which is yet to be discovered. As such, critical realism overlaps with the positivist paradigm.

Critical realism, however, differs from positivism in a way that reality can only accessed through a mediator (Easton, 2010; Fleetwood, 2005). Critical realists argue that social phenomena depend on our explanations. Hence, reality can exist without our knowledge, but knowledge can only be produced through humans. As such, critical realism contains traces of interpretivism and assumes that meaning is created through interaction and interpretations of those interactions (Bryman, 2012; Hesse-Biber & Leavy, 2011).

Not only the individuals studied add meaning to reality, but also on the researcher's own frame of mind plays a key role. Critical realism acknowledges that researcher views differ, however, assumes that reality exist regardless of the researcher's interpretation. Cultural background and personal experience of the researcher indeed impacted on the construction of the cases. The researcher's German background, cultural transition to Australia, as well as work experience in a German organisation with frequent contact to Australian distributors and customers have impacted on the choice of study context. The position here is that it has made the researcher an experienced inquirer through work, study and social interaction in both cultures.

The Causal Power of Objects

Easton (2010) distinguishes between objects, events and structures. Objects are described as including organisations, people, relationships, attitudes and ideas, either in a structured or unstructured form, complex or simple, and with the power to cause events. Events are viewed as peoples' behaviours. A central feature of objects is their structures. Organisations, for instance, consist of structures such as hierarchies, departments, people and processes. Structures also exist within structures. In other words, an employee, for example, has certain personality traits and identities.

Such mechanisms are important to acknowledge for the present study. Mechanisms reflect the ways in which objects act based on their power and liabilities and cause events (Easton, 2010). The Racial Discrimination Act, for instance, is an object that has the power to generate events. It provides direction in relation to cultural diversity for organisations in Australia and, as a consequence, influence workforce behaviour. Work relationships also

have causal power. People from different cultural and/or linguistic backgrounds, with different work ethics and communications styles work side-by-side. As such, cultural boundaries are porous and communication is transcultural. Employees create new meaning to their collaboration; a *third space* as Bhabha labels it. They establish effective work relationships that differ from all others; not necessarily merging norms, values and beliefs from each culture, rather creating an entirely new work culture. This new space is even likely to differ from one work relationship to another and has the power to positively influence a work relationship or team collaboration. Organisational structures, such as a diversity management, departments and committees that deal with the challenges of a culturally diverse workforce impact on behaviour as they provide direction for the interaction between people. Employees behave towards other cultures in a way that is perceived as respectful or not, encouraging or discouraging. The power to generate events is a mechanism that takes many forms.

Balancing Reality and Social Constructs

Critical realism recognises that the world is, to some extent, a social construct (Easton, 2010; Sayer, 2000). "Critical realism acknowledges that social phenomena are intrinsically meaningful, and hence that meaning is not only externally descriptive of them but constitutive of them. Meaning has to be understood, it cannot be measured or counted, and hence there is always an interpretative or hermeneutic element in social science" (Sayer, 2000, p.17). The difference between the critical realist and social constructionist standpoint lies in accepting the possibility that reality may be known in the former case and usually rejecting it in the latter. Critical realism admits that not all knowledge can be discovered, and that a full understanding of any social situation is unlikely. Critical realism depends on collecting further empirical data to select and discard alternative explanations, and on further academic discourse (Woodside & Wilson, 2003; Woodside et al., 2005).

As such, the critical realist stance addresses the on-going debate about acknowledging the existence of an objective reality within the constructionist position as outlined by Bryman (2012). While authors like Becker (1982) see reality as pre-existing, including culture and organisation, Walsh (1972, p. 19) denies the existence of an objective reality and emphasises the need to "examine the process by which the social world is constructed." Sayer (2000)

and Easton (2010) offer a solution to this struggle by suggesting that from a critical realist perspective, the "real" world becomes visible and sometimes replaces the stories that people create, so that researchers can comprehend and explain situations.

Recognising reality to be a social construct was particularly important for this study in understanding the contemporary multicultural policy pursued by the Australian government. The constructivist stance in critical realism respects the fact that both culture and organisation are not objective realities that act on and constrain people, but emerging realities in a "continuous state of construction and reconstruction" (Bryman, 2012, p. 34). The position supports viewing culture as dynamic and identities as changing. Politics and the media, for instance, constantly construct and reconstruct Australian culture, depending on individual and group motivations. In the case of Australia, this dynamic is highly visible through the construction of a *White Australia* in the early 20th century, the reconstruction of the nation in the 1970s towards a multicultural society as well as the on-going debate around multiculturalism ever since. While Australia describes itself as a multicultural society in which cultural identities are invited, respected and encouraged to flourish in the public sphere, opinions within society differ and have led to the question whether or not Australia is a truly multicultural society. Labour parties tend to promote multiculturalism in Australia, introducing new government bodies and improving refugee policies, for instance, whereas liberal parties tend to remove themselves from the idea of a multicultural society, prioritising "Australian" values and cutting government funds for multicultural bodies (See Koleth, 2010; Clayton, 2009, for example).

The same process of construction and reconstruction applies to organisations, in which social actors continuously construct and reconstruct the entity through policies, rules and regulations, as well as communication. A new manager may bring in new ideas and restructure the team; a new CEO may implement new procedures or influence the general thinking; and over time graduates may lead to organisation change as they propose new ideas from academia. A company is not a stable entity in which employees act according to and in a given structure, but a dynamic environment in which employees influence profit-making, the discovery of revenue streams, expansion beyond national borders, invent new products and initiate the establishment of a canteen that fosters social interaction among employees. Diversity management is constructed in a way that best suits an organisation. While some

employers may build diversity management around gender, others may see other aspects of culture in the centre. Diversity has the potential to be associated with *problem*, *opportunity* or something neutral everyone lives with on a daily basis. The point is that these associations depend on how diversity is constructed within an organisation, or within society.

Cultural identity is constructed, too. Some identities under the umbrella of cultural identity are constructs established by society, the media or an organisation. Gender identity, for instance, can be constructed in a way that women are perceived as equal to men; in other organisations this may not be the case and women may be viewed as typically fulfilling administrative roles. This is particularly relevant in a work environment that is shaped by cultural diversity where identities can change due to new group membership. – In summary, critical realism mirrors the language and procedures people routinely adopt and the explanations that they create.

Acknowledging Diversity

Another key element of critical realism is the belief that the world is diverse (Easton, 2010). Diversity is a key feature of German multinational corporations in Australia. Many employees are new migrants or sojourners, establishing new or provisional homes in Australia and bringing part of their original culture into the workplace. People take up international assignments within the organisation and have often worked in other countries for the same organisation before coming to Australia. Streams of migrants constantly change as nations develop and provide Australia, and hence, German organisations, with a new workforce. It does not seem to be appropriate to approach organisations in Australia assuming that every employee is the same. Rather it is important to acknowledge the cultural diversity inherent in society and the organisations in question in particular.

Intercultural competence is an individual's ability to behave effectively and appropriately towards people from different cultural and/or linguistic backgrounds, and whilst the key components have been relatively constant in research over time, the ways in which people acquire this ability will vary. Critical realism acknowledges the diversity of forms practicing and developing intercultural competence can take. People are unique and their strategies to communicate and collaborate effectively with other cultures will therefore be diverse. Critical realism allows for gaining an insight into the different strategies people

have developed to work effectively across cultures. It also permits to understand the meanings an organisation's diversity management has to different individuals. While the contrasting paradigm of positivism views the world as purely objective, critical realism seeks to understand the different positions and perceptions of individuals as well. An organisation's diversity management may be a measurable fact to the positivist researcher, but such approach would have failed to grasp the associated experiences and interpretations of employees, which have led to view those measures in different lights.

3.3. Mixed Methods Research within Multiple Case Study

The research design that links the theoretical framework to data collection and analysis is mixed methods multiple case study. Case study suits critical realism well since the design recognises an in-depth investigation of objects, structures and events. Case study allows for researching employee behaviours, generated by the organisation they work for, team members and other fellow staff, their relationships with each other, their beliefs and ideas. Sayer's (2000) view of critical realism, enabling the researcher to use quantitative methods within a single case study and multiple case study to employ qualitative approaches reassure that mixed methods case research is consistent with a critical realist ontology. Sayer (2000) argues that both qualitative and quantitative forms of research are necessary to understand the social world.

3.3.1. Mixed Methods Research

Mixed methods is a term that represents the combination of quantitative and qualitative research within a single project (Bryman, 2012, Hurmerinta & Nummela, 2011; Creswell & Plano Clark, 2007). Other names mixed methods research can be found in literature include *blended research* (Thomas, 2003), *integrative research* (Johnson & Onwuegbuzie, 2004), *multiple-method research* (Alasuutari et al., 2008) and *mixed research* (Johnson, 2006). This study choses to rely on the term mixed methods research as it offers a definition that reflects the reason for its employment best (see rationales for mixed methods research later in this section): "Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques)

for the broad purposes of breadth and depth of understanding and corroboration" (Johnson et al., 2007, p. 123).

While the mixed methods research design has been described as one of the fastest-growing areas in research methodology today (Bergman, 2008), research in international business and management continues to be dominated by single method designs (Hurmerinta & Nummela, 2011). Combining quantitative and qualitative research still seems to be associated with an incompatibility of epistemological positions, (Bryman, 2012; Creswell & Plano Clark, 2007), and a research design that requires a well-trained researcher in both strategies (Hurmerinta & Nummela, 2011). Although Bryman (2012) dedicates a separate chapter to mixed methods research, he commences with an argument against mixed methods research before outlining the possibilities and opportunities of such strategy. Smith's (1983) warning to employ mixed methods research as they are incompatible worldviews reflects the widespread belief among researchers until not long ago that epistemological positions cannot be mixed, thus, establishing an confrontational relationship between qualitative and quantitative, also termed the "purist stance" (Rossman & Wilson, 1985).

A number of propositions towards mixed methods research have been made since the mid 1990's. Greene & Caracelli's (1997) notion of the "dialectical position" emphasises the value of mixed methods research, encouraging the usage of compound epistemological considerations. It is accentuated however, that the researcher needs to be explicit about these considerations (Creswell & Plano Clark, 2007; Greene & Caracelli, 1997). The *Journal of Mixed Methods Research* emerged from Sage Publications in 2005, and so did Tashakkori & Teddlie's (2003) *Handbook of Mixed Methods in Social and Behavioural Research*. The *International Business Review*, *Journal of International Business Studies* and *Management International Review* have published a multitude of studies conducted with a mixed methods research design, and Piekkari & Welch's (2011) edited book *Rethinking the Case Study in International Business and Management Research* contains a chapter entirely dedicated to mixed methods research. Johnson et al. (2007) go even further and argue that mixed methods research is becoming the recognised third major research approach besides purely quantitative and purely qualitative data collection and analysis. Bryman (2012, p. 649) explains the increase of integrating qualitative and quantitative research by "a growing preparedness to think of research methods as techniques of data collection or analysis that

are not as encumbered by epistemological and ontological baggage as is sometimes supposed" and "a softening in the attitude towards quantitative research among feminist researchers, who have previously been highly resistant to its use."

Using mixed methods in this research is based on an aggregated strategy. As such, both qualitative and quantitative data was collected and analysed within the cases. Such strategy was better suited as opposed to a compartmentalised strategy in which the researcher collects quantitative and qualitative data for the study, but builds the case study on qualitative data only (Hurmerinta & Nummela, 2011). An aggregated strategy allowed for a deeper understanding of each case. Quantifications enabled the researcher to identify the attitudes held towards working across cultures, to gain an overview of the frequency with which employees communicated with people from different cultural and/or linguistic backgrounds, the intercultural skills they possessed, and to establish an image of cultural diversity through the representation of gender, age group, educational background, religion, and cultural background.

Hurmerinta & Nummela (2011) argue that an aggregated strategy is particularly suitable for research in mature fields when new insights are needed to either challenge dominant ways of thinking or enhance our understanding. Previous beliefs that perceived cultural proximity would rarely lead to miscommunication and conflict when working across cultures were only possible to challenge by quantifying and then understanding individual experiences in depth through qualitative data. For studies employing an aggregated strategy within the case study in international business and management see Fenwick el al. (2003), Clark & Pugh (2001), Glaister et al. (2003), Lye & Hamilton (2001), Testa et al. (2003), and Manev & Stevenson (2001).

Within the aggregated strategy this study lends itself to an explanatory design. Creswell & Plano Clark (2007) describe such research design as a two-stage approach to data collection, with the overall aim to explain or build upon quantitative data through qualitative data. The participant selection model served the purpose of sampling. Such model allows to "identify and purposefully select participants for a follow-up, in-depth, qualitative study" through quantitative information (Creswell & Plano Clark, 2007, p. 74). Understanding the different viewpoints within each organisation made it important to

include managerial and non-managerial staff as well as different cultural backgrounds in the samples.

In addition to completeness, explanation and sampling, employing mixed method research was employed to achieve triangulation (Bryman, 2012). Since critical realism relies on the researcher's interpretation of knowledge, triangulation was an important aspect in combining quantitative and qualitative forms of data collection as it assisted in increasing validity.

Although literature presents some variability in relation to the number and terminology of rationales for conducting mixed methods research (for an overview see John et al. (2007), there is great consistency. Collins et al.'s (2006) *participant enrichment*, for instance, essentially refers to the same as Bryman's *sampling* rationale, and Creswell & Plano Clark's (2007) *participant selection model*: to optimise the sample.

3.3.2. Multiple Case Study

Stake (2006, pp. 1-2) describes the case as "a noun, a thing, an entity" and the study of such case as a careful examination of "its functioning and activities, but the first objective of a case study is to understand the case." Case study is commonly understood as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context when the boundaries between phenomenon and context are not clearly evident" (Yin, 1994, p. 18 in Piekkari & Welch, 2011, p. 212). Intercultural competence represents the contemporary phenomenon in this study, whereas the real-life context is the workplace in subsidiaries of German multinational corporations in Australia. Multiple case study implies research in more than one case, enabling the researcher to understand the phenomenon under investigation in different environments (Stake, 2006), and creating greater validity (Bryman, 2012; Stake, 2006). Another important feature of the case study is that the case is expected to be influenced by the context, which, in this study consists of Australian society and its multicultural strategy, "whether or not evidence of influence is found" (Stake, 2006, p. 27).

Case study finds frequent employment in international business and management research as it provides in-depth contextual insights (Fletcher & Plakoyiannaki, 2011). Thomas (1996, p. 497) argues that case study takes into consideration "environment characteristics, resources constraints, and cultural traits", allowing researchers to achieve

more in-depth understanding of the phenomena (Fletcher & Plakoyiannaki, 2011). "The case study is well suited to international business and management research since it can capture the complexity of cross-border and – cultural settings and contribute to the examination of emerging areas of research" (Fletcher & Plakoyiannaki, 2011, p. 187).

At the core of case study research is the decision between a single or multiple case study. Piekkari & Welch (2011) outline the dilemma that lies in this decision. "We are all too familiar with the pressures to conform to quantitative standards" (p. 9). A feedback the authors received from a journal reviewer states that "You have an *N* of just five for the research – a very small sample, despite the number of people you interviewed" (Piekkari & Welch, 2011, p. 9). Fletcher & Plakoyiannaki (2011 p. 186) view the argument "the more cases, the better" as one of the main misconceptions about the case study. Whilst Eisenhardt (1989) and Yin (1984) favour large samples of cases, an increasing number of scholars express the view that fewer cases should not be viewed as less valuable, but provide the opportunity for greater depth and richness, and case-oriented explanations.

The present study chose to rely on multiple case study with a sample of three organisations in order to allow for great depth and some replication logic. Identifying what intercultural competence means for employees of German multinational corporations in Australia, and the ways they develop this ability required them to talk about and explain their individual experiences. Investigating three organisations allowed for including different perspectives, and detecting patterns across cases. Multiple case study offered the opportunity to understand the relationship between organisation and legal compliance, and to compare in how far Australia's multicultural policy and associated laws and regulations impact on the organisations' approach to managing diversity at work.

3.4. Generalisation and Validation

Critical realism allows for what scholars including Morais (2011) and Danermark (2002), for instance, call *transfactual generalisation*. The term transfactual generalisation refers to suggesting tendencies, which may or may not manifest themselves in the field. Since the aim of case study is to investigate a particular phenomenon in depth, generalisation across an entire population will not be possible. The findings from three cases cannot be transferred to all German organisations in Australia. Tendencies are, however, possible

because not every object, structure and event is unique. If they were, any explanation would be unique, too, and incapable of contributing towards some form of generalisation. It would, as a consequence, be impossible to develop theory (Easton, 2010).

In order to provide greater validity for a study that relies on three cases, *triangulation* was employed. Triangulation compensates the weaknesses in a data collection method by the strengths of another method (Jick, 1979). Triangulation seeks to confirm findings (Miles & Huberman 1994), and includes different aspects of the phenomenon (in this study intercultural competence) through the most suitable combination of methods (Yeung, 1995). As such, triangulation increases the validity of the study. In the present research, triangulation was accomplished by using mixed methods, outlined in detail in the next chapter.

Conclusion

Critical realism seeks to oppose the two extreme paradigms of positivism and constructionism and the associated polarisation of quantitative and qualitative research. As such, it completes the in vivo approach as the paradigm allows for the inclusion of existing literature in theory-building research and assumes that the research process is one of continuous research and reflection. A critical realist stance encourages employing mixed methods research through the argument that the social world, which organisations are part of, can only be understood when combining quantitative and qualitative research. It can also be concluded that case study is an ideal research method for the critical realist position in a way that it is designed to generate causal explanations.

Case studies conducted with an underlying critical realist epistemology and ontology, employing mixed methods, however, remain scarce in international business and management research. Moving away from traditions and conforming to mainstream research continues to be the preferred choice of many researchers. Although journals have published mixed methods case study conducted from a critical realist stance, thinking around large sample size and high generalisability seem to dominate the academic world. Nevertheless, an increasing amount of literature and papers are emerging which call for the consideration of the approach the present study took.

Chapter 4

Methodological Research Framework

Introduction

The methodological research framework of this study rests on three cases. Each case consists of a German multinational corporation, and more specifically their Australian subsidiary in Sydney as well as headquarters in Germany. This chapter concentrates on the methodological research framework employed for the Australian subsidiaries. Sampling, research method and instrument, as well as data analysis in relation to the German headquarters of the three corporations will be detailed in Chapter 7.

The research methods used in each subsidiary included online survey, semi-structured interviewing, and focus group. Consistent with the in vivo approach to theory-building, the research methods were used successively, allowing for the reflection on and analysis of data prior to collecting further evidence. Self-administered questionnaire, interview guide and focus group guide served as the research instruments. Quantitative data was analysed through statistical means, whereas qualitative data was analysed through coding.

Even though case study is primarily a research design for the collection of qualitative data, discussions around quantity often dominate the actual study (Piekkari & Welch, 2011). Sample size continues to cause debate, with those arguing that a single case can be enough for analytical generalisations, provide alternative accounts for causality, explain relationships, and build theory at the one extreme end of the spectrum (Piekkari & Welch, 2011; Lervik, 2011; Flyvbjerg, 2006), and the advocates of a "the more, the better" principle at the other end (Yin, 1984; Eisenhardt, 1989). Piekkari & Welch (2011) conclude that large sample case studies continue to be the norm. The authors speak of the "pressures to conform to quantitative standards and positivist assumptions" (Piekkari & Welch, 2011, p. 9) when conducting case study in international business and management research, and call for greater variety and flexibility in case study research to increase the likelihood of methodological innovation.

This chapter illustrates in how far three cases offered an appropriate sample size to allow for transfactual generalisation, and consequently, theory-building. As such, this study rejects the pressures to conform to quantitative standards. Instead, the research relies on Eisenhardt's (1991, p. 627) conviction that – in the decision between single and multiple case study – "good theory is fundamentally the result of rigorous methodology and comparative multi-case logic", and Patton's (2002, p. 244-245) argument that "there are no

rules for sample size in qualitative inquiry. Sample size depends on what you want to know, the purpose of the inquiry, what's at stake, what will be useful, what will have credibility, and what can be done with available time and resources." Relying on three cases allowed for such comparison whilst ensuring that great depth, richness and case-oriented explanations were achieved. The chapter also provides an insight into the impediments that occurred during sampling, strengthening the rationale for and significance of this research.

4.1. Case Sampling

Sydney represents Australia's multicultural capital that is home to one hundred and eighty different nationalities, speaking over one hundred and forty different languages (UTS, 2010), and is Australia's central hub of commercial and financial activity. Organisations in Sydney are important for the country's economic growth (Bean, 2007). Case sampling concentrated on those German multinational corporations with their head office in Sydney to include the city's diversity and economic position in Australia, but also to investigate organisations that operate within the same environment.

Cases were selected through theoretical sampling. Eisenhardt (1989), Coyne (1997), Strauss & Corbin (1998), and Patton (2002) describe theoretical sampling as a selection process that is informed by the emerging concept in order to investigate the conditions along which the properties of the concept vary. As such, theoretical sampling seeks to select cases that are likely to replicate or extent the emerging theory, showing "how the program or phenomenon appears in different contexts" (Stake, 2006, p. 27).

A list of German multinational corporations in Australia was sourced from the German-Australian Chamber of Industry and Commerce (Deutsch-Australische Industrie- und Handelskammer AHK). From that list, organisations with their Australian head office in Sydney were extracted. In order to show how intercultural competence is being practiced and developed in different contexts, organisations from different industries were included. Further sampling criteria encompassed subsidiary size. Small subsidiaries would have prevented the researcher from collecting representative survey results, sampling enough interview participants, and including different perspectives, both culturally and hierarchical, into the study. Large subsidiaries of German multinational corporations are rare in the Australian market where the majority of organisations are small and medium-sized

enterprises, thus potentially hindering the sampling process. As such, subsidiaries of medium size, which means maintaining more than twenty and less than two hundred staff according to Australian standards (Australian Bureau of Statistics, 2002), were considered to be most suitable for the present research.

The selected organisations operate in a culturally diverse environment; internally including staff, the overseas parent company and subsidiaries in other countries, and externally through interaction with customers, suppliers, investors and other business partners.

4.1.1. Sampling Before and During Fieldwork

Timing of case selection has been linked with the researcher's epistemological stance (Fletcher & Plakoyiannaki, 2011). Whilst positivist researchers, such as Yin (1984), incline to rely on completing the case sample prior to collecting empirical data (Piekkari et al., 2009), a new community of case researchers acknowledges that this is not always possible, particularly when more dynamic phenomena are being examined. Fletcher & Plakoyiannaki (2011, p. 183) conclude that "neither the phenomenon under investigation nor its context is necessarily known prior to starting the research, instead, they are brought to light gradually in the investigation."

Completing the sampling process before entering the field indeed turned out to be unfeasible. In this research, lengthy decision-making processes, as well as rejection and withdrawal by some of the organisations approached for participation were the main reasons that suggested to commence the data collection process before sampling was competed.

Based on the selection criteria outlined above, a list of fifteen German multinational corporations with their Australian head office in Sydney was compiled, including only those organisations where an email address from the human resources or communications department was identifiable. Both departments appeared most appropriate for accessing potential decision-makers in relation to participation in the present study. Email invitations, outlining the purpose of the study, timeframe, benefits for the organisation, data collection process, and obligation of the researcher to keep all information confidential, were sent between January and March 2012. In the first case, the organisation accepted the invitation to participate in May 2012, the second organisation recruited gave their consent in July 2012,

and the third in December 2012. Considering the given timeframe of a PhD research project, completing case sampling prior to entering the field, as such, proved to be impractical.

The first case embodies an engineering corporation that operates in the energy industry. For de-identification reasons, the organisation is referred to as *Case 1*. Communication was established with an executive manager in the Sydney head office. In the telephone conversation she requested, details of the study were discussed. Her primary concern was the benefits the organisation would gain from their participation. Communication with the manager can be described as professional, with continuous contact and updates from both sides. The organisation gave their consent to participate by telephone and email in May 2012.

A number of successive, ineffective contacts with other organisations from the initial list of fifteen organisations eventually led the researcher to pursue a different approach to case sampling. Even though human resources management and communications were viewed as departments that would most likely handle participation internally, they may lack the required decision-making power. Sampling the first case showed that even though the contact person considered participation to be highly beneficial for the organisation, contacting more senior managers to decide was necessary. Thus, the researcher enhanced the initial list of organisations by researching the internet for other corporations that met the selection criteria, but for which an email address of the executive management could be found through different sources online.

Direct access to a representative of the subsidiary's executive management was accomplished in the second case, an organisation that operates in the power transmission industry. The organisation will be referred to as *Case 2*. Given the provision of both, email address and mobile phone number through the corporate website, it was possible to follow up the initial email invitation in July 2012 by a telephone conversation two weeks later. During this conversation, the executive manager acknowledged receipt of the email and suggested to contact the researcher by the end of the day with a decision. On the same day, he agreed to support the study via email.

The problem of gaining access to organisations has been discussed by Macdonald & Hellgren (2004). Through their own research the authors conclude that a researcher's networking abilities can influence sampling organisations that operate internationally. As

concluded before by Greiner (1985, p. 251) "academic researchers rarely […] receive open access to organisations […]. Most of us do not even get a five-minute tour through the executive suite. Instead, we dip our rusty fishing hooks in backwater streams and hope to get a nibble." Macdonald & Hellgren (2004, p. 267) also conclude that sampling organisations can be a "formal, complex and lengthy" process.

Balancing follow up communication and allocation of time required to pave the way for data collection internally was key in sampling the third case, a logistics company which will be referred to as *Case 3*. As in the second case, a member of the executive management was approached directly via email. In a follow up telephone conversation two weeks later, he agreed to support the study (December 2012). Whilst data collection commenced within three weeks after the decision was made to participate in this research in the first two cases, Case 3 remained hesitant to begin data collection for about three months. Informing his management team about participation in the study was communicated as the reason for the delay. The researcher found a balance between following up with the senior manager and offering the organisation the time they required to prepare for data collection.

4.1.2. The Value of Rejection and Withdrawal

A common challenge in case study in international business and management research is rejection and withdrawal (Piekkari & Welch, 2011; Pauwels & Matthyssens, 2004). Many organisations decline the invitation to participate in research studies, or even withdraw from the study after they initially agreed to be part of it. However, withdrawal in particular remains a highly sensitive issue which is usually not discussed in the publications these studies feed into (Pauwels & Matthyssens, 2004). Research articles reviewed in the course of this study indeed show that the majority of authors include a brief statement on how many organisations were invited, and how many out of those invited agreed to participate. Discussions about rejection to participate or withdrawal remain scarce. This study is no exception to the phenomenon of rejection and withdrawal. Discussing this topic, however, was considered to be important since those organisations that declined the invitation to participate or decided not to pursue participation any longer strengthened the assumption that culture is a sensitive topic in the business environment in Australia, potentially underestimated in its impact on the wider organisation.

Two examples shall be provided for illustration purposes. An organisation that expressed keen interest in being part of this research is a pharmaceutical firm, representing one of the fifteen organisations listed initially. The organisation responded to the invitation to participate within a week, asking for further information on the study and the benefits it would offer to the organisation. Response time and tone in emails and on the telephone indicated strong interest. The organisation was even apologetic for not having responded earlier, reassuring they had not missed a deadline and would still be able to participate. In the course of the following week the researcher provided all requested additional information, which was then discussed in further telephone conversations. At the end of that week, the organisation consented to be part of the study. The same day, in the late afternoon, the organisation withdrew from the study, stating that cultural diversity was not on their agenda.

In case of a financial organisation that was also among the original list of fifteen and employs more than one hundred staff in the Sydney head office, contact was established with a representative of the middle management. In a lengthy telephone conversation, she expressed a high level of interest in the study, requested additional information, and stated that she would contact the senior management for their consent to participate. The next three months saw regular communication between the middle manager and researcher, until the organisation eventually rejected to participate, arguing that their focus was on gender diversity, with cultural background of stakeholders playing a rather minor role.

The second example strengthens the assumption that many organisations in Australia deal with cultural diversity at work when legally bound. As Syed & Kramar's (2010, p. 96) conclude, "the legal framework in Australia places only limited obligations on organisations to manage cultural diversity" and "the focus of the equal employment opportunity legislation in Australia has been on one designated group only, i.e. women. There is no specific EEO (Equal Employment Opportunity) legislation for culturally diverse workers or migrant workers" (Syed & Kramar, 2010, p. 100). Considering the requirement of the Act that private organisations employing more than one hundred people are obliged to report annually to a government authority on their progress in implementing EEO programs, and that non-compliance may lead to those employers being named in the Federal Parliament, it appears somewhat understandable that some organisations may hesitate to invest even limited

resources into a study on cultural diversity. Participation in such study would mean that the organisation would have fewer resources available for ensuring legal compliance. Another possible explanation for the rejection of the financial organisation, and also the withdrawal of the pharmaceutical firm, may be the sensitive nature of this study's topic, with outcomes of the study viewed as potentially damaging to the organisation.

4.2. Research Methods and Instruments

The research methods this study lend itself to were online survey, semi-structured interviewing and focus group; the research instruments included self-administered questionnaire (Appendix 2), interview and focus group guides (Appendices 4-6). Quantitative data collected through online survey allowed for an initial picture or preliminary understanding of each case, and as such, preceded the other methods. The survey also had the purpose of sampling interview and focus group participants, and to place their responses in a context. Semi-structured interviewing provided rich data about individual experiences, and focus group sought to generate practical recommendations for the future of a culturally diverse workplace. Consistent with the in vivo approach to theory-building, this study employed multiple research methods consecutively, allowing for an adjustment of the following method in its setup where necessary.

4.2.1. Online Survey via Self-administered Questionnaire

Collecting survey data online was considered the most suitable option in this research, based on the assumption that most employees would possess their own corporate email address. Convenience and accessibility played key roles in the decision to employ the internet as a means of data collection as previously discussed by Sax et al. (2003). Many employees travelled frequently. Providing the opportunity to complete the survey online enabled all staff to participate in the study, and the researcher to include the opinions of those who have frequent personal contact to culturally and/or linguistically different customers, suppliers and other external business partners. Face-to-face or mail survey would have proven to be unfeasible considering the constraints in relation to travel. Moreover, online survey allowed the researcher to collect quantitative data in a short period of time at low cost (Bech & Kristensen, 2009; Alasuutari et al., 2008; Sax et al., 2003; Dillman, 2000).

All three subsidiaries agreed to inform their staff about participation in this research via email. Case 1 elected to invite their staff to complete the online survey via their Communications Department, Case 2 approached their staff through administrative staff of the executive management, and in Case 3, the executive management sent the email invitation to their staff. Such choice reflects the size of the organisations. As a subsidiary with ninety employees, internal communication in Case 1 was more likely to be delegated to a separate department than it was going to be the case in smaller organisations such as Case 2 (sixty-two staff in the Sydney office) and Case 3 (twenty-seven staff in the Sydney office). All three emails were based on a draft the researcher provided as a guideline for the organisations. Such draft was requested by Case 1, and highly welcome by the other two organisations since it saved them time to prepare a corresponding text. The email outlined the purpose of the study and the organisation's support thereof, provided the estimated time to complete, the researcher's name and contact details as well as a note about confidentiality and withdrawal without consequences for the individual.

Each subsidiary agreed to the survey being open for two weeks. The respective start and closing dates were indicated in the original email to all staff, sent on the actual start date since it was expected that most people would complete the survey in the course of the first days after receipt of the survey link. Two days before the survey closed, the organisations reminded their staff to participate in the survey – if they had not done so already – in a second email. Hence, the disadvantage of low response rates often associated with online survey due to a lack of personalisation, pre-contact letters and follow-up communication (Kaplowitz et al., 2004) was reduced through a reminder email. The following response rates were achieved: thirty-seven per cent in Case 1 and Case 2, and sixty-seven per cent in Case 3.

The survey served to obtain a better understanding of the organisations from an employee, rather than leadership perspective. Thus, all general staff, but the executive management was invited to complete the survey.

Sampling interviewees was the other rationale for employing survey. The survey invited participants to indicate whether or not they would be willing to provide further information in a face-to-face interview with the researcher, and potentially in a group discussion with some of their colleagues. Establishing the sample for interviewing through

the survey proved to be an effective strategy. It needs to be noted, however, that in some cases, certain backgrounds had to be included by appointment.

Time and costs were the main rationales for employing a self-administered questionnaire as a research instrument. A self-administered questionnaire also had the advantage of collecting data that was free of a researcher bias (Williams, 2003), and as such, added validity to a predominantly qualitative study. Interviews provided the opportunity to explore survey responses in more detail.

An introduction served to capture employees' attention and raise interest in completing the questionnaire. The introduction comprised a brief outline of the study and its purpose, the expected time to complete as well as the researcher's contact details and responsibility to keep all information provided confidential. Williams (2003) argues that an interesting and informative introduction is beneficial for a research study because people often decide whether or not to participate based on the introductory text.

The self-administered questionnaire was divided into sections to make it appear less overwhelming and more manageable for the participant (Williams, 2003): *Work environment*, *experience and training*, as well as a section with questions about the participant. As a warm up phase, the questionnaire commenced with simple and easy questions about the frequency and nature of the employee's work with people from different cultural and/or linguistic backgrounds. Such questions referred to how often employees worked with people from other cultural and/or linguistic backgrounds, and whether those include team members, colleagues from the overseas parent company, suppliers, or customers. Previous studies have shown that easy and more general questions preceding the more specific ones leads to better response rates (Williams, 2003).

The majority of questions were closed. Open-ended questions were employed to identify the countries people had lived in for six months or longer during their lifetime, their mother tongue and the foreign languages they speak, other forms of preparation for working effectively in a culturally diverse environment, the challenges they experience in working for a German multinational corporation in Australia, and the keys to working successfully across cultural and/or linguistic diversity. The latter had particular importance because it served to identify ideas in the search for what intercultural competence means in German multinational corporations in Australia, and how it can be developed.

4.2.2. Semi-structured Interviewing and Interview Guide

The defining characteristic of semi-structured interviews is their flexibility, unlike structured interviews, which consist of an arranged order of questions all interviewees will be asked in the same way (Miller & Brewer, 2003). Such flexibility was important to ensure in this study because it was anticipated that intercultural challenges and the ways in which employees practice and develop intercultural competence were inherent in their stories, and the experiences of working with colleagues from different cultural and/or linguistic backgrounds. Hence, semi-structured interviewing allowed for posing follow-up questions and exploring interesting or even unanticipated topics. As Mabry (2008, p. 218) concludes, such type of interviews "facilitate the development of subtle understanding of what happens in the case and why."

An important aspect in the decision for interviewing individual employees and against conducting focus groups to reveal tacit strategies of practice and development of intercultural competence was the assumption that the topic would be of sensitive nature. Smithson (2008) suggests that people's experiences belong to those topics that are usually considered to be unsuitable for focus groups. Instead, personal experiences are more appropriate to be investigated in individual interviews (Smithson, 2008). The workplace is a professional, and often, also a competitive environment. Exposing personal experiences and feelings can easily be viewed as unprofessional, and discussing challenging experiences or difficulties as a weakness of the individual. Even though people collaborate in and across teams and departments, the workplace remains a competitive environment in which many employees strive for recognition and promotion.

Between seven and nine interviews were conducted in each subsidiary. The interviews lasted between thirty-five and seventy-five minutes and were audio-recorded. Each interviewee signed an information statement and consent form (Appendix 3). Audio-recording enabled the researcher to concentrate on what was said, rather than note-taking. All interviews were conducted in a separate conference room in each of the organisations, and transcribed. Case 1 suggested two dates for conducting the interviews, so that the researcher was able to contact all interviewees and arrange a schedule. Case 2 also agreed on two days on which the interviews would be conducted at their premises, but chose to contact all interviewees themselves, sending an email with the final schedule to the

researcher. In Case 3, it was agreed that the researcher contacted interviewees and arranged for a schedule. The subsidiary left the dates subject to the arrangement between researcher and interviewees.

The sampling approach this study took challenges the traditional view in international business and management research. Whilst the majority of research studies exclusively concentrate on the managers' view (Macdonald & Hellgren, 2004), the present study assumed it to be of equal importance to gain access to the less studied attitudes of non-managerial staff. Going beyond having managers to speak for the organisation, but also including the perspective of non-managerial staff "provides important fine-grained data, often casting new light on developing lines of enquiry, and real insights into the lived experience of work in these organisations" (Edwards et al., 2011, p. 423). In their own research, Edwards et al. (2011, p. 427) found that "many of the employee interviews illuminated and extended aspects of the data we had collected previously from managers." Macdonald & Hellgren (2004) come to a similar conclusion, stating "that top management may not know most about what is going on in the organisation, that middle management is likely to be much better informed, and that junior managers may be most knowledgeable of all on specific matters." In this research, *general staff* refers to all staff outside the executive management team, thus reflecting the opinion of those who live the decisions made by those leading the organisation.

The flexibility of semi-structured interviewing required an interview guide rather than a questionnaire. Interview guides consist of a set of questions the researcher wishes to pose, but allow for the order of questions to be changed and interesting topics to be further inquired (Miller & Brewer, 2003). Two separate interview guides were prepared; one for representatives of the subsidiaries' executive management and one for general staff. The interview guide for general staff comprised fourteen questions to capture the lived experience of employees in relation to cultural diversity in the Sydney head office of a German multinational corporation. Questions referred to how employees felt about working for a German company in Australia, experiences of working with people from different cultural and/or linguistic backgrounds, the knowledge they have about other cultures and languages, as well as their perception of how the organisation handles cultural diversity. Although the interviews were not related to participants' employment, the topic of cultural

diversity in the workplace encouraged them to talk about colleagues, the organisation's leadership, and incidents, which are sensitive topics.

Interviews with representatives of the executive management began with a question about the organisation, its global presence, market entry into Australia, its management strategy pursued in the Sydney office, and the perceived headquarters-subsidiary relationship. Corporate activities in relation to cultural diversity, such as seeking new candidates with relevant knowledge and skills, catering for cultural practices as well as policies were in the focus of the interview guide. The last section of the interview guide sought to understand how corporate leaders perceived managing a culturally diverse workforce, and the subsidiary of a German multinational corporation in Australia overall.

4.2.3. Focus Group and Focus Group Guide

As the last part of data collection in the three subsidiaries in Australia, focus group served to provide further explanations for key findings from the interviews. Group dynamics played an important role in the discussions about cultural diversity at work, and the skills required to work effectively and appropriately with people from different cultural and/or linguistic backgrounds, as well as the perceptions of organisational support for cultural diversity. Massey (2011) argues that focus groups offer the unique opportunity to generate cultural understandings through deep discussions. Focus groups tend to be used in the final follow-up phase that pursues exploratory aspects of data analysis (Puchta & Potter, 2004).

Even though the focus groups were not used to explore personal experiences for sensitivity reasons as discussed before, in Case 2, the focus group lead to further insights into the personal experiences of some participants about discriminative behaviour at work, and the reaction and feedback by other group members. Such outcome tends to be difficult to achieve since people often hesitate to express challenging personal experiences and related feelings in front of their colleagues (Smithson, 2008).

Focus group sampling was primarily conducted through the interviews. After each interview, participants were asked whether they would be willing to further discuss cultural diversity in the workplace in a focus group. Since each focus group was homogeneous in its composition of employees of the same organisation, the researcher aimed to create discussions that included different perspectives. Hence, each focus group consisted of a mix

of employees from different cultural and/or linguistic backgrounds. In order to maintain the principle that including the view of non-managerial staff can offer important contributions, each focus group consisted of managerial and non-managerial staff. The supervisor-direct report relationship was, however, respected and no supervisor and his or her direct report were selected for the same focus group. Such combination is usually not recommended (Smithson, 2008) because employees may feel uncomfortable to speak freely about sensitive topics in the presence of their supervisor.

The focus groups consisted of five to seven participants. Such size provided an environment where all participants were able to play an active part in the discussion, which may prove difficult in larger groups (Smithson, 2008). The smaller size also allowed for a discussion of topics in detail (Brannen et al., 2002). To respect Ritchie and Lewis' (2003) concern that groups smaller than four can lose some of the qualities of being a group, four was decided to be the minimum size for the focus groups. Each discussion was held in a separate conference room of the organisations and lasted between forty-seven and fifty-one minutes. Similar to the interviews, all group discussions were audio-recorded and transcribed, and each focus group participant signed an information statement and consent form (Appendix 7).

Goffman (1981), Drew & Heritage (1992), and Myers (1998) address the arranged situation in focus groups. Their notion of *natural discussion* and *artificial performance* is central to the quality of such groups. The authors argue that even a discussion that appears natural is an artificial performance since focus groups are unnatural settings in which the researcher and participants work towards a common objective. In the present study, some focus groups were closer to a natural discussion than others. Certain topics led to discussions that can be described as lively, with no involvement of the researcher. The researcher only interfered when discussions went into irrelevant directions or were too lengthy. Such role is desired in focus groups. While the researcher takes the role of a listener in interviews, he or she is a moderator who influences the conversation in a focus group (Hesse-Biber & Leavy, 2011). Even though Agar & McDonald (1995) doubt the lively conversation in focus groups, this study has seen discussions that were vivid and engaging, involved all participants who expressed diverging ideas about cultural diversity in the workplace.

The focus group guide consisted of an introduction to the researcher, the study and its purpose. It outlined the rules of the focus group, including the researcher's role as a moderator in the discussion, confidentiality issues, and audio-recording. Participants were encouraged to express their opinions and speak up when they disagree. A set of six questions sought to engage participants in a discussion cultural diversity in the workplace, whether or not they believe people are always respectful towards other cultures, and the strategies they thought can assist to improve the current situation. Similar to the interview guide, the focus group guide allowed the researcher to further inquire into interesting aspects that were mentioned, and skip questions if they had been answered in the course of the conversation before.

4.3. Entwining Theory and Empirical Data

Whilst quantitative data collected through online survey was analysed by statistical means, coding made sense of qualitative data gathered in the course of interviews and focus group to identify the intercultural challenges respondents viewed in place as well as the ingredients of intercultural competence. Coding is the process of analysing data per line or per paragraph for noteworthy incidents, experiences or feelings (Strauss & Corbin, 1998). In qualitative research, a code usually refers to a word or short phrase that assigns an attribute to a text. Interview and focus group transcripts are among the frequently employed sets of data for coding (Saldana, 2013). Charmaz (2001) describes coding as the "critical link" between empirical data and how meaning is created through such data.

The coding method employed for this research was *In Vivo Coding*, which refers to the establishment of codes based on the actual words interviewees used (Saldana, 2013; Strauss, 1987). In Vivo Coding suited the present research best as it is viewed to be particularly appropriate for studies "that prioritise and honour the participant's voice" (Saldana, 2013, p. 91). With non-managerial views being underrepresented in international business and management studies, In Vivo Coding is particularly useful to value respondents' actual words, which can enhance and deepen our understanding of their worldview (Saldana, 2013). In Vivo Codes reflect "the behaviours or processes which will explain to the analyst how the basic problem of the actors is resolved or processed" (Strauss, 1987, p. 33). Intercultural competence is a mature field for which new insights are required

to shed light on its meaning in different contexts and the way it can be developed. "Actors" in this study are the participating employees in the organisations under investigation. Their individual strategies of working effectively and appropriately in situations shaped by cultural diversity were in the centre of this study. As such, In Vivo Coding was particularly suited to answer the research questions.

Coding in the early stages of data collection enabled the researcher to identify patterns for the emerging theory that building meaningful relationships with people from different cultural and/or linguistic backgrounds is central to intercultural competence as an employee ability in German multinational corporations in Australia. Lewis-Beck et al.'s (2004) proposition that the interesting aspect about In Vivo codes is that the researcher knows the moment the idea is expressed that this is something to write down, indeed applied to the present study. An experienced senior manager from Case 1 stated that "there is nothing that can replace a personal relationship." This quote reflects the key finding of this research, and, as such, has been chosen as the study's title. Saldana (2013) emphasises that trusting one's instincts is part of In Vivo Coding. From the codes, categories and subcategories were developed. Whilst coding refers to arranging things into a systematic order, categorising builds a system out of codes (Saldana, 2013). Based on these categories and subcategories, a new conceptualisation of intercultural competence was established.

Literature provides limited material about the in vivo approach to theory-building, and as such, about the process of entwining the existing theoretical framework from which such study departs, with data collection and analysis. Some authors have dedicated their research activity to the consideration of theory in theory-building research, including Jackson & Mazzei (2012; 2013), Andersen & Kragh (2011; 2010); Haig (2010), Dubois & Gadde (2002), Van Drongelen (2001) and Orton (1997). Most research, however, continues to be concerned with the recognition of theory in theory-building research as the third stance besides induction and deduction. Hence, the lack of a detailed discussion about how to integrate existing theoretical framework, data collection and analysis comes somewhat anticipated. Andersen & Kragh (2010) state that the in vivo approach to theory-building is employed frequently, but rarely discussed.

The way this study entwined the existing theoretical framework with data collection and analysis is based on the approach Andersen & Kragh (2011; 2010) propose. It reflects

the fundamentals of Orton's (1997) idea of the *iterative grounded theory*, Dubois & Gadde's (2002) *systematic combining*, Haig's (2010) notion of *abduction*, and Jackson & Mazzei's (2013; 2012) concept of *plugging in*. Grounding research on such less established methodological framework, however, is likely to attract sceptics. However, it is believed that a road less travelled can contribute to the innovation in international business and management research, and case study in particular.

A main characteristic of the in vivo approach to theory-building as suggested by Andersen & Kragh (2011) is the constant iteration between original theoretical framework, data collection and analysis. The authors suggest four stages to the development of new theory through in vivo: *Preliminary framework*, *reorientation*, *exploration*, and *reintegration*. Whilst the preliminary framework serves as the point of departure for data collection, all following stages rely on empirical data and feed into theory-building (Andersen & Kragh, 2011). Figure 1 provides an overview of the in vivo approach to theory-building employed in this research, discussed in detail in the subsequent text.

Preliminary Framework
Cultural intelligence

Reorientation
Increased focus on unity between different sub-units of the larger organisation. Discarding of cultural intelligence and focus on intercultural competence.

Exploration
Building meaningful relationships discovered as central to intercultural competence and collective identity as a major contributing factor in the variation of this ability.

Reintegration
Interrelated Model of Intercultural Competence for MNC Management

Data collection through survey, interviewing, focus group

Theory-building

Figure 1: Theory-Building (Adapted from Andersen & Kragh, 2011)

In the reorientation stage, the researcher became aware of the above mentioned incompatibility between the preliminary framework and empirical data: Cultural intelligence separates the individual from the environment. The corporate environment, however, emerged as a component of what constitutes our ability to work effectively and appropriately across cultures. The researcher thus focussed on intercultural competence, since the concept allows for the inclusion of the environment which became apparent in the early stages of data collection and analysis. Unity between different sub-units of the multinational corporation appeared to shape much of the collaboration quality, an aspect that had not been recognised as central ingredients to intercultural competence in previous research.

According to Andersen & Kragh (2011, p. 158), the following stage – the exploration stage – is "a process characterised by open-minded discovery of new theoretical perspectives, rather than the predetermined search for specific theories, yet maintaining a tight link between the evolving framework and the original empirical referent." Building meaningful relationships with people from different cultural and/or linguistic backgrounds, and collective identity in a sense of membership in the larger organisation evolved as the most important aspects of the "unity" that appeared as central to working effectively and appropriately in a culturally and linguistically diverse environment.

Once the decision had been made that building meaningful relationships and collective identity contributed important insights into the cases, those perspectives were integrated into the emerging theory (reintegration stage). The *Interrelated Model of Intercultural Competence for MNC Management* visualises the interplay between dimensions, and emphasises that a more holistic view of the organisation and its stakeholders, rather than thinking in separate units and individuals in isolation from each other, bears the potential to strengthen collaboration in the subsidiary as well as partnership with the overseas headquarters.

Chapter 5 uses online survey and semi-structured interviewing as research methods. It presents some of the key results from self-administered questionnaire and interview guide employed for data collection across the three company cases. Qualitative data is embedded in the discussion through quotes to allow for an insight into the diversity of opinions. Chapter 6 uses online survey, semi-structured interviewing and focus group. Results from self-administered questionnaire offer an initial insight into the intercultural challenges employees

face. Qualitative data collected through interview guide is being analysed through coding and establishes the key intercultural challenges prevalent in this research. Extracts from focus group discussions confirm interviewing results and provide employee ideas about how to achieve more effective and appropriate communication across cultures in the workplace. Chapter 7 employs semi-structured interviewing in the overseas headquarters, which will be outlined in more detail in the respective section of this thesis.

Conclusion

Selecting cases gradually, rather than completing the sampling process prior to entering the field proved to be an effective way of sampling because it enabled the researcher to reflect upon empirical data from previous organisations prior to sampling other cases and collecting further data. Previous cases also offered valuable practical information about the organisations' approaches to prepare their staff for data collection, which proved to be effective in the following cases.

Case study research would benefit from discussing rejection and withdrawal in case sampling in more depth. In largely avoiding the topic, many studies evoke the impression that rejection and withdrawal are negative aspects, potentially showing a weakness of the researcher in his or her sampling skills, or questioning the relevance of the study. The present research views rejection and withdrawal in case sampling as a confirmation of rationale to investigate intercultural competence in the business environment in Australia. As outlined in the introduction to this study, skills relevant for working effectively and appropriately with people from different cultural and/or linguistic backgrounds seem to be rarely sought in the recruitment of new candidates. Few organisations in Australia specify intercultural competence as selection criteria, which leads to the assumption that they see little need for such ability in a workplace that is shaped by cultural diversity.

Many norms persist in case study research. In addition to the underrepresentation of detailed discussions about rejection and withdrawal in case sampling, large sample case studies also continue to be a norm in international business and management research. Some recent publications, however, challenge existing norms in a way that they offer complementary views on case study research. Piekkari & Welch's (2011) book *Rethinking the Case Study in International Business and Management Research*, for instance, offers

new perspectives from a community of internationally known scholars. This chapter has demonstrated in how far relying on three cases and collecting data through survey, semi-structured interviewing and focus group provided sufficient material to iterate between the existing theoretical framework of intercultural competence, data collection and analysis, and in doing so, to achieve transfactual generalisation.

Chapter 5

Operating Culturally

Diverse Subsidiaries in Australia

"Commitment is an action, but it is one that does not act on its own.

Instead, it depends on other actions, or on what is done with it." (Sara Ahmed, 2006)

Introduction

In many contemporary organisations, *Corporate Social Responsibility (CSR)* has moved onto the business agenda. The European Commission (2011, p. 6) defines CSR as "the responsibility of enterprises for their impacts on society." As such, "corporations have a degree of responsibility not only for the economic consequences of their activities, but also for the social and environmental implications" (Australian Human Rights Commission). Cultural diversity is one aspect of Corporate Social Responsibility (Bertelsmann Stiftung, 2014), even though not all organisations refer to CSR as such. *Diversity Management* is a frequently employed term by organisations to address cultural diversity in the workplace in their CSR activities. The concept of Corporate Social Responsibility primarily emerged out of societal pressures to act responsible as a business organisation (Edwards et al., 2007). Hence, CSR is to some extent concerned with the creation of a public image of the organisation to meet stakeholder expectations.

One way of achieving a public image is through written documentation. Annual reports, for instance, serve to inform stakeholders about corporate activities and standpoints. Corporate policies seek to direct employee behaviour, but also function to provide "evidence" that certain aspects of the business environment are being regulated. Recently, however, "many practitioners and academics have expressed concerns that writing documents or having good policies becomes a substitute for action" (Ahmed, 2006, p. 117), suggesting that "the orientation toward writing good documents can block action, insofar as the document then gets taken up as evidence that we have done the work." In her research about the non-performativity of anti-racism at university level in the United Kingdom, Ahmed (2006, p. 117) refers to the "politics of documentation", and poses the question "whether what is being measured are levels of institutional competence in producing documents rather than what the university is doing in terms of race equality" (ibid).

This chapter analyses the way in which the three subsidiaries under investigation approach cultural diversity and seek to ensure equal opportunities for people from all cultural and/or linguistic backgrounds in the workplace. It sets out with a brief introduction to the multinational corporations and their head offices in Australia. The chapter moves on with a discussion about the subsidiaries' regulatory and non-regulatory instruments to foster mindful communication in terms of reciprocal respect between people from different cultural

and/or linguistic backgrounds, and the cultural make-up of their workforce. Including the opinion of general staff and executive managers shed light on the extent to which theory and practice differ. The central argument of this chapter is that profound documentation alone will not necessarily create a workplace where people communicate in a mindful way with one another. Instead, leadership that demonstrates the ability to put theory into practice was critical in the present research study. As such, this chapter establishes a strong rationale for including the corporate environment in intercultural competence discourse.

Overall, this chapter facilitates the comprehension of each company case. It establishes the ground for an in-depth analysis of the intercultural challenges employees face in the workplace, as it will be subject to analysis and discussion in Chapter 6. The findings of this chapter are linked with research question 1 ("What are the key challenges employees of German multinational corporations in Australia experience in working across cultures?") in a way that they show how workforce demographics can act as key indicators of malfunctioning diversity management.

5.1. The Organisations

The three multinational organisations investigated in the course of this research look back at a long history. They were all established in the 19th century in Germany, and their ownership remains German until the present day. In terms of headquarters and subsidiary size, the organisations vary. They also differ in their market portfolio, with two organisations focussing on manufactured goods for corporate customers, and one organisation offering services for both corporate and private customers. Business relationships between headquarters and subsidiary are maintained in a way that one subsidiary is treated as a customer, another as an extended sales and marketing arm, and yet another acts rather independently. The parent companies also pursue different human resources management strategies in the Australian subsidiary, ranging from tight cultural control to best fit for key roles. The following table (Table 1) provides a brief overview of company facts.

	Case 1	**Case 2**	**Case 3**
Industry	Energy	Power transmission	Logistics
Market portfolio	Manufactured goods	Manufactured goods	Services
Customers	Corporate (B2B)	Corporate (B2B)	Corporate (B2B) Private (B2C)
Headquarters in Germany established	Mid-19th century	Early 19th century	Late 19th century
Ownership	German	German	German
Headquarters size (staff)	+ 15,000	+ 2,000	+ 1,000
Global presence	In nearly every country	+ 50 countries	+ 32 countries
Subsidiary in Australia established	19th century	Early 1970s	Late 1980s
Subsidiary size (staff)	90	62	27
Headquarters-subsidiary relationship	Supplier and customer	"Marketing company"	Rather independent
Human resources management strategy in subsidiary in Australia	Ethnocentric (primarily German nationals in key roles)	Polycentric (primarily locals in key roles)	Geocentric (best fit for the role, irrespective of cultural background)
Corporate language across the multinational corporation worldwide	English	English	English

Table 1: Case Overview 1 - Factsheet

Company data is incorporated in the abbreviated case reports (Appendix 8) in a more comprehensive way, merged with the key findings of this research study.

5.2. Mindful Communication in Theory and Practice

This study employs the term *mindful communication* to describe the reciprocal respect people from different cultural and/or linguistic backgrounds have towards each other. Mindful communication includes the organisation and how leaders shape the corporate environment, which is subject of this section. Interviews with executive managers offered an insight into the activities related to Corporate Social Responsibility in the three subsidiaries under investigation. The focus is on the diversity aspect of Corporate Social Responsibility. This section distinguishes between regulatory and non-regulatory instruments they employ to achieve mindful communication in the workplace.

5.2.1. Regulatory Instruments

The *Code of Conduct* is one of the most common regulatory instruments an organisation can implement to guide behaviour in the increasingly globalised business world (Keller, 2006). Code of Conducts are voluntary in nature rather than legally binding. The OECD (2001) defines the Code of Conduct as "commitments voluntarily made by companies, associations or other entities, which put forth standards and principles for the conduct of business activities in the marketplace." Those Code of Conducts developed by multinational corporations have been described as *transnational normative regimes*, (Keller, 2006): They are not subject to national laws, but have been created by private organisations in which national boundaries have become porous. The codes are informal, yet have a public function.

A Code of Conduct had been formulated and implemented in all three company cases. Established by the headquarters in Germany, the codes were transferred to the subsidiaries. They were provided either in hard copy or electronic format to the researcher. Since the codes are also available to the public, this study refrains from detailing their contents for de-identification reasons. Important here is that part of each code was an outline of behaviour employees were expected to demonstrate towards colleagues, customers and suppliers as well as other external parties. Across the participating organisations, discriminative behaviour in relation to race, culture, religion, age, disability, sexual identity, and gender was described as not tolerable.

Other regulatory instruments regarding cultural diversity in form of corporate policies had been implemented in the three subsidiaries. These policies had primarily been developed for internal access and usage, and differ in the organisations' view as to what can lead to mindful communication in the workplace. As an example, Case 1 has corporate policies in place further detailing how to interact with culturally and/or linguistically different parties. The organisation also employs online forms that are being distributed by the German headquarters and compulsory to be completed. Part of these forms regulates behaviour in a culturally diverse environment. Case 2 outlines how to behave towards people from different cultural and/or linguistic backgrounds in their work contracts, banning conversations about culture at work, for instance. Behavioural instructions serve to remind their staff of existing guidelines and are communicated prior to corporate functions, such as Christmas parties.

Case 3 also includes respective guidelines in work contacts, and has, as an example, policies in place which encourage employees not to answer emails in other languages than English.

5.2.2. Non-regulatory Instruments

In this research, non-regulatory instruments refer to programmes, initiatives, and functions that have the objective to cater for employees' cultural needs and foster mindful communication in the workplace.

As the largest of all subsidiaries, Case 1 maintains a *Cultural Diversity Committee* which comprises one full-time role on maternity leave at the time when the fieldwork of this study was conducted. The responsibilities of this committee remained rather unclear since it was impossible to speak to the person in charge. In the interview with the manager representing the organisation, she admitted her uncertainty about the committee's activities, and explained such with the committee being "in the stage of infancy". Case 1 also maintains diversity ambassadors across the multinational corporation worldwide. Their function is to act as role models and to foster cultural diversity as a business imperative. They also aim to demonstrate how diversity can be beneficial for the company and individuals through their own experience.

Case 1 caters for the cultural needs of their diverse workforce on a provisional, yet purposeful basis. Praying facilities, for instance, have been established within the premises. Since some women have declined using the room they have to share with men, the organisation also arranged for an external room minutes away from the office where women can pray separately from men. In the canteen that is operated by an external catering company, vegetarian food is available. This offer is not specifically targeted at people with certain religious dietary requirements, but at those who do not eat meat in general.

In contrast to the previous company case, non-regulatory instruments to cater for cultural needs and foster mindful communication are absent at Case 2. When the executive manager was asked to provide reasons for this absenteeism, he elaborated on those aspects that he believed to be critical for successful operations in Australia.

"What we do for cultural diversity? I would say we are not doing that much to be honest. We do have our get togethers, but it is more to unite the team rather than seeing cultural differences. We are all here for one task. We are all here on local

contracts and we are working according to the laws and regulations from Australia and New Zealand. […] We realise that we are different, look around here, we have quite a number of people coming from different backgrounds. I see it more as an asset than anything else. On the other hand, we are not here to encourage to become more Lebanese or to encourage them to become more Indian. We are operating in Australia; we have to adapt to the rules and regulations of the culture of Australia."

As in Case 2, programmes, initiatives and functions to cater for cultural needs and foster mindful communication had not been implemented at Case 3. Neither a canteen, nor praying facilities were available, even though the organisation employs people from a Muslim background. In the interview, the manager expressed the opinion that mindful communication is not necessarily about programmes, initiatives, and certain functions, but about leadership attitude. He believed that acting in a global environment successfully requires seeing oneself and the organisation as global citizens.

Harmony Day as a festivity to embrace cultural diversity was celebrated by Case 1, not in the case of the other two subsidiaries.

5.2.3. Workforce Composition

A starting point in the analysis of organisational commitment to mindful communication in terms of reciprocal respect beyond writing documents or having good policies was a close look at workforce composition in the three subsidiaries under investigation. The survey provided an indication of gender distribution, age group representation, employees' educational backgrounds, where they felt they belong to culture-wise, representation of religion, and mother tongues. Such data served to create a first impression of workforce diversity. The survey was completed by thirty-three employees from Case 1, twenty-three from Case 2, and eighteen from Case 3.

Case 1 emerged as a rather male-dominated organisation from the survey, with twenty-two respondents being male and eleven female. In Case 2 and Case 3, gender was distributed more equally: twelve respondents from Case 2 were male and eleven female; eight respondents from Case 3 were male and ten female (Question 19). All three executive

managers interviewed confirmed the survey results in a way that they said they reflected actual male-female ratios.
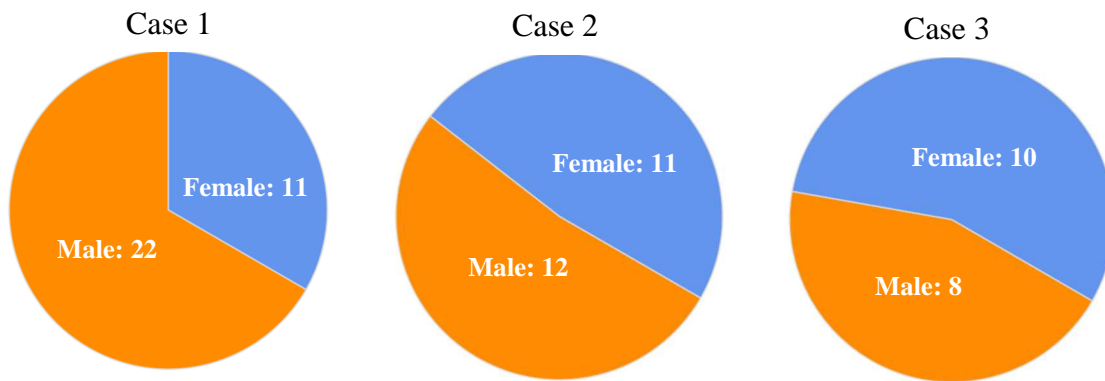
Figure 2: Gender Survey Participants

Operating in the energy industry, core activities of Case 1 in Australia are related to engineering, with product modifications and adjustment being completed locally by the subsidiary. Recently, Nguyen & Pudlowski (2012) confirm that women in Australia participate significantly less in the engineering and technology profession than their male counterparts, but continue to be attracted by those professions that include social interaction and administration. With only fifteen per cent of total enrolment in engineering and technology courses at tertiary level, but constituting more than fifty per cent of the general population in Australia, women continue to be under-represented in these professions. In the interview with the executive management of Case 1, the subsidiary's intention to increase the representation of women in engineering roles was described as a continuing struggle.

Even though Case 2 also operates in the manufacturing business, the subsidiary functions as a distributor, with minimal local engineering activity. Based on Nguyen & Pudlowski's (2012) argument that women tend to be more attracted by roles that involve social interaction than men, the subsidiary's focus on marketing and sales in Australia may serve as an explanation for the female-male ratio. It appears as if the stereotypical image of female and male professions also applies to Case 3: Many roles are service-related office jobs, including customs clearance, freight handling, and customer service.

Both, Case 1 and Case 3 employed a rather young workforce: More than half of respondents from Case 1 (seventeen), and almost half of respondents from Case 3 (eight) were under the age of thirty-five. In contrast, the age group eighteen to twenty-five was not represented in Case 2 at all, and less than a quarter of respondents (five) were under the age of thirty-five. Almost half of survey participants from Case 2 (eleven) were aged between thirty-six and forty-five. The survey also indicated that Case 3 maintained the most equal age group distribution. (Question 20).
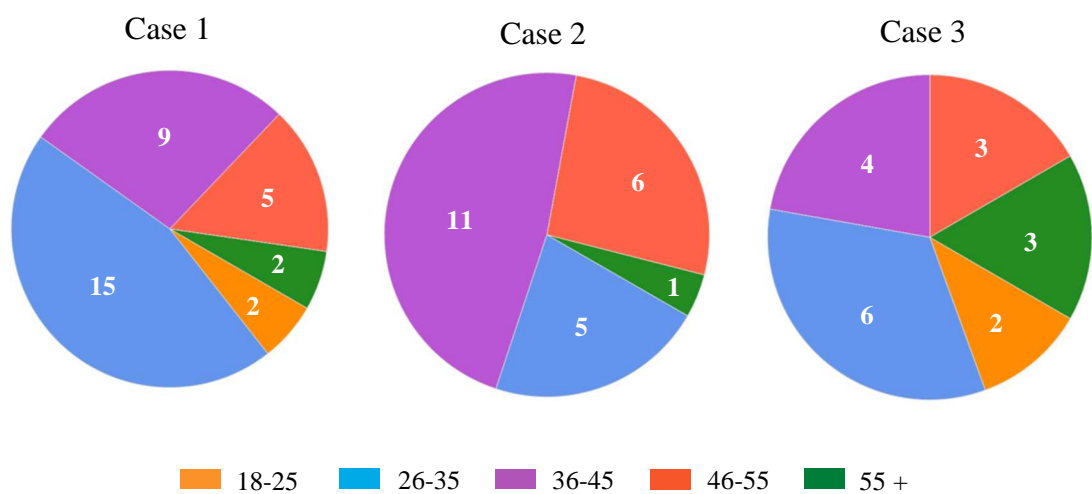
Figure 3: Age Group Survey Participants

Since most engineering roles require tertiary education in Australia and many other countries, it is not surprising that more than three quarters of respondents from Case 1 (twenty-nine) had completed a university degree. Less than half of survey participants from Case 2 (eleven), and about one third of respondents from Case 3 (seven) indicated their highest level of education to be university. Based on survey data, Case 2 employed most people with no professional training (four). None of the respondents from Case 1, and one from Case 3 stated high school as the highest level of education. Whilst TAFE graduates formed the minority of respondents from Case 1 (four), they represented the majority of respondents from Case 3 (eight). Those who selected "other" had completed a technical college course, or professional training in transport management/operations. (Question 21).
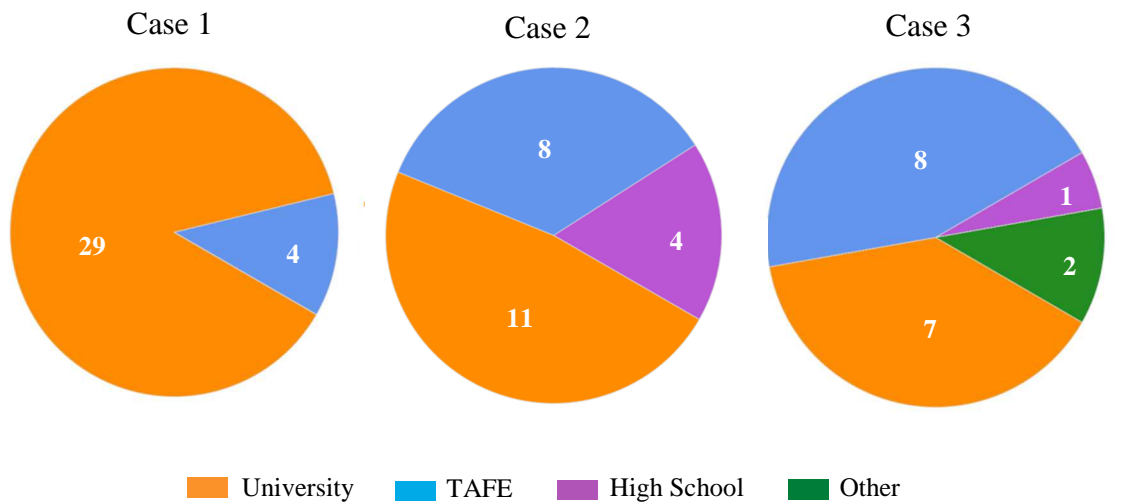
Figure 4: Educational Backgrounds Survey Participants

When employees were asked to describe where they felt they came from (Question 25), most participants saw themselves as being of either a European or Australian, as such Western background. Respondents from a non-Western background formed a minority in each of the organisations, although represented significantly more in Case 1 and Case 3.

	Case 1	Case 2	Case 3
European	11	9	5
Australian	9	9	5
Asian	8	2	6
South American	-	2	-
US American	1	-	-
Other	4	1	2
Total	**33**	**23**	**18**

Table 2: Cultural Background Survey Participants

"European" includes employees who described themselves as coming from Germany, Austria, Great Britain, Ireland, Sweden, Hungary and the Balkan. Respondents who saw themselves as belonging to China, Hong Kong, India, Cambodia, Malaysia, Vietnam, Philippines, Nepal and Punjab are grouped as "Asian". The group "South American" comprises one respondent who described herself as Brazilian, and another who identified herself as South American. "Other" consists of those who viewed themselves as being Armenian, Fijian, New Zealander, Russian, British-Indian, and Greek-Australian. One employee indicated to be of a Western background. "Other" also includes the response of a young male who stated he would find it difficult to say where he was from because he moved from one country to another throughout his childhood as he explained later in an interview.

When employees were asked to indicate their religion (Question 26), Case 2 stood out in a way that without exception, all respondents stated to be Christian. In contrast, Buddhism, Hinduism, and Islam were represented in Case 1 and Case 3. Out of the five participants from Case 2 answering the question with "other", four specified their response with "none", which may have resulted from the terms atheism and agnosticism being unknown or not deemed as appropriate to describe their viewpoint. The fifth respondent stated that she would prefer not to mention her religion. In light of such results, indicating "none" in the question about religion may have also resulted from discomfort regarding religions other than Christianity. In Case 3, the group "other" included Sikhism and the response "none".

	Case 1	Case 2	Case 3
Christianity	19	14	11
Buddhism	2	-	2
Hinduism	4	-	1
Islam	3	-	1
Agnosticism	1	-	1
Atheism	4	4	-
Other	-	5	2
Total	**33**	**23**	**18**

Table 3: Religion Survey Participants

In all of the three subsidiaries, the majority of survey respondents stated English to be their mother tongue. Variation, however, existed in the native and non-native speaker of English ratio: Case 2 showed the lowest representation of non-native speakers of English (eight), compared to fifteen native speakers, whereas Case 3 displayed the highest representation of non-native speakers of English (eight), compared to eleven respondents whose mother tongue was English. Case 1 rested between the two other cases, with twenty respondents being native and thirteen non-native speakers of English. (Question 11).

The company cases began to develop through the glance at employee demographics. A more aged workforce, the lowest representation of non-native speakers of English across the three participating organisations, the lowest percentage of employees from a non-Western background, and the absence (or not mentioning) of other religions than Christianity as a survey result shape Case 2. In contrast, survey data collected from Case 3 indicate a rather equal representation of age groups, showing the highest percentage of employees from a non-Western cultural background, and the highest representation of non-native speakers of English. Case 1, again, rests between the other two organisations.

Further inquiry was needed to shed light on the differences in representation of gender, age group, educational background, religion, cultural background, and the native and non-native speakers of English ratio between the organisations. The following section, therefore, investigates the lived experience of general staff, concentrating on their perception of the attitude towards cultural diversity in the workplace, and as such, into mindful communication in theory and practice.

5.2.4. The General Staff Perspective

The majority of survey participants across all of the three subsidiaries stated that they would work with people from different cultural and/or linguistic backgrounds on an everyday basis (Question 2). In Case 1, thirty respondents said they had daily contact, three stated to have weekly contact. Seventeen respondents from Case 3 indicated to communicate on a daily basis with people from different cultural and/or linguistic backgrounds, and one stated to have weekly contact. All survey respondents from Case 2 answered the question with "daily". Team members emerged as the dominant group of people from different cultural and/or linguistic backgrounds respondents interacted with, followed by other

internal staff, staff from the overseas parent company and other subsidiaries, customers and suppliers (Question 3).

Attitudes towards a culturally diverse business environment (Question 4) were also relatively similar across the three organisations. There was a high level of agreement to enjoy working with people from different cultural and/or linguistic backgrounds, and to consider such diversity as part of the job. At the same time that most survey respondents gained joy out of their work with culturally and/or linguistically different people, about one third of participants in each of the subsidiaries stated to prefer working with people from their own cultural and/or linguistic background. One respondent who said so agreed to be interviewed and explained that working with people from his own cultural background would be easier: "It is just a comfort zone thing. You need to get something done quickly, it is easier for me. It just takes a little bit more time if a task, like there is a bit more of the risk of the challenges that we talked about." In spite of the similarities across the three company cases, participants from Case 3 exhibited a slightly more positive stance in relation to a work environment shaped by cultural and linguistic diversity than the other two organisations. Out of the three subsidiaries, Case 3 emerged as the only one where no respondent disagreed with the statement to enjoy working across cultures and languages.

	Mean Case 1	Mean Case 2	Mean Case 3
I enjoy working with people from different cultural and/or linguistic backgrounds.	1.47	1.65	1.45
I see working with people from different cultural and/or linguistic backgrounds as part of my job.	1.31	1.35	1.45
I prefer working with people from my own cultural and/or linguistic background.	2.67	2.52	2.8

1 = strongly agree; 2 = agree; 3 = disagree; 4 = strongly disagree

Table 4: Attitude of Survey Participants towards Working with People from Different Cultural and/or Linguistic Backgrounds

When general staff was asked to indicate in how far they agreed or disagreed with statements around mindful communication in the workplace (Question 8), the subsidiaries also showed overall similar results with slight variation. Consistent with the above data analysis, Case 3 appeared as an organisation where cultural diversity was viewed in a more favourable light than in the other two organisations. Comparing the mean of responses to the statement "There is little respect for people from different cultural and/or linguistic backgrounds", however, revealed a noteworthy difference between the organisations. Whilst respondents from Case 1 and Case 3, overall, disagreed with the statement (mean = 3.14 and 3.05), respondents from Case 2 agreed (mean = 2.09). Interestingly, "fitting in" was regarded as an approach people from different cultural and/or linguistic backgrounds should pursue across all three company cases. "Fitting in" has an assimilative character, aiming at minorities to leave their original culture behind and adapt to the new environment.

	Mean Case 1	Mean Case 2	Mean Case 3
There is respect for people from different cultural and/or linguistic backgrounds.	1.83	1.91	1.55
People learn about each other's culture and language.	2.17	2.04	1.80
Cultural and/or linguistic differences do not play a role.	2.69	2.57	2.35
The faster people from different cultural and/or linguistic backgrounds fit in, the better.	2.17	2.30	2.35
There is little respect for people from different cultural and/or linguistic backgrounds.	3.14	2.09	3.05

1 = strongly agree; 2 = agree; 3 = disagree; 4 = strongly disagree

Table 5: Perceptions of Mindful Communication Survey Participants

Mixed feelings about theory and practice regarding mindful communication in the workplace were revealed in Case 1 during the interviews. To the question how he would describe his employer's attitude towards cultural diversity, a male interviewee responded:

> "They are really open, bringing in people who really know their job, experts, wherever they come from, and it is a really good harmony, everyone speaks a second language, and I rarely know anyone who has only one language, in New Zealand, my boss had only English."

Such favourable view was shared by one of his colleagues who compared Case 1 with his previous employer.

> "I think it [cultural diversity] is highly respected and in other companies their slogans are 'we embrace cultural diversity', but here it is in action because Aussies are a minority here and it is a well-functioning workplace."

Another male respondent saw cultural diversity more as a key success factor to operating in a global business environment, rather than a consequence thereof.

> "I think […] is a very open employer, they appreciate and embrace everybody that can and wants to add value. […] treats people very respectful in that regards, when you look at our office there are so many cultures, so it is not an issue for […], it is actually very important for […], being in a global environment."

Corporate commitment to mindful communication beyond written documentation was viewed in a more sceptical light by a middle manager who had experienced that German language proficiency was vital for acquiring an executive management role within the organisation.

> "'We all speak English, but decisions are being made in German', this is what I was told one day, so if you don't speak German, you are not getting anywhere.

If you intend to climb up the ladder, spend some time in Germany, if you want to be part of the discussions, you need to speak German. It all depends on what you want to achieve."

This response confirms the rather ethnocentric approach of Case 1 to manage the Australian subsidiary. It underscores Paik & Sohn's (2004, p. 62) argument that the use of expatriates is a common approach to manage international subsidiaries, acting as a control mechanism to "monitor and evaluate the activities and behaviours within the subsidiary." Requiring executive managers to be proficient in German is not discriminative behaviour in itself, rather a skill an organisation may view as essential for a specific role. Together with the response of another, more senior manager, however, it suggests that equal opportunities do not necessarily exist for people from all cultural and/or linguistic backgrounds.

"The one thing that speaks books to me is that […] when you look at that organisational chart, and there are probably fifty-nine of us, you will be impressed that five are not German. So even though they go diversity blablabla, the day I look at that chart, […] and I identify only two German names, then it is implemented, actually practising what they preach, but at the moment, they have all these nice flyers and pictures […]; so out of all these fifty-nine of us, five are not German. They say there is opportunity for everyone, but not really."

The lived experience of general staff differs to some extent from the Code of Conduct and other corporate policies around cultural diversity in the workplace in Case 1. This divergence between theory and practice, however, was exclusively related to higher career aspirations, rather than discrimination as a more subtle form of everyday behaviour.

Case 2, in contrast, emerged as an organisation where interviewees indicated discriminative behaviour on a more day-to-day basis. General staff exhibited rather mixed feelings towards the organisation's commitment to mindful communication beyond written documentation. Speaking from an affirmative stance, a female employee described the organisation's attitude towards cultural diversity as follows:

"I think it is great that the company give anyone the chance to, again, it's based on person, skills and all those types of things instead of where they come from, what colour their skin is, what colour their hair is. This doesn't play any role in this company at all; the company is very open to anybody."

One of her female colleagues shared this view, and provided an example of what she saw as positive.

"I think they are very accepting. Firstly, they wouldn't hire them if they didn't think that and once they are here, they are clearly accepted by all, by means of their food, obviously they bring in their own food and heat it up and you have to smell. All things like that are very accepted."

Some interviewees, however, saw the organisation's advocated commitment to mindful communication in terms of reciprocal respect in a different light. Taking his recruitment experience as an example, a male respondent from the United Kingdom alleged that cultural background played a role in the candidate recruitment process.

"They are into it [cultural diversity], but not massively. The very fact that this person recruiting me for this role said 'You are an Anglo so I put you forward' implies that they are quite happy employing an Anglo and if I had been an Indian, whether I had been put forward… The recruitment agency doesn't care. They want to get their commission. If they had any indication that they liked Indians or they liked whatever… I mean, you look around."

The woman who preferred not to mention her religion in the survey shared one of her recent personal experiences during the interview. She highlighted that the discriminative attitude she encountered in the workplace predominantly came from the executive management team and to a lesser extent from team members or other colleagues.

"I just heard people discussing very racist issues. […] It was really hard, because I have worked with these people for so long and there was always this same level of mutual respect with everybody and when you hear it the first time, it throws you off guard and then you get offended and then you hear it again and again in the same day and you lose that respect for those people and then it becomes really hard to work with them, because you see them on a daily basis, they try to laugh with you, but they haven't realised or are not even conscious of the offensive things they may have done the previous day."

Religion also was the theme in the experience of a male interviewee who managed a small team:

"Before I worked for Australian company […] and we got eight or nine, not even ten people. One guy was employed as a fitter and his background is Muslim. I am not saying he was a bad worker but unfortunately he had to pray like four or five times a day during working hours. At the end we had to sack him. [...] During working hours you can't just say 'Because of my religion I can't work now, I need to go to the car park, facing one direction.' […] It doesn't work. During lunch time, tea break, that's fine, well not even then because he has to pray in the car park are and there are safety issues, you know, trucks, cars coming in and out."

To the question whether the applicant's religion played a role when he recruited new employees in his current role, he admitted that he would pay extra attention.

"To be honest, yes. I am a bit more careful. Of course, during the interview or when you look at the resume, I haven't seen one resume that would mention their religion. And I know by rule you cannot ask either, you can tell, but… Probably it is not right, but from my previous experience..."

Even though discriminative behaviour against cultural background is unlawful in Australia, recent research describes discrimination and racism as "commonplace within workplaces" (Trenerry & Paradies, 2012, p. 12; Rospenda et al., 2009; Deitch et al., 2003). Such encounters are often followed by coping, a process that involves "constantly changing cognitive and behavioural efforts to manage internal and external demands appraised as exceeding a person's resources" (Lazarus & Folkman, 1984, p. 114).

Data collected through interviews with general staff from Case 3 further strengthened the emerging case in a way that all interviewees found the organisation to communicate mindfully with people from different cultural and/or linguistic backgrounds. The response of a male employee who had been with the organisation for many years to the question how he would describe their attitude towards cultural diversity addressed the high percentage of employees from a non-Western cultural background, and representation of non-native speakers of English identified through the survey:

"[The attitude is] lovely. This company actually doesn't hire many Australians, sorry, people of Australian background. I guess because they need the languages. If I have got problems with the Japanese, I go to my colleague and ask her to translate for me into Japanese and send it over. And we have customers from China and Vietnam and they only want to communicate with our Chinese and Vietnamese colleagues because they feel comfortable. I guess that is good for business. If their English is very poor, and they don't understand what I am saying and I don't understand what they are saying."

Another male employee also described the organisation's attitude towards cultural diversity in a kind and reassuring way: "I think it is wonderful." The executive manager of the Australian subsidiary was considered as the backbone of attitude towards cultural diversity in the response of a female employee. The woman saw the organisation as "very supportive of diversity", to the extent that the manager would not accept any kind of discrimination or other issues, but intervene instantly. Another female interviewee responded: "They are pretty good. They are pretty open to doing this type of stuff", and one

male interviewee was uncertain about his answer, stating he had never thought about his employer's attitude towards cultural diversity before.

In summary, the public image an organisation seeks to establish through communication with stakeholders not always matches the lived experience of staff. Roberge et al. (2011) and Ahmed (2006) address the gap between theory and practice, concluding that it is a common problem that organisations fail to deliver their commitment to cultural diversity. Such a gap has been identified in Case 1 and Case 2, where regulatory instruments had been violated by their own architects. Unfolding the three subsidiaries shows that regulatory and non-regulatory instruments to cater for a culturally diverse work environment are no guarantee for mindful communication. Previous studies have proposed that change is necessary. Among these studies are Kramar & Steane (2012) suggesting to create new roles within human resources management to respond more systematically to diversity, and Kramar (2012) recommending to leverage the impact of legislation since gender diversity in organisations in Australia has allegedly improved through its inclusion in the Equal Employment Opportunity regulation.

The following section picks up the notion of leadership attitude that was mentioned by some interviewees to describe the atmosphere within the organisation in relation to cultural diversity. It presents viewpoints of those speaking from a leadership stance to substantialise the perceptions of general staff.

5.2.5. Insights from the Executive Management

Consistent with the responses from general staff, the cases were further strengthened through the inclusion of leadership viewpoints. An executive manager from each subsidiary was asked to offer an opinion on how they would describe managing a culturally diverse organisation, and how they would describe managing a German company in Australia. In Case 1, the first question was answered as follows:

"It can be a challenge […] and it can be so enriching as well to the whole dimension of your work force. On the sort of positive side you are getting a lot more experience and knowledge and points of view from people, if you had one homogenous group you would you would, obviously, not obtaining those things.

So it makes it a more effective workforce if operated and used in the right way. A challenge in the way where you have these constant issues, issue management which derived from a lack of understanding of how to work within those dimensions of different people from different cultures so a lot of our work might be putting pieces together for a lot of situations and getting people to communicate properly and getting people to get an outcome and some of that is derived from differences you have in the workforce."

Managing a subsidiary with a parent company from Germany, however, was associated with challenges, rather than opportunities.

"Look, we have dealt with things in this market in Australia for so long, we can serve the market from here and we are not relying on Germany, all we rely on is a predictable failure. It just doesn't work."

The executive manager continued to elaborate on the topic with incidents observed over the years, emphasising the level of frustration relying on the German headquarters to deliver products according to local market requirements had caused among the management team in the Australian subsidiary.

"You can get angry and hostile with Germans. I have seen managers in Australia who just put those people on the next airplane and send them back to Germany."

Whilst Case 1 found managing a culturally diverse organisation to be beneficial, where associated challenges could be harnessed and utilised for the advantage of the business, a representative from the executive management team in Case 2 concentrated on the challenging aspects of cultural diversity in his response.

"It is much harder, much harder to understand. […] You really have to make sure they have understood what you would like them to understand."

To the question how he would describe managing a German organisation in Australia, the executive manger replied:

"I don't see it any different from managing a non-German company. You are managing a company according to the rules and laws of that country. Every company has its' different culture, different reporting system etc. etc., but it wouldn't be different if I ran a Swedish company. The scope of responsibility is always the same. By law, you are responsible for this and that." He added at a later stage of the interview: "I don't think that Germany is that great. We are far away; they can't come here every day – luckily for us."

Respect played a central role in the response from an executive manager in the Sydney office of Case 3.

"Cultural diversity is something were we try to implement respect. […] And the diversity, it is exciting. It leads to different outcomes. You get many point of views, including the cultural views. That can be harnessed to an advantage. I think in Australia cultural diversity is very much undervalued."

In his response to the question how he would describe managing a German corporation in Australia, the manager emphasised that the organisation in Australia aimed to be viewed as a global organisation.

"You make an effort not to be seen particularly German. It is good, but at the same time we operate in Australia, so we are a global company. English is our language, but you can't help it there is German in the business and we diplomatically tell our colleagues not to speak German. Managing a German company you report to Germany, you can support the positive German cultural experiences, and also the attitude, it is not a hire and fire company."

The manager admitted that the influence from the overseas parent company beared its challenges, yet emphasised that collaboration always was constructive and agreement achieved in one way or the other all of the times.

Table 6 summarises the different perspectives on theory and practice of mindful communication in the workplace of the three subsidiaries, and provides an overview of the emerging cases. The table highlights the limited effectiveness of regulatory and also non-regulatory instruments seek to ensure employees from different cultural and/or linguistic backgrounds interact mindfully with one another. Instead, leadership attitude and behaviour evolved as a key determinant in working effectively and appropriately across cultures.

	Case 1	Case 2	Case 3
Regulatory instruments	Code of Conduct Other corporate policies	Code of Conduct Other corporate policies	Code of Conduct Other corporate policies
Non-regulatory instruments	Diversity committee Diversity ambassadors Praying facilities Harmony Day	None	None
Gender distribution	Male-dominated	Rather equal distribution	Rather equal distribution
Age group representation	Youngest workforce	Most aged workforce	Most equal distribution
Educational backgrounds	Largely tertiary educated	Balanced	Balanced
Cultural backgrounds	Primarily Western Representation of non-Western backgrounds	Primarily Western Lowest representation of non-Western backgrounds	Primarily Western Highest representation of non-Western backgrounds
Mother tongues	Primarily English Representation of non-native speakers of English	Primarily English Lowest representation of non-native speakers of English	Primarily English Highest representation of non-native speakers of English
Representation of religion	Representation of different religions	Christian only	Representation of different religions
General staff perspective	Theory and practice do not always match	Theory and practice do not always match	Theory and practice match to a large extent
Executive management stance on cultural diversity and being part of a German organisation	Cultural diversity viewed as overall positive; belonging to a German corporation viewed as overall challenging	Cultural diversity and belonging to a German corporation viewed as overall challenging	Cultural diversity and belonging to a German corporation viewed as overall positive

Table 6: Case Overview 2 – Mindful Communication in Theory and Practice

Conclusion

Theory and practice are not necessarily the same, and even if an organisation advocates their commitment to cultural diversity through corporate social responsibility and related actions, the lived experience of staff may differ from the public image an organisation seeks to create. Much of the effort made in writing statements of commitment seems to fail to translate into the creation of an inclusive workplace. Rules and regulations for working across cultures had been implemented by the organisations under investigation, but, in two out of three cases, are being violated by their own architects.

As such, recent conclusions that "organisations must engage themselves in a long-term commitment toward embracing diversity through the implementation of multiple diversity practices and supportive activities" (Roberge et al., 2011, p. 14) need to be seen in a more comprehensive way. Empirical data collected in the course of this study suggests that employers can embrace cultural diversity and create an inclusive workplace without implementing related practices and activities, but through leadership attitude and behaviour. Such notion is consistent with recent conclusions that "managerial communication drives relationships and frames the attitudes and behaviours of employees in the workplace" (Dasgupta et al., 2013, p. 173). At the same time, the importance of regulatory instruments such as Code of Conduct and other corporate policies should not be undervalued. Instead, these instruments are the foundation of an organisation's approach to cultural diversity in the workplace, yet being descriptive, not active in nature.

Chapter 6

Towards Meaningful Relationships

Introduction

A main rationale for employing case study was the postulation that such research design allows for an understanding of the phenomenon in context (Fletcher & Plakoyiannaki, 2011). The context in which intercultural competence is being practiced and developed in this study is the corporate environment – primarily in terms of the subsidiary, but also the larger organisation – and to some extent Australian society. Chapter 2 reviewed existing literature about external influences on transcultural communication, highlighting that many conceptualisations and models of intercultural competence include the environment, usually in a sense of the host society or an individual from a different cultural and/or linguistic background. The previous chapter identified a gap between mindful communication in theory and practice in two out of the three participating organisations, and planted the thought that employees are coping with multiple challenges associated with cultural diversity at work.

This chapter analyses the specific intercultural challenges employees in the three subsidiaries found themselves confronted with (Research question 1: "What are the key challenges employees of German multinational corporations in Australia experience in working across cultures?"). The chapter highlights that the perception of cultural and/or linguistic differences can vary, depending on whether counterparts are based in the Sydney office or overseas headquarters (Research question 2: "How do they view cultural and/or linguistic differences within the subsidiary?" and research question 3: "How do these views compare to the cultural and/or linguistic differences they see in their work with the headquarters?"). Based on respondents' opinion regarding our ability to behave effectively and appropriately towards people from different cultural and/or linguistic backgrounds, this chapter establishes the dimensions and components of what intercultural competence means in working for a German multinational corporation in Australia (Overall research question: "What does intercultural competence mean in working for a German multinational organisation in Australia?"). Central to the discussion is the notion of building meaningful relationships, identified as the most important single component of intercultural competence in the context of this study, followed by language skills (Research question 4: "What is the role of meaningful relationships and foreign languages skills in achieving mindful communication in working for a German multinational corporation in Australia?"). Focus

group outcomes are presented, and the last section of this chapter discusses in how far some of the existing knowledge and skills relevant to intercultural competence are being utilised for the benefit of the wider organisation.

6.1. Intercultural Challenges

In the first step to the investigation of intercultural challenges, survey responses were analysed. Participants were asked to indicate how often they encountered misunderstanding, language problems, and conflict in their work with people from different cultural and/or linguistic backgrounds (Question 5). This rather basic inquiry sought to obtain an initial picture of the nature and frequency of intercultural challenges (Table 7).

	Mean Case 1	Mean Case 2	Mean Case 3
Misunderstanding (i.e. message is received incorrectly)	2.47	2.52	2.65
Language problems (i.e. difficulties to find the right words/terms)	2.47	2.52	2.45
Conflict (i.e. anger, dispute, arguments or frustration)	3.19	3.09	3

1 = very often; 2 = often; 3 = rarely; 4 = never

Table 7: Frequency of Intercultural Challenges according to Survey Participants

Comparing the mean of responses shows high consistency across the three subsidiaries. Misunderstanding and language problems occurred on a somewhat regular basis, in-between "often" and "rarely" with means showing only minor variation. Respondents largely agreed that conflict took place on rare occasions.

Employees were then asked to indicate how misunderstanding, language problems, and conflict compared when they worked with people from their own cultural and/or linguistic background (Question 6). This question aimed to shed light on the overall impact culture has on the individual's work (Table 8).

	Mean Case 1	Mean Case 2	Mean Case 3
Misunderstanding (i.e. message is received incorrectly)	2.39	2.61	2.95
Language problems (i.e. difficulties to find the right words/terms)	2.56	2.78	2.65
Conflict (i.e. anger, dispute, arguments or frustration)	2	2.39	2.1

1 = more often; 2 = similar; 3 = less often

Table 8: Comparing Challenges with own Background according to Survey Participants

There is tendency across the participating organisations that working with people from the own cultural and/or linguistic background less often leads to misunderstanding, language problems and conflict. Responses slightly stand out in Case 1 where respondents saw misunderstanding occurring with a more similar frequency than those participating from the other two organisations.

To gain an initial understanding of the intercultural challenges in employees' own words, survey respondents were asked "What do you think is the greatest challenge in working successfully with people from other cultural and/or linguistic backgrounds?" (Question 18). This open-ended question was analysed through *In Vivo Coding* as a first cycle coding method (Saldana, 2013). Second cycle coding, and more specifically *Focused Coding*, allowed to identify significant codes (Saldana, 2013) and to develop "the most salient categories" (Charmaz, 2006, p. 46). Focused Coding often follows In Vivo Coding, and enables researchers "to compare newly constructed codes during this cycle across other participants' data to assess comparability and transferability" (Saldana, 2013, p. 217). Based on the most important codes, four categories of intercultural challenges were developed: *Language*, *Behaviour*, *Cultural differences*, and *Personality and attitude* (Table 9).

	Case 1	Case 2	Case 3
Category	*In Vivo Codes*		
Language	"Language barrier" "Translation" "Meaning of words" "Saving face"	"Language problems" "When they speak" "Misinterpreting"	"Language Barrier" "Understanding English"
Behaviour	"Social integration" "Not adapting" "Assumptions" "Discrimination"	"Behaviour differences" "Ineffective communication"	"Not verifying" "No adaptation" "Racism"
Cultural differences	"Ignoring backgrounds" "Not realising differences" "Lack of learning"	"No cultural learning"	"Different priorities" "Lack of knowledge"
Personality and attitude	"Personal inhibitions" "Lack of respect"	"Stubbornness" "No respect"	"Egos" "Stubbornness"

Table 9: Intercultural Challenges in Survey Respondents' own Words

Language was the strongest of all categories, largely dominating survey responses. The code "Social integration" captured the researcher's attention because of its connotation with the diverse associations maintained among people, and the notion of relationships in intercultural competence. The researcher made a note of this specific code to keep in mind upon further data collection and analysis.

Since *Language*, *Behaviour*, *Cultural differences*, and *Personality and attitude* were intercultural challenges of different importance in the three subsidiaries, a ranking (Adopted from Stake, 2006) was attributed. "High importance" means that a particular category presented an important intercultural challenge, mentioned with a high frequency. "Middling importance" means that the category affected respondents to a certain degree. "Low importance" indicates that a particular category was rarely mentioned.

	Case 1	Case 2	Case 3
Category: Language	H	H	M
Category: Behaviour	M	M	M
Category: Cultural differences	M	L	M
Category: Personality and attitude	M	L	L

H = high importance; M = middling importance; L = low importance

Table 10: Importance of Intercultural Challenges based on Survey Responses

In the second step to the investigation of intercultural challenges, interview data was analysed to obtain a more detailed picture of the intercultural challenges respondents from the three subsidiaries in Australia saw in place. Interview responses were also analysed through In Vivo Coding as a first-cycle coding method, followed by Focused Coding for the establishment of categories and subcategories.

6.1.1. Language

Language emerged as the most impacting intercultural challenge from the interviews with members of staff, and the one that applied to all three subsidiaries, thus, confirming survey outcomes. Survey responses occurred without explanations, without the opportunity to ask further questions, and without examples. They consisted of somewhat isolated words or short phrases. Coding interview transcripts delivered richer data, including examples of the experiences employees referred to in their responses. As such, interviewing balanced the limitations of online survey.

Whilst this study seeks to identify a tendency across the three participating organisations in terms of what intercultural competence means in working for a German multinational corporation in Australia (transfactual generalisation), intercultural challenges need to be understood in each case separately, primarily to allow the organisations to address them accordingly.

Case 1: The Multiple Facets of Language

The following table (Table 11) provides an extract of the In Vivo Codes applied to the interview transcripts from Case 1 upon first cycle coding. Code names were attributed because of the quantity of codes that evolved. They reflect case number (1), subcategory (A, B or C), and consecutive number (1, 2, 3 and so on). Under the category of *Language* as an intercultural challenge, the researcher developed three subcategories: *Language not good enough*, *Translation issues* and *Exclusion*.

Category: Language		
Subcategory 1A: Language not good enough		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 1A.1	"English is good, but not perfect"	"You are writing emails to Germany to a guy, his English is good, but not perfect, you are writing back and forth in English, but actually he misunderstood something. […] And then all out of a sudden it becomes a huge issue."
Code 1A.2	"Not good enough"	"Their English was actually not good enough to keep track of what I was going to say."
Code 1A.3	…	
Subcategory 1B: Translation issues		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 1B.1	"Translation of the little words"	"The famous one is the translation from German to English. One particular German guy made a request for work to be done quite stern, but it wasn't meant to be stern. Like 'Go do that.' rather than 'Could you please, would it be ok if…', just that translation of the little words. That if missed can cause misunderstandings."
Code 1B.2	"Didn't all make sense"	"Well, when my manager [from a German linguistic background] first started, it was really quite frustrating because her emails didn't all make sense and I sat there and go what does this mean?"
Code 1B.3	…	
Subcategory 1C: Exclusion		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 1C.1	"Being left out"	"He was trying to understand and they said oh, don't worry if we wanted to involve you, we would speak English. So he felt like being left out."
Code 1C.2	"Decisions are being made in German"	"I heard some comments once: "We all speak English, but decisions are being made in German." I agree, if you don't speak German, you are not getting anywhere. If you intend to climb up the ladder, spend some time in Germany, if you want to be part of the discussions, you need to speak German."
Code 1C.3	…	

Table 11: Case 1 – First and Second Cycle Coding: Language

Language impacted on respondents from Case 1 primarily in communication with colleagues from the Sydney office and the overseas parent company, to a lesser extent with external stakeholders.

Respondents found the English language skills of native-speakers of German most frustrating. They often did not meet the English language expectations held by subsidiary staff. Foreign languages have been an integral part of German school curricula over the past decades. English continues to be the first foreign language taught, and the internationalisation of universities in Germany has brought English into many courses and units. Educational backgrounds, however, vary among the workforce, and it also needs to be recognised that Australian English differs from the British English usually taught in German classrooms in terminology, expressions, and style.

The differences between Australian and British English seemed to be particularly embedded in the translation issues respondents reported. Employees also referred to situations where their German counterparts employed a rather direct communication style, which was perceived as impolite by native-speakers of English who usually include forms of politeness in their language.

Exclusion based on a lack of (sufficient) German language skills was another pattern that emerged in Case 1. The multinational's ethnocentric human resources management strategy pursued in the Australian subsidiary had resulted in a rather exclusive "club" of German nationals leading the organisation, with a few members from other cultural backgrounds, yet able to communicate either on an intermediate or proficient level of German. Respondents also raised the issue of exclusion in a more general sense, stating that a lack of (sufficient) German language skills allowed others to exercise some kind of power in certain situations.

Respondents stated that some of the misunderstanding and frustration resulting from *Language not good enough* and *Translation issues* would eventually be solved, however, often causing unnecessary delays and tension between the German and Australian offices. Delays were said to, at times, affect customer satisfaction. Particularly problematic in Case 1 is the exclusion employees experience in relation to language, imposing a major barrier for them to become part of the top management team. To overcome this barrier, employees would have to commence learning German years before they sought to apply for a top

management role. Bearing in mind the fluctuation many contemporary organisations currently experience, there is limited room for non-native speakers of German to achieve such career aspirations in Case 1.

Case 2: Language as a Source of Friction

The picture that emerged from the interviews with members of staff from Case 2 was one of friction between German headquarters and subsidiary in Australia. The majority of intercultural challenges associated with language were found to be deeply embedded in the headquarters-subsidiary relationship. Language problems with other parties, such as colleagues in the Sydney office, customers and other external stakeholders were only marginally mentioned.

The following table (Table 12) provides an overview of the In Vivo Codes applied to the interview transcripts from Case 2. *Translation issues* and *Exercise of power* were chosen as most suitable subcategories for the organisation of codes.

Category: Language		
Subcategory 2B: Translation issues		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 2B.1	"Lost in translation"	"It is challenging, especially with the language barrier between Australians and Germans from the parent company. At times, we lose a lot of time, just for communication break-down. […] We send an email to Germany and it is lost in translation in the tone and the text and they might think you are asking a certain question, they reply with a completely different answer. It slows down work, duplicates, and causes delays."
Code 2B.2	"Incorrect English may become offensive"	"If you don't understand the nuances of the language, you might interpret things very differently, they may use the incorrect English word and it may become very offensive."
Code 2B.3	…	
Subcategory 2C: Exercise of power		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 2C.1	"Understood my email and wrote back in German"	"Just recently, I sent an email to Germany about something from marketing and I got a response in German. A colleague here in the office had to translate it for me. They did not write back in English, I mean he understood my email and he wrote back to me in German, a huge email in German."
Code 2C.2	"You become sceptical"	"Because when they are here, they all speak in German. Sometimes you think "What the hell are they talking about? Are they talking about me or the business?" And then they talk in German and they stop and one person will talk to you in English. You become sceptical."
Code 2C.3	…	

Table 12: Case 2 – First and Second Cycle Coding: Language

Respondents in the Sydney office reported of many occasions where email communication offended recipients because the nuances of English language were not fully understood by their German counterparts. Tone and actual words often differed from what respondents thought would be appropriate in a specific context. Even though most interviewees in the subsidiary had worked for the organisation for many years, and also been

in frequent contact with the German headquarters, diverging tones and other language nuances continued to represent a major intercultural challenge.

Most problematic in this finding is the impact language allegedly has on performance. Respondents stated that translations issues often "slow down work, duplicate, and cause delays", with time zone differences adding to the dissatisfaction of various stakeholders in Australia. It was mentioned that local customers often complained about extended waiting times for responses. There is also the danger that these delays impact on the image associated with a supplier from Germany.

A dominant theme in the interviews with staff from Australia was the inherent power of language. Whilst language primarily served as a means of power in relation to access to top management positions in Case 1, respondents from Case 2 were confronted with exercises of power through language on a more subtle basis that affected much of their everyday work. More specifically, it was stated that colleagues from the parent company at times elected to write emails in German, knowing that the recipient of their email would not understand. English is the corporate language across the organisation on a global level, to the extent that employees are allowed to refuse a response in case another language than English is used. None of the respondents, however, ignored written communication in German because they relied on the information. Instead, they either responded back to the sender or asked their German-speaking colleagues in the Sydney office for assistance. Operating manuals and other technical documentation were also occasionally received in German from their colleagues in the headquarters. With only three employees in the Australian subsidiary being proficient in German, and the rest of staff having either no or limited German language abilities, the language challenge becomes evident.

To the question whether the headquarters prepared documentation for marketing, sales and service in English, interviewees from Case 2 said that they would. In other words, when operating manuals and other documents, which are essential parts of each product for sale in Australia are being sent in German, it is the personal choice. The motivation behind such behaviour remains unclear, but empirical data indicates that language serves as a means of creating power relationships. Such behaviour is concerning because it not only creates friction in the headquarters-subsidiary relationship, but also leads to duplication of work and delays, which, in turn impacts on customer satisfaction and business performance.

The way in which language serves as a means of power in the headquarters-subsidiary relationship is further visible in the experiences interviewees made on the occasion of visits from the headquarters. Their German colleagues tended to speak German among themselves when in a group where not everyone was able to follow the conversation, which left employees from the subsidiary with a somewhat negative frame of mind.

Case 3: Language Choice and Team Spirit

Language also impacted on respondents from Case 3. In contrast to the previous two organisations, the subsidiary-headquarters relationship was not affected by the language challenge. Table 13 is an extract from the coding and categorising undertaken based on interview transcripts. Language skills and translation issues were not found to impact on respondents. Instead, *Exclusion* was the only subcategory of the language challenge that emerged from the interviews.

Category: Language		
Subcategory 3C: Exclusion		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 3C.1	"Speaking Chinese makes others uncomfortable"	"You enter the kitchen and they speak Chinese. You are in an office in Australia, speak English. It makes others uncomfortable because they don't understand."
Code 3C.2	"Do you have something to say about me"	"If visitors come, they speak English, but if they are in a hassle they speak German. No big deal, I am used to that. But it is annoying when those working within the company start speaking in another language. If they are visitors to the country, they are going to speak German. That's only natural. But if you work in Sydney in an office and you start speaking in a different language than English; that can get a bit annoying. You are sitting in a work environment, speak English. "Why do you need to speak in that language? Do you have to say something about me?" It can become a bit upsetting."
Code 3C.3	…	

Table 13: Case 3 – First and Second Cycle Coding: Language

Similar to Case 1 and Case 2, emails were regularly received in German from the overseas parent company. In contrast to the other two organisations, respondents from Case 3 were rather forgiving in relation to such behaviour. None of the interviewees saw it as problematic when visitors from the overseas headquarters spoke German among themselves when in a group of non-native speakers: "We just laugh as we don't understand." One respondent explained the way she handled communication in German in detail:

"There are sometimes emails in German, but then somebody here translates it. I have noticed there are different ways of talking in this company. Please respond back over night or something like that. A little bit of getting used to, but after a while you understand how they are talking. […] It is just the way they speak and once I interpret what they say, it is pretty much the same thing over and over again. […] Listen to what they say, because with English when you speak it every day you just talk and don't think twice. But with people for whom it is not their first language, for them it is very difficult to trying to get their words out, but it's like getting them to understand as well. In the call centre, I did get calls from old people, people who can't speak English properly, and this is on the telephone and everybody has got one so I have spoken to every type of person possible, and they are angry as well, so I think it teaches you to actively listen and build rapport with them."

Subsidiary staff was, however, less forgiving when their colleagues in the Sydney office spoke languages other than English. Respondents felt "uncomfortable" when they entered a room where team members were having a conversation in a language they did not understand, and were "annoyed" when colleagues switched into their mother tongue in the office. Such behaviour irritated respondents in a way that conversations in other languages than English made them feel as if their colleagues were saying something about them.

As a concluding remark, it can be said that issues associated with language are likely to persist. Colleagues from the German headquarters will not be able to acquire a mother tongue level of Australian English so that translations issues can be avoided. When the

corporate language across the multinational corporation is English, employees nevertheless need to possess an adequate level of language skills to communicate effectively and appropriately with staff from the Australian subsidiary. It is, however, impossible for any organisation to influence the language abilities of customers and other external partners.

Coding outcomes further illustrate in how far regulatory instruments can fail to ensure mindful communication and equal opportunities in the workplace. Even though the three organisations maintain a Code of Conduct and other corporate policies in relation to cultural diversity, in two out of the three organisations under investigation, employees face inequalities: In Case 1, German language proficiency appears to be a door opener to top management positions, and in Case 2, subsidiary staff experiences subtle forms of discrimination through exposure to communication in German.

In all of the three company cases, language acts as a signifier of national or cultural identity and serves to form in-groups and out-groups. Whether or not people employ language for these purposes intentionally or rather subconsciously remains somewhat unclear. There are indicators for purposeful behaviour, such as promoting candidates from a German linguistic background for top positions, and communication in German with colleagues who do not possess such language ability.

A rather controversial topic is an "English-only" policy. Corporate policies defining English as the only language to be spoken in the workplace have been in the media attention over the last years. An Australian supplier of hearing implants, based in Sydney's North Ryde, demanded their culturally diverse staff to use English only during working hours (West, 2007). The complaint lodged by one employee was subject of a newspaper article in the *Brisbane Times* because the organisation announced to cut employees' salaries in case they used another language than English at work. The Equal Opportunity Tribunal of Western Australia recently decided that a requirement to speak English in the workplace was not direct or indirect discrimination on the grounds of race when employees are able to communicate in the corporate language of English (Ellis & Cronin, 2013). Two complainants alleged that their employer had shown discriminative behaviour on the ground of their race, instructing them not to speak Thai in the workplace. Thai was the complainants' mother tongue and the language they usually conversed with each other in the workplace.

What is perceived as creating discomfort by out-group members may be perceived as discrimination against culture by in-group members.

In light of the above experiences employees from the three subsidiaries had made in relation to language, it becomes more understandable why approximately thirty per cent of survey respondents in each of the three organisations stated to prefer working with people from their own cultural and/or linguistic background (Question 4). Even though they may enjoy working across cultures, there is less potential for misunderstanding when working with people from their own linguistic background. Especially in the workplace, people have a deep need to feel competent. Not understanding what others say, may it be language-wise or in any other area, will be a rather uncomfortable feeling for most.

The above coding outcomes from the three company cases were merged, and final subcategories established. Since the importance of each subcategory differed from case to case, a ranking (Adopted from Stake, 2006) was included. "High importance" means that a particular subcategory was an important aspect of the language challenge. "Middling importance" means that the subcategory was less important, but still affected respondents to a certain degree. "Low importance" indicates that a particular subcategory was an either unimportant aspect of the language challenge, or not mentioned. The researcher's own interpretation of events has also influenced the ranking outcome.

	Case 1	Case 2	Case 3
Category: Language			
Subcategory A: Insufficient language skills	M	L	L
Subcategory B: Translation issues	M	H	L
Subcategory C: Inherent power of language	H	H	M

H = high importance; M = middling importance; L = low importance

Table 14: Merged Findings – Importance of Language Challenge based on Interview Responses

The analysis of interview data confirms Harzing & Pudelko's (2014, p. 696) conclusion that "language differences can be a serious threat to the successful management of human resources" and Neal's (1998) argument that language problems present a main source of frustration, dissatisfaction and friction in multinational corporations. Data analysis also provided further evidence for the power those who possess certain language skills can assert over those who don't (Neely et al., 2012; Krajewski, 2011; Jameson, 2007; Vaara et al., 2005). As such, this research urges to incorporate language in the management of German multinational corporations in Australia, and potentially beyond.

6.1.2. Corporate Environment

The corporate environment evolved as another key challenge in working with people from different cultural and/or linguistic backgrounds in Case 1 and Case 2.

Case 1: The Ethnocentric Struggle

The following table (Table 15) offers an overview of initial In Vivo Codes and categorising outcomes. *Unsatisfactory adaptation to local conditions* and *Processes and procedures* were chosen as the most suitable subcategories for the corporate environment challenge in Case 1:

Category: Corporate Environment		
Subcategory 1D: Unsatisfactory adaptation to local conditions		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 1D.1	"All we rely on is a predictable failure"	"We have dealt with things in this market in Australia for so long, we can serve the market from here and we are not relying on Germany, all we rely on is a predictable failure. And our customer feedback for two decades was […] is fine as long as you buy what […] wants you to buy."
Code 1D.2	"Not possible to implement"	"There was this corporate strategy group in headquarters and this group puts out strategies for the countries and there is a strategy for Australia, and everyone is like 'How did they do that?', and then this person who was delegated down here came with that pack here, saying we have got a strategy for Australia […] and then they get here and start understanding what is actually going on. Maybe that strategy is not possible to implement, because of various different regulatory decisions or whatever it may be or the staff we have got."
Code 1D.3	…	
Subcategory 1E: Processes and procedures		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 1E.1	"Guideline of how we sell things"	"They have this guideline of how we sell things; there is a certain timeframe, each week, each month a certain manager is around to sign off on things. If I was going to give a client something in eight weeks' time, I have to work backwards and see when the various slots are."
Code 1E.2	"Non-binding"	"A customer says 'Can you give me a budget idea or an indication?' I go 'Yes, but it is non-binding. I can give you some ideas to help you with your board, but you won't get the binding offer on this day. You can ring the pope; it is not going to change.' […] We as sales people have to work with our customers and don't give them false expectations and I think that's where the issue is sometimes, 'Well, I give it to you in four weeks', no you don't, tell them the truth."
Code 1E.3	…	

Table 15: Case 1 – First and Second Cycle Coding: Corporate Environment

The corporate environment affected respondents from Case 1 in a way that they found the parent company in Germany to lack adequate consideration of local circumstances in Australia, both on a manufacturing and management level. Even though the subsidiary is empowered to undertake product modifications to meet customer requirements, they continue to rely on the German headquarters in terms of the actual supply of products and related parts. For a long time, customers in Australia were expected to purchase what the headquarters manufactured, with no consideration of local circumstances. Climate and other environmental factors require systems to perform in a specific way. Even though the subsidiary experiences more independence today, respondents stated that the parent company's ethnocentric approach still creates much frustration among stakeholders in Australia.

Ethnocentrism also affects the subsidiary in relation to management. The parent company allegedly formulates some of the key strategies for Australia without any detailed knowledge of the local market and business aspects. Such approach was viewed as challenging in a way that respondents felt excluded from key decision-making processes, and overshadowed by corporate culture from Germany. It was mentioned that the strategies developed by the parent company hardly ever worked in Australia, yet the headquarters continues to transfer much of their perspective to the subsidiary. Progress in moving away from the headquarters' ethnocentric management approach was described as a slow progress. An executive manager from the subsidiary explained the struggle as follows:

"We are talking about key positions, so we had the Head of […] and Head of […], these two positions when I was coming in, they said that we had delegates coming in from Germany for these two positions. I knew things would change and things changed when these two managers came in from Germany, but unfortunately it didn't work so it's been less than a year, neither of the assignments worked and particularly in that Head of […] role, that was basically the second implant of German colleagues in that role and didn't work the first time, it didn't work the second time, so what we have gone to now is we have an Australian, a guy who has been in the organisation for fifteen years, who has taken on that position and I think that is seen in a good light now that we have

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got someone who is local, who knows the local organisation and who is locally invested in the organisation because what people often think that a lot of delegates might come for a one or two year period and that they want to change everything during that time and they don't want to invest anything in here."

Tight processes and procedures also shape much of the corporate environment in Case 1. Respondents reported that they found strict sales guidelines, specific timeframes for signatures to be collected, and long waiting times for information from the headquarters as particularly challenging. The problem here was the impact respondents saw their performance. One respondent explained that in spite of the senior role he held in the organisation, he relied on information from the parent company before he could confirm delivery dates and price indications. To add to the frustration, the interviewee said it would often take a few days until a binding response from the parent company was received and could be forwarded to the customer. There was an underlying tone of counter-productivity, and dissatisfaction created by such processes and procedures.

It needs to be taken into consideration that Case 1 represents a large multinational corporation, thus being highly restricted in their flexibility solely based on company size, and the complex matrix structure worldwide. Nevertheless, when structure impacts on end customer satisfaction, there needs to be some kind of compromise to be established.

Case 2: Mindful Communication Challenged

The corporate environment also affected respondents from Case 2. The following table (Table 16) provides an overview of the intercultural challenges related to the corporate environment as identified in Case 2. Subcategories chosen include *Unsatisfactory adaptation to local conditions* and *Double verifications*.

Category: Corporate Environment		
Subcategory 2D: Unsatisfactory adaptation to local conditions		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 2D.1	"No idea"	"They have no idea what is going on in Australia. Is it because they are arrogant, not stupid, but arrogant and know better?"
Code 2D.2	"Heavily relying on German is a major struggle"	"We heavily rely on Germany in terms of product adjustment and how to handle spare parts, but it is a major struggle."
Code 2D.3	…	
Subcategory 2E: Double verifications		
Code Name	*In Vivo Codes*	*Raw Interview Data*
Code 2E.1	"Slowly wears down"	"We have policies, procedures that are meant to be for a large company, but they don't recognise that […] in Australia is a small company. If I want to send a quote to a customer, I have to have three people checking it. I have to sign, and actually physically sign as opposed to an email or whatever. In the previous company my approval limit was a million dollars. I would write a purchase order and write the approval myself. And as I was an engineer they said you are a professional and they give you the responsibility. Here they assume everything needs to be double checked and triple checked. It just slowly wears down. […] It consumes time because you need to have actual signatures. […] Then they respond when they want in their slow and arrogant German way."
Code 2E.2	"Double calculations"	"Germany is more conservative, and here it is more 'Yeah, it will be all right, we try it.' And Germans want to verify everything, do double calculations, to make sure it works."
Code 2E.3	…	

Table 16: Case 2 – First and Second Cycle Coding: Corporate Environment

The corporate environment impacts on respondents from Case 2 in a similar way as in Case 1. The subsidiary relies on the parent company for sourcing products and parts, and struggles with the formalities imposed on them. Many respondents viewed the parent

company as not fully understanding local market requirements, both in product and management terms.

Much of the frustration that was visible in the interviews with employees from the Australian subsidiary stemmed from the inflexibility they encountered. Respondents mentioned that the headquarters imposed structures on the subsidiary that were designed for a large organisation, but failed to recognise the demands of a company with only sixty-two staff in the Sydney office at the time of this research. Interviews were largely shaped by the desire for the subsidiary to become more independent and move away from their strong ties with the parent company.

Many cultural stereotypes persisted in Case 2, primarily in relation to German culture. Respondents described Germany as "more conservative" and stated that "Germans want to verify everything". Stronger stereotypes with a negative connotation were "slow and arrogant" to describe colleagues from the German headquarters. Varner (2000) describes a cultural stereotype as "a widely held, generalized and simplified conception or image of a specific group of people." Such stereotypes are widespread in society and most people have a simplified image of national cultures. Adler (2002) and Fang (2005) suggest that cultural stereotypes often serve as a starting point about cultural behaviour in that it offers basic background knowledge on the potential impact of national culture.

Interviewees in this study hardly relied on cultural stereotypes in the above sense. They generalised based on their own experiences and categorised people according to their national background. Relying on cultural stereotypes, however, not only fails to capture the paradox (Osland & Bird, 2000), but also ignores fundamental changes in society. In his book *The New Japan – Debunking Seven Cultural Stereotypes* Matsumoto (2002) discusses the most common cultural stereotypes of Japanese culture, and the problems they impose when interacting with a society that is confronted with a rift between the older, more traditional generation and the younger, more Western oriented generation. Thus, while sophisticated stereotypes can serve to initially point out differences between cultures, generalisations are rather static, failing to consider changes over time (Lauring, 2009).

From an international business perspective, cultural stereotypes are also problematic. Søderberg & Holden (2002) conclude that generalisations in relation to culture do not offer sufficient understanding of business contexts. Clausen (2007) warns that generalisations

prevent people from unfolding the potential synergies or new understandings that can emerge from encounters; reminding of Bhaba's (in Rutherford, 1990) *third space*. The other problem associated with cultural stereotypes in the workplace is its potentially negative impact on business. In her research about subsidiaries of Danish multinational corporations in Japan, Clausen (2010, p. 64) found that "stereotypical business practices have indeed created management challenges."

The above results were merged and final subcategories established: *Ethnocentrism* and *Bureaucracy*. As in the case with the language challenge, a ranking (Adopted from Stake, 2006) was included to visualise how important each category was in each subsidiary.

	Case 1	Case 2	Case 3
Category: Corporate Environment			
Subcategory A: Ethnocentrism	H	H	L
Subcategory B: Bureaucracy	H	H	L

H = high importance; M = middling importance; L = low importance

Table 17: Merged Findings – Importance of Corporate Environment Challenge based on Interview Responses

6.1.3. Humour

Whilst language represents the most impacting intercultural challenge in all three subsidiaries under investigation, and the corporate environment imposes another major barrier to effective and appropriate communication across cultures in Case 1 and Case 2, humour emerged as an aspect in working in the German-Australian context that is too weak to be classified as a real challenge. Humour appears as a phenomenon in Case 1 and Case 2 that accompanied most respondents when they first worked with people from a German, respectively Australian background. Humour often caused surprise and, at times, misunderstanding. The main reason for not labelling humour as a *challenge* in this research is the very fact that respondents understood the different nuances of humour after a short period of exposure. In stark contrast to language and the corporate environment, humour did

not represent an ongoing struggle. Nevertheless, it is important to address humour in a study that investigates what intercultural competence means in working for a German multinational corporation in Australia to complete the picture of differences likely to cause (initial) misunderstanding.

In the literature, humour is generally viewed as an aspect of transcultural communication which should be handled with care, with frequent references to the difficulty of transporting humour across national or cultural boundaries (Axtell, 1993, Lewis, 1999). National preferences for styles of humour and when they are used have been subject to less recent research, such as Mulholland (1997, p. 103) who investigated the differences in humour between people from an Australian and wider Asian background, and states that "joking, teasing or leg-pulling between Australians in business interactions can make Asians very uncomfortable". Humour has become an integral part of material published in relation to business etiquette, advising those in contact with unfamiliar cultures to consider this aspect in their work (See Martin & Chaney's (2012) book *Global Business Etiquette – A Guide to International Communication and Customs*).

There seems little doubt that the use of humour in verbal communication is a phenomenon that all languages and cultures have in common. How humour is used in business contexts and the potential for failure it bears is less clear, and while there is some research-based evidence to suggest that it may be an issue in intercultural business contexts, there is limited empirical data (Rogersen-Revell, 2007). Research that has been conducted about humour in international business contexts suggests that humour can fulfil a wide range of functions in discourse (See Hay, 2000, Ervin-Tripp & Lampert, 1992), but its key role is often viewed as showing solidarity and creating a positive self-image, by entertaining an audience and expressing a shared idea of what is funny (Rogersen-Revell, 2007).

In the interviews with employees from Case 1 respondents found that there were differences in humour between Germans and Australians. A respondent who described himself as coming from Australia encountered humour to be an interesting aspect of culture, and stated that even though the two styles differed, colleagues from both backgrounds would work together well.

"The Germans take a lot of pride in their work and would not make fun of each other so easily, so there is a different translation about what is humorous, the type of work they are doing. So there is the seriousness of the Germans about their work and the focus to get their work done. Aussies would make jokes, laughing about each other when making mistakes, are more laid-back, have a dig at each other, but both get the job done, it is just in different ways. They work well together though."

Similarly, a respondent from the United Kingdom noticed the differences between styles of humour. He described his own and Australian humour as "sarcastic", a notion Germans often fail to understand and take personally. He emphasised that such lack of understanding occurred even when Germans were fluent in English. Rather is it the tone and humour employed in the language.

"Germans do speak English very well, but often the Australians are sarcastic, and the Germans usually aren't, so they miss that completely. My wife is German and if I am sarcastic to her, she doesn't get it; it flies straight over her head. So when Australians write something sarcastic to Germans, it might be completely misunderstood. Those things can really be avoided if you are aware of it, if you understand the cultural differences you see immediately what is going wrong. People can take it personally, because it can be quite nasty, but it isn't meant that way. It is just a joke."

Bell & Attardo (2010) state that humour and language have moved into the research focus of applied linguists. In their study about issues in non-native speakers' understanding of humour in the United States, the authors conclude that it is important for non-native speakers "to interact with native-like skill in the domain of humour" (Bell & Attardo, 2010, p. 442) to become part of the group.

A respondent from Germany reported of an experience in which diverging work practices were handled with a response that was sought to be humorous by his Australian colleague. The situation the interviewee referred to was a customer meeting both attended.

"Sometimes you really try to be serious and then someone comes and makes a joke. It sometimes creates tension. […] For example, we go for a meeting, my Australian colleague and myself and I ask 'Do we need to prepare something?' and he goes 'No, you don't need to do anything, we just go there, sit down and take notes.' So we go to the meeting and all out of a sudden he starts talking and giving a presentation and I go 'Hang on a second, he told me we don't need to do anything' so I had nothing prepared. Did he expect me to give a presentation, now he is giving a presentation by himself? Why? Are we going to a sales meeting, a customer meeting? What is it then? He didn't tell me before. After the meeting he laughed and said 'I thought you know what I mean."

To the question how he felt during the meeting, about the response from his Australian colleague and in how far this experiences had impacted on him, the respondent said:

"I was uncomfortable in the beginning because you want to be professional, or at least perceived as professional and you want to make a good impression when you go to a customer the first time. I have to do my own thing and that was a lesson learnt."

The response further strengthens the assumption that professionalism and competence are central themes in the discussion around communication in a culturally diverse work environment. Culture has the power to create feelings of incompetence, which can, in turn, affect the self-concept.

Bell & Attardo (2010, p. 426) state that "there exists virtually no literature on failed humour." Failed humour refers to "any instance of speech production in a communicative setting in which any of the participants fails to notice the (potential) perlocutionary intention to amuse […] or fails to process the text/situation in such a way as to be able to access the information whereby one of the other participants considers the situation […] funny" (Bell & Attardo, 2010, pp. 426-427). The above example shows that the humour employed by the Australian colleague did not translate into the desired outcome. Failed humour is difficult to capture because there is no usual marker as a reaction to it. Reactions to humour usually

include laughter, a visible response that the intention to be humorous has been successful. This not being the case with failed humour, may serve as a plausible explanation for the limited research on the topic (Bell & Attardo, 2010).

Differences in humour were also noticed by employees from Case 2. The following extracts from interviews illustrate that humour was visible in the workplace, yet not creating any challenges that were found to impact on the individual.

> "It is interesting, you know, just today I heard […] from Germany talking about speaking to Germany on Friday and then […] said 'Oh, was that nice for you?' Obviously that was sarcastic, completely didn't get it or carried on going, which is fine. He didn't see the sarcasm at all."

One respondent who also described himself as coming from Australia elaborated on the pride he believed Germans take in their work, serving as an explanation for him that humour may not be part of business as it is the case in Australia.

> "Germans are very hard and accurate and very confident. There is no grey area in their knowledge. If they don't know it, they won't talk about it. […] Germans are experts in that area, and that's like a well-oiled machine, that works really well, but outside their expertise, they won't talk too much about it."

Even though Mulholland's (1997) depiction of Australian humour as "joking, teasing or leg-pulling" continues to explain some of the differences between Australia and other nations, it seems important to take the culturally diverse make-up of society into consideration. What constitutes an *Australian* in the 21st century? Multiple cultural identities shape the nation. New residents and citizens have incorporated their humour into society and created third spaces. The same applies to Germany as a nation that is, like Australia, characterised by cultural diversity. Interestingly, in Case 1 and Case 2 stereotypes shape much of the notion of humour. Respondents referred to "Australian humour" and "German humour" which has its validity because cultural differences continue to persist even though national boundaries have become increasingly porous.

The differences in humour brought to attention in the course of this study have limited impact on work relationships. In one case, teamwork was initially threatened because the perception of what is humorous and what is not differed between people. There may be the danger that those who feel offended lose comfort with their peers, and not share their challenges at work with them in order to avoid embarrassment in public. In this study, however, all initial issues were solved shortly after the event.

6.2. Intercultural Competence

This section establishes the ground for *building meaningful relationships* to be most important to what intercultural competence means in working for a German multinational corporation in Australia. In spite of the intercultural challenges respondents from the Australian subsidiaries saw themselves confronted with, many of them had been with their employer for a long time, and in most cases gained satisfaction and joy out of their role. Some of the challenges were arduous in nature, such as the constant battle with insufficient English language skills in a workplace where English is the corporate language. Other challenges related to mindful communication in terms of reciprocal respect, with some kind of discriminative behaviour involved; among those the allegations that "Anglos" would be "preferred", inappropriate comments be made about religion, and top management positions primarily be reserved for German nationals or those proficient in German language.

There is an extensive body of research that illustrates the adverse consequences of discriminative behaviour in the workplace. Dominant themes include the impact on health (See Pavalko et al., 2003) and the increased likelihood for employees to resign (See Deitch et al., 2003; Shields & Price, 2002). These studies are imperative for further increasing our awareness and knowledge of the impact discriminative behaviour can have on the individual, the team, and also the larger organisation. They fail, however, to inform us how many employees manage to maintain their health, and why they stay with the organisation.

Change is desirable, and organisations need to take responsibility for some of the intercultural challenges that persist in the workplace. At the same time, employees develop their own strategies to work effectively and appropriately across cultures. Building meaningful relationships with people from different cultural and/or linguistic backgrounds

evolved as central to intercultural competence, and helps us to understand in how far some of the intercultural challenges are being managed.

6.2.1. Dimensions and Components

To gain an initial understanding of intercultural competence in respondents' own words, survey participants were asked "What do you think is the key to successfully working successfully with people from other cultural and/or linguistic backgrounds?" (Question 17). Based on the most important In Vivo Codes, four categories were developed: *Attitude*, *Knowledge and skills*, *Behaviour*, and the *Corporate environment* (Table 18).

Categories and *subcategories* are terms employed in the analysis of qualitative data (See Saldana, 2013 and Charmaz, 2006). Since intercultural competence research usually refers to *components* of the concept, categories were transformed into dimensions, and subcategories into components.

	Case 1	Case 2	Case 3
Dimension	*In Vivo Codes*		
Attitude	"Respect" "Open mind" "Willing to collaborate"	"Respect" "Be open" "Interest in their culture"	"Respect" "Willingness to learn"
Knowledge and skills	"Empathise" "Listening" "Awareness of difference" "Norms and practices" "Work in other countries" "Foreign languages"	"Be understanding" "Listen" "Observing" "Foreign language skills"	"Empathy" "Knowledge" "Speaking a language"
Behaviour	"Patience" "Communication" "Networking in person" "Consider them as friends" "Speak clearly and slowly" "Understood completely"	"Patience" "Communication" "Paraphrasing"	"Patience" "Communication" "Be friendly"
Corporate environment	"Language support" "Inclusion" "Not forcing practices"	"Friendly environment"	-

Table 18: Working successfully across Cultures in Survey Participants own Words

A ranking reflects the importance of the four dimensions *Attitude*, *Knowledge and skills*, *Behaviour*, and the *Corporate environment* in each case (Adopted from Stake, 2006).

	Case 1	Case 2	Case 3
Dimension: Attitude	H	H	H
Dimension: Knowledge and skills	H	M	M
Dimension: Behaviour	H	H	H
Dimension: Corporate environment	M	L	L

H = high importance; M = middling importance; L = low importance

Table 19: Importance of Dimensions for Working successfully across Cultures based on Survey Responses

Across the three subsidiaries, "patience" was mentioned with the highest frequency, followed by "respect", and then "communication". Motivation ("willingness to collaborate", "interest in their culture", and "willingness to learn"), empathy ("empathise", "be understanding", and "empathy"), as well as language ("foreign languages", "foreign language skills", and "speaking a language") also occurred as responses with a high frequency in all three organisations. Intercultural experience ("Work in other countries"), however, was mentioned by respondents in Case 1 only, and the dimension *Corporate environment* was not viewed as central to working successfully with people from different cultural and/or linguistic backgrounds in Case 3. The researcher added the codes "Networking in person" and "Consider them as friends" to the note made during the analysis of intercultural challenges, where the code "Social integration" stood out. "Networking in person" and "Consider them as friends" also suggest that building meaningful relationships play a role in intercultural competence.

In the next step of data analysis, interview transcripts were coded to obtain a more detailed picture of what intercultural competence means in working for a German multinational corporation in Australia. As for the analysis of intercultural challenges, In Vivo Codes were applied to raw interview data in first cycle coding. Based on a list of initial

codes, Focused Coding was employed as a second-cycle coding method to develop dimensions and their components from the most significant codes. *Attitude*, *Knowledge and skills*, B*ehaviour*, and the *Corporate environment* emerged as the four key dimensions, thus, confirming coding outcomes of survey responses to the question "What do you think is the key to successfully working successfully with people from other cultural and/or linguistic backgrounds?" (Question 17).

Since the aim of this research is to identify what intercultural competence means in working for German multinational corporations in Australia, and as such, to establish a tendency across the participating organisations (transfactual generalisation), the focus here is on merged findings, rather than presenting outcomes on a case-by-case basis.

Attitude Dimension

Respect for cultural differences, Openness towards cultural differences, the *Motivation to learn about cultures,* and the *Motivation to work together* comprise the single components of the *Attitude* dimension. Respondents found that "respecting each other's background" is pivotal in working effectively and appropriately across cultures, and stated that "it was very interesting to work with [certain people] and there was a lot of respect." Data suggests that *Openness towards cultural differences* also is an important attitude for collaboration with people from different cultural and/or linguistic backgrounds. One respondent emphasised that she had "worked in other companies before and people were hired because of a cultural fit, but they were often too reserved and not open to new things."

Interviewees mentioned motivation both in terms of the *Motivation to learn about cultures*, and also the *Motivation to work together*. An interest in people from different backgrounds was subject to the response of a male employee from the United Kingdom: "I always wanted to get out and meet the people." Others included the work context in their response: "I have always enjoyed it [cultural diversity], that's why I decided to work overseas, it is exciting." One interviewee said he would find it particularly interesting "to see how other people are and how we can work together." The four components of *Attitude* were mentioned with a similar frequency across the three organisations.

Knowledge and Skills Dimension

Empathy, *Listening skills*, *Observation skills*, *Awareness of cultural differences*, *Culture-specific knowledge*, *Intercultural experience*, and *Foreign language skills* are those components identified in the dimension of *Knowledge and skills*. *Foreign language skills* stand out in this dimension as they were mentioned with the highest frequency across the three participating organisations, followed by *Intercultural experience*. When respondents were asked how important they would find language in working with other cultures, the large majority said they would find language to be critical. For one respondent, German language skills were particularly important in working for a German multinational corporation, even though English was the corporate language: "I think it is important to learn the local language as much as you can. If you don't speak the language you will always be on the sidelines." Another respondent found foreign language skills, even at beginners' level, as "an immediate ice breaker". He elaborated: "If you learn a language it shows interest, and for learners of English, well, a lot of times you learn English slang, Aussie slang, so it is an ice breaker. It is a great opportunity and advantage."

Intercultural experience was found to be another key component of intercultural competence in the interviews. Many responses were shaped by the extensive travel employees had undertaken in the course of their lives, both work-wise and also in terms of holidays and the international student experience. When asked why intercultural experience would be so important, one respondent explained: "If I was looking for someone [a new candidate], that person had done travelling. Most of my colleagues have spent a lot of time travelling. By having that type of person joining, they have already been out there and have that sort of experience, working in different countries, whereas someone who has always worked in the UK, always in Sweden, or always in Germany, there is the German way or the British way of doing things, and you plunge them into a multicultural organisation, they would be working with blokes on the shop floor, that would be different, hard to work. The thing I have learnt with the two Australian colleagues I have, young university graduates, guys you need to go overseas, Europe or overseas, to understand the world. Don't think Australia that is it." Other interviewees explained how their intercultural experience had helped them to become more aware and considerate of cultural and linguistic differences, widened their horizon, and enabled them to put themselves in the shoes of others.

Behaviour Dimension

Patience, *Effective communication*, *Building meaningful relationships*, *Adjusting language*, and *Seeking clarification* are those components that constitute the dimension of *Behaviour*. *Patience* was sometimes mentioned explicitly, other times embedded in the interviewee's response. Her call-centre experience in a previous organisation helped a respondent to be patient with non-native speakers of English in her current role. She explained that adjusting the pace of one's own language is critical in communication with people from a different linguistic background: "There is sometimes a language barrier, but that is something you can overcome, you have to speak slowly, pretty much listen to what they say, because with English when you speak it every day you just talk and don't think twice." Another interviewee found that adjusting language to a more basic form also helps to collaborate across cultures. In his response patience also played a key role: "Sometimes when you work within the logistics industry you have a language barrier, but once you have an understanding and speak in plain English, you get over it. That's basically it, people understand differently. That's primarily with temps or casual people. I have seen other people, they go 'He is not good in English, let's get rid of him.'" *Seeking clarification* was found to be important to ensure projects were managed effectively: "And the best way is by telling you something and then asking you what you understood from that because if you don't understand what I tell you in this small piece of information, you won't understand the next piece, so we will just check it." Verbal communication skills were identified as essential, summarised by one respondent as follows: "Communication is key and something everyone should develop". Such outcome confirms the low context culture Australia continues to be, with verbal messages rather than the context in which the message is presented being important.

Building meaningful relationships not only emerged as the most frequently mentioned component in the dimension of *Behaviour,* but also across all four dimensions. Section 6.3.1. discusses this finding in detail.

Corporate Environment Dimension

The dimension of *Corporate Environment* consists of the components *Leadership attitude and behaviour*, *Support of cultural practices*, *Provision of foreign language*

training, and *Consideration of local conditions*. As such, this dimension is an external factor that impacts on our ability to act interculturally competent. Respondents saw attitude and behaviour of those who lead the organisation as important to "create an inclusive work environment", and viewed it as essential to cater for people's cultural requirements: "They really need to have to time to pray when they are here." Many respondents found that their employer should offer language training for staff, with German being on the top of the list of language they mentioned, to allow people to communicate more effectively and appropriately with colleagues from the overseas headquarters. Operating the subsidiary in Australia according to local standards, and offering products that meet local market demands were also viewed as central in intercultural competence. (See details of the adverse consequences of ethnocentrism in the discussion of intercultural challenges, Section 6.2.2).

Consistent with previous research, the corporate environment acts as a facilitator to effective and appropriate communication with people from different cultural and/or linguistic backgrounds in this research (See Kupka's (2008) *Intercultural Competence Model for Strategic Human Resources Management*). Most intercultural competence research, however, is less specific in terms of the influence the *corporate* environment can have on transcultural communication. As outlined in the literature review (Chapter 2), most of the times, host society at large, or a single representative from a different background is considered in other intercultural competence models (See Fantini's (1995) *Intercultural Interlocutor Competence Model*, Gallois' et al. (1988) *Intercultural Communicative Accommodation Model,* and Imahori and Lanigan's (1989) *Relational Model of Intercultural Competence*). As such, the present research establishes a strong argument for a business-related model of intercultural competence that takes the corporate environment into consideration.

6.2.2. The Value of Building Meaningful Relationships

Building meaningful relationships as the most important single component of intercultural competence in the context of this study has multiple facets. A key theme in the interviews with staff from the subsidiaries in Australia was that building meaningful relationships helped respondents to overcome initial problems they encountered in their work with people from different cultural and/or linguistic backgrounds. A female employee

from Australia reported of the challenges she faced when she first worked with her new manager. The two did not share the same office, and primarily communicated via email with one another. Tone and text of the new manager's emails caused much confusion for the respondent. When both commenced sitting next to each other, and the respondent had the chance to get know her new manager better, and to talk about the emails that caused problems in person, the situation improved.

"Well, when my manager first started, it was really quite frustrating because her emails didn't all make sense and I sat there and go what does this mean? And then it ended up being quite helpful that I was moving and sat next to her. Then I could just turn around and say let's just talk about this."

One of her male colleagues from the United Kingdom confirmed the role of building meaningful relationships in overcoming initial intercultural challenges, and in working effectively and appropriately with people from different cultural and/or linguistic backgrounds. The respondent had worked for the organisation in many countries, and concluded that stereotypes often persist when two parties have never met in person, and never had the chance to get to know one another.

"First, it can be a challenge, when you phone and email people you have never met or built a relationship with, you can make mistakes. […] Then you build a personal rapport, a personal contact, you go out or have a meal together or a drink, you then learn about them personally and privately and have a different relationship. […] You have met them, you can picture them better. Somehow I find if you know whom you are speaking to, it is easier and you build up a relationship better. […] So to travel and to meet different people, it is that thinking that you have to attach to the way you do things and how you approach things."

The support of the organisation is important in building meaningful relationships, both within the multinational corporation and outside. Geographic distance between headquarters

in Germany, subsidiaries across the world, and relevant external stakeholders requires the organisation to allocate funds for travel. This is particularly true for the geographically rather isolated offices in Australia. A respondent from the United Kingdom explained how visiting a factory in China helped him to understand the locals' position, and assisted him to manage intercultural challenges better.

"We work with China at the moment; we have a factory in China. When we first started talking to them on the phone it was hard to understand them and there was one case where I was over there in the factory in China and I actually met the people. Getting to know them made it a little bit easier."

Another example was provided of how meeting in person helped to find a solution for a problem that had impacted on the subsidiary for a long time.

"I think that is a very positive one, meeting somebody face-to-face and that the company is willing to spend the money on getting somebody out here. There were a lot of issues for spare parts, so the spare parts manager came to Australia and spent a couple of weeks here and we took him out every night. Obviously you can't take everybody here to Germany so having that person here, you know, spending a solid couple of weeks with us, socially as well as work. That was a really good thing."

Non-personal communication was also viewed as challenging for a respondent from Australia. He found building meaningful relationships to be a facilitator in solving conflict and verifying possible stereotypes that may had developed over time.

"Face-to-face it gets sorted pretty quickly, if you work together for a few days or weeks you get to know the other person, but if it is from a phone conversation, you haven't met the person, I think that makes it harder if that phrasing is used, probably from both sides and you are not able to understand where they are

coming from so things may not get sorted out and tensions may be created or bad impressions."

Correcting cultural stereotypes was also subject of the response given by another male respondent from Australia.

"Conversations we have while making a coffee in the little kitchen at the end of the floor. During these conversations I am learning more German words from my German colleagues and we have so much fun. It gives me the impression that not all Germans are that strict workaholics."

In one specific case, the meaningful relationship maintained with a direct manager was stated to be the main reason for the respondent to stay with the organisation.

"I mean I like the organisation, I am quite proud to work for them. We have a few issues at the moment, but that's the way it is and I guess one of the main reasons for staying is the relationship I have with my direct management."

Some respondents had developed meaningful relationships with people from other cultural and/or linguistic backgrounds in previous roles, and continued to maintain these relationships. In these cases, connections had turned into friendship, largely shaping the international experience. When asked to describe a person he worked or had worked with very well in the past, a male respondent from the United Kingdom elaborated on the friendship he had developed in his previous job with one of his Sikh work colleagues.

"When I was at […], there was a guy called […], he was a Sikh, Australian now and I first met him when I came here in 1998. He moved here in 1994 or 1995 and we worked together for the best part of nine years, different projects and he worked with me on different things the whole time. He became a very good friend, I found him fascinating because of his history and culture. He got me into

understanding what Sikh culture was like and I still see him on a regular basis. And my family do as well and his family."

Another respondent spoke of the friendships he had established in other countries, also shaping much of the positive overseas experience.

"The first project I did was in Canada, we were working in Montreal and I suppose the people I met over there and the friendships that developed have lasted ever since; fifteen or sixteen years. A lot of positive experiences, a lot of countries, it is also great, you know, when my children grow up and they want to go to Canada, South America or so and can follow up with my friends and they can go and visit."

The workplace has been described as "the most natural place for people to meet, make friends, and develop social networks" (Fong & Isajiw, 2000, p. 252). Berman et al. (2002) point out that workplace friendship often involves relations between people of unequal backgrounds. This is particularly true in an environment that is characterised by cultural diversity. Interviewees are sojourners or migrants, and experience life in a foreign country; they are locals living in a multicultural society and work closely with colleagues, customers, suppliers, the overseas parent company or other external business partners from different cultural and/or linguistic backgrounds. Irrespective of their own cultural background, they work for diverse organisations – and develop meaningful relationships, at times, friendship, with the people they meet at work.

The notion of workplace friendship frequently occurred in the course of data collection across the three subsidiaries in Australia. A respondent from an Eastern European background stated:

"Just socialising, and getting to understand each other, maybe just talking about other things as well instead of just work and that's how you grow to be colleagues and friends at work. Also conversations, be a bit outspoken, then you have a good friendship around the workforce here."

Maintaining good relationships in the office was also the subject of a response an interviewee from the Australia provided when he was asked to describe someone he worked with or had worked with in the past very well.

"I guess it's good if there is a good crack in the office where there is lots of people where you have fun and it is nice to come to work. Yeah, I suppose there is nothing about you live to work or work to live; I disagree with that. I put lots of hours in, unfortunately, and you are here the majority of your time so I might have some fun."

The last two examples demonstrate that culture played a minor role for respondents when they spoke about their internal workplace. Instead, central to collaboration were the good relationships people developed and maintained with their fellow workers.

An interesting aspect was brought up by a female respondent from Hong Kong who talked about her previous work experience, and how this had helped her work more effectively and appropriately across cultures. She explained that her previous role required her to be patient, "listen and build rapport" with people who either possessed limited English language skills, or were more aged so that they had difficulties to hear properly and understand messages instantly.

"Yes, you need patience, well I have worked in a call centre for four or five years so I did get calls from old people, people who can't speak English properly, and this is on the telephone and everybody has got one so I have spoken to every type of person possible, and they are angry as well, so I think it teaches you to actively listen and build rapport with them."

Some respondents experienced that language skills facilitate building meaningful relationships. A male interviewee from France said:

"You eliminate the risk of misunderstanding. You can understand meaning and sometimes, even if they speak English, knowing German, it is easier for me to

figure out what they want to say or sometimes read the way they want to say it more easily. And then it helps becoming friends easier, especially when you work with people over there and you need a lot of answers. This requires some more personal connection. It is easier if you can talk with someone over private, family things, you ask questions about the private life, you go for a beer and when you work together then it is easier to communicate. It is less formal, and I think that is easier when you speak the same language."

This standpoint was confirmed by another respondent from Australia who was learning German at the time of this research:

"Businesswise, if I am not confident and speak German at an intermediate level it is not a huge advantage. It just makes it a lot easier in terms of interpersonal relationships. It melts a lot of these challenges as it works as an ice breaker, so the more you know the better."

International business research notes that the ability to connect to others and develop meaningful relationships is an important competency for effective communication with people from different cultural and/or linguistic backgrounds. The primary research focus, however, lies upon expatriate adjustment. Ramalu et al. (2010, p. 100) state that "the significant positive relationship found between extraversion personality and general adjustment implies that greater the extraversion personality, greater the general adjustment will be." In their study about expatriate adjustment in Malaysia, Johnson et al. (2006) found that culture-specific knowledge gained through interaction provides better understanding and facilitate the general adjustment to the new cultural environment. Pietromonaco & Barrett (1997) draw a similar conclusion, arguing that extravert individuals perform better in establishing relationships with host country nationals and other expatriates than others. Extraversion, however, may not always be required for building meaningful relationships. People who could be described as more introvert are also able to build meaningful relationships across cultures. Extraversion may help to connect faster to other than it would be the case for an introvert person.

The present research exceeds current knowledge about meaningful relationships in the workplace by the non-expatriate experience. Such stance is important in international business research because intercultural friendships, in particular, have been recognised to "be critical for the improvement of international relations" (Gareis, 2010, p. 68). In the multinational corporation, international relations are part of everyday work life. Employees from different geographic locations work together in virtual teams, for instance, and in manufacturing companies, product-related communication between subsidiary, factory and headquarters occurs on a regular, if not daily basis.

Berman et al.'s (2002) conclusion that "the lack of social relations in the workplace, including friendships, as being symbolic of what is wrong with organisations" indicates the significance of meaningful relationships. Much of this research has been shaped by the response of one manager. His statement that "there is nothing that can replace a personal relationship" summarises the discussion around meaningful relationships in intercultural competence.

6.3. Focus Group Outcomes

The focus groups were conducted between July 2012 and September 2013, and took place in the Sydney office of each of the three participating organisations. These sessions included group dynamics into the discussion around intercultural competence, and generated practical ideas for improvement in terms of cultural diversity in the workplace.

After an introduction to the study and a warm-up question ("How would you describe working in this culturally diverse environment?"), respondents were asked "What are the particular challenges of working in a German-Australian context?" In Case 1, the group found language to be a major challenge, and mentioned that the decisions made in Germany for the subsidiary in Australia would also cause a certain level of frustration. Most of the participants agreed that their employer had tighter structures, processes and procedures in place, than it would normally be the case in an Australian organisation. Such formalities were found to hinder more effective communication, but respondents also said that this is what comes with a large multinational corporation. The group in Case 2 concentrated on language and the difficulties Australian English would cause for non-native speakers, and in

Case 3, participants agreed that working for a German multinational corporation in Australia would primarily carry language challenges in relation to the Asian region.

With the aim to understand what focus group participants saw as central to intercultural competence, they were asked "What skills / abilities / experiences etc. do you find important when working in a culturally diverse environment?" The following is an extract from the focus group discussion held in Case 1.

Participant 1: "Communication skills. Wherever I go, a different country, their language, the accents, you tend to listen carefully. The structure, the expressions are different, and to understand, that is really important."

Participant 2: "I grew up in the UK and when I first went to Germany, in my early twenties, I knew a bit of German, but not too much, and I realised you couldn't actually do too much if you didn't speak the local language, cinema, theatre, TV etc. So it is the interest in the country and the language."

Researcher: "What about in Australia?"

Participant 2: "Well, Australians are lazy with learning foreign languages, and so are we from the UK. Intercultural training is often provided when you go to an Asian country, but not when you go to the US, for instance. People assume Australia and the US are fairly similar, they speak the same language. But it is necessary, it is important to actually understand that even these countries are so different in their values, and norms, and work practices. So I find just that awareness, that understanding, and not assuming Australia and other English-speaking countries there would be no difference, no need to be aware of anything."

Participant 3: "You need to travel and be curious and then it will fall naturally into place."

Participant 1: "Yes, I totally agree."

Participant 4: "Exactly, the openness and the interest in other cultures."

Participant 5: "I agree in the openness of what […] said, and the communication skills."

Whilst language, openness, international experience, and the awareness of differences between seemingly close cultures were central to the focus group in Case 1, the discussion in Case 2 further strengthened the notion of building meaningful relationships.

Participant 1: "Be open-minded to other cultures, to differences, accepting that people are different. And that also applies to the overall organisation as well."

Participant 2: "If you have got work issues, it's work issues. Other than that, it's different."

Participant 3: "Of course, there is still work, we live in Australia so we have to behave according to the rules, but there are still religious issues that you need to be aware of."

Participant 4: "I think having interpersonal skills is very important, being able to relate to people, no matter what their background is."

Participant 5: "Being flexible and patient. Again, from the Australian point of view, you know when people say look outside the box, for me there is no box. For me it is just open. You have got to be adaptable to change and flexible to any sort of resistance when people say the word change."

Participant 6: "For me it is interpersonal where you have the ability to sneak into the skin of the others. He might be different because he grew up somewhere else with a different attitude so that's probably the most important and not being shy to ask questions even if some people are getting impatient."

Participant 5: "See I work closely with this German colleague so I have to be very patient and he has to be very patient."

Meaningful relationships were also part of the discussion in Case 3. This focus group session brought up the role of the corporate environment in intercultural competence, and confirmed that patience, openness and foreign language skills are important in our ability to work effectively and appropriately in a culturally and linguistically diverse work environment.

Participant 1: "Well, I think very much is about patience and respect for how others work."

Participant 2: "I personally find languages very important, at least at a minimum to have a basic conversation with others. I mean, at the end of the day we work for a German company, and they make the effort to speak English, so shouldn't we make the effort to at least speak a bit of their language?"

Participant 3: "I think so too, we don't make much effort in learning a second language. And openness, patience and the willingness to get the job done together."

Participant 4: "I guess for me it is to communicate well with others, and to be on the same page, really more how I can relate to colleagues."

Participant 5: "Look, I agree, there needs to be good work relationships, the rest will work out somehow. Our management is quite good in making everyone work together really well so we don't have many issues. Yes, I would say it is also how the organisation is managed."

At the end of each focus group session, participants were encouraged to express ideas for improvement: "If you were asked to suggest ways of improvement in relation to cultural diversity in this organisation, what would it be?" Two responses stand out in a way that they provide practical advice for an organisation. A participant from Germany who had travelled a lot and experienced many different cultures said: "Roles like human resources management, they should have been to the US, Asia and Europe or Africa before to get an understanding how people work and get a feeling for the different cultures. That would be important." One of his Australian colleagues stated that "Maybe forums like this. Just in this discussion, four other people, four other perspectives, I have learnt a fair bit just in this short period of time. I mean, we have regular meetings, and you are encouraged to talk about things, but I personally feel reluctant to say something or ask, not in relation to culture, because it is quite a big meeting, and you don't just talk about culture in such a setting. Smaller groups like this would be great."

The focus groups confirmed most of the outcomes of the survey and interviews. As such, results further strengthen the dimensions and components of what intercultural competence means in working for a German multinational corporation in Australia.

6.4. Intercultural Competence and Human Resources Management

With a more sophisticated understanding of the dimensions and components of intercultural competence in the specific context of this research, executive manager responses to the interview questions "What are the selection criteria, if any, for new employees whose roles will involve regular contact to customers, suppliers and other external stakeholders from different cultural and/or linguistic backgrounds?" and "Does the company have any selection criteria for new employees in relation to working in a culturally diverse environment in general?" were put into perspective.

Specifically designed for the recruitment of top management positions, Case 1 had developed a *leadership framework* that comprises nine core competencies. One out of these competencies is what the organisation calls *Intercultural Sensitivity,* defined as a person's ability to work with staff from other backgrounds. Diverging work approaches are in the centre of this competency. The interviewee clarified that the leadership framework exclusively applies to top management roles and that the degree to which successful candidates need to meet this criteria varies, depending on the intensity of contact with people from other cultural backgrounds. For roles other than the top management, the executive manager stated:

"What we look for is not necessarily international experience, worked in different countries, that's to people's levels, but the thing we talk about is having worked in a complex matrix structure. That becomes very important when you come into an organisation like […] where you might have three, four different bosses, depending on the business line, vertical and horizontal and these types of things. So it is not so much about having worked in other countries, it is more about having worked in a similar, complex organisation because it can be quite daunting when you have never worked in this type of organisation and you are trying to figure out where you get your direction from or whom to talk to because it is complicated, it is a complicated structure."

Nevertheless, twenty-seven (out of thirty-three) respondents indicated that they had lived outside of Australia for more than six months (Question 9). Twenty-seven (out of

thirty-three) survey respondents also stated to speak one or more foreign languages (Question 12). With one third of participants holding managerial roles (twelve), and two thirds coming from non-managerial roles (twenty-one), foreign language skills and intercultural experience are yet widespread across the sample. Some of the young professionals interviewed in the course of this study stated that their ability to work across cultures seemed embedded in the candidate recruitment process. They said the organisation arranged for culturally diverse groups to solve certain tasks during the recruitment process. Executive manager statement and general staff experience do not match, and such outcome raises the question in how far knowledge and skills relevant to intercultural competence are actually being utilised for the benefit of the wider organisation.

The executive manager interviewed in Case 2 said that the organisation would not specifically look for intercultural competence in the candidate recruitment process:

"No. It doesn't hurt if they speak a different language, not because we need it, it
is maybe more because their mind-set, they have a little bit more of an open view
or bringing in influences from the other side of the world."

Compared to Case 1, considerably less survey respondents from Case 2 indicated to have lived outside of Australia for six months or more (eleven out of twenty-three), and to speak a foreign language (twelve out of twenty-three). This may be an indication for a link between the frequent miscommunication and conflict employees encounter in their work with the German headquarters.

In the interview with the executive manager from Case 3, it was stated that both foreign language skills and intercultural experience play a role in the candidate recruitment process.

"International experience is certainly considered, including language skills,
absolutely. We are working in Australia, again, which is a multicultural country;
so our customers are multicultural."

Case 3 finds itself in between the other two organisation in relation to language skills and overseas experience. Eleven (out of eighteen) respondents indicated that they had lived

outside of Australia for six months or more, and thirteen (out of eighteen) respondents responded that they spoke at least one foreign language. The executive manager explained the survey results in a way that not every employee needs to speak Japanese or Mandarin, for instance, in order to communicate with customers in their mother tongue. In his view, it was most important to have at least one member of staff with Japanese or Mandarin language skills colleagues could refer to when needed.

Conclusion

Survey, semi-structured interviews, and focus group confirmed that language was the most impacting intercultural challenge across the participating organisations. The corporate environment was identified as another key challenge in two out of three cases through face-to-face conversations with staff, not through the self-administered questionnaire. Reasons for this diverging outcome remain unclear. The corporate environment challenge was very much embedded in the experiences respondents reported of in the course of interviewing, serving as a possible explanation.

Bercovitch et al.'s (2009, p. 3) conclusion that "conflict is normal, ubiquitous, and unavoidable" is important in the discussion around intercultural challenges and the practice of intercultural competence. An effective approach to the challenges associated with working in a German multinational corporation in Australia is pivotal to achieve more efficient communication. This also bears the potential to improve individual, team and business performance. It needs to be understood, however, that not all conflict and miscommunication can be eliminated. In the same way as conflict will persist in human societies, intercultural challenges are an integral part of interacting with people from an unfamiliar cultural and/or linguistic background. Rather should it be the objective to reduce intercultural challenges to a minimum, and to maximise the potential of cultural diversity.

Attitude, *Knowledge and skills*, *Behaviour* and the *Corporate Environment* emerged as the key dimensions of intercultural competence in the context of this study, both through the analysis of survey and interview data. Focus group discussions confirmed survey and interview outcomes in many regards. The dimensions, and also the single components each dimension consists of, are consistent across previous research. Intercultural competence working for German multinational corporations in Australia is, to a large extent, a matter of

individual abilities. The corporate environment affects the way in which these individual abilities can be leveraged, and should, as such, be viewed as an integral part of intercultural competence.

Building meaningful relationships emerged as the most important component of intercultural competence in working for German multinational corporations in Australia. Cues for this ingredient to be central emerged through survey, which were strengthened in the course of the interviews and focus groups. When respondents maintained a meaningful relationship with someone they worked with, cultural and/or linguistic differences moved into the background or became an asset, paving the way for effective business communication.

Intercultural competence is – to some extent – incorporated in the human resources management in two out of three organisations in this research study (Case 1 and Case 3). Foreign language skills and intercultural experience are prevalent among respondents from the two subsidiaries, and executive managers indeed confirmed levels of consideration when recruiting new candidates. Other components of what intercultural competence means in working for a German multinational corporation in Australia remained unaddressed in the conversations with the executive managers. These may not have been directly associated with intercultural competence, or viewed as less important.

Chapter 7

Insights from the Headquarters

Introduction

The focus of this research is the discovery of strategies individual employees have developed to work effectively and appropriately across cultures. In a multinational corporation, this has implications beyond the narrow subsidiary context. Headquarters' need to be involved in achieving the most important single component of intercultural competence: Building meaningful relationships. Data collected in the Australian offices showed that much misunderstanding and tension between staff from subsidiary and headquarters stems from a reliance on non-personal communication. Allowing colleagues from Australia and Germany – and also other locations – to meet, ultimately requires the headquarters' support.

This chapter examines the research questions from the perspective of the German headquarters to further understand the findings from the investigation in the Australian offices. Intercultural competence is an individual ability, yet takes place in context and interaction with others. Opinions held by the headquarters impact on the intercultural challenges employees in Australia face, such as decisions to pursue an ethnocentric management strategy and frequent encounters of communication in German. Even though English is the corporate, and thus, shared language between both offices, in all three subsidiaries language was described as a key challenge. With much of the language problem deeply embedded in the headquarters-subsidiary relationship, both parties are required to achieve greater satisfaction.

Foreign subsidiaries are increasingly being viewed in relation to their innovation potential (Lee, 2010; Mudambi, 2002) and as part of the multinational corporation's knowledge network (Lee, 2010; Roth et al., 2009; Zhang et al., 2009), rather than merely in terms of low cost production, proximity to customers, and other location factors (Griffith et al., 2012). The ability to access and utilise knowledge from different locations around the world is becoming a key concern for many multinational corporations, described as being critical to their success and, ultimately, survival (Kohlbacher & Krähe, 2007). Multinational corporations have the opportunity to derive advantage from accessing and effectively managing knowledge, for example in relation to the benefits of adapting products and services to local conditions (Schulz & Jobe, 2001), but also in relation to culture and its impact on the individual employee as well as teams and the larger organisation. It is not the

sole existence of different cultures that can bring competitive advantage in the international business and management world. Rather, it is how this diversity and the different perspectives that come with it are being managed (Cronin & Weingart, 2007; Distefano & Maznevski, 2000; van Knippenberg et al, 2004). Lauring (2009, p. 385) summarises that "knowledge that is not distributed in the organisation is of little value."

For the inclusion of the headquarters perspective, the researcher spent a year in Germany to complete the research in the organisations' headquarters. During that time, this project was supervised by Prof. Dr. Hartmut Schröder at the Europa-Universität Viadrina in Frankfurt/Oder (department of *Sprachgebrauch und therapeutische Kommunikation*). This chapter provides an outline of the methodological framework for the overseas research, followed by a discussion of the views headquarters' representatives held about diversity management in relation to the Australian subsidiary. It sheds light on their perception of the headquarters-subsidiary relationship as well as the embedded intercultural challenges. The last section of this chapter focusses on building meaningful relationships, and illustrates the extent to which activities in support thereof were entrenched in strategy and operations.

7.1. Methodological Research Framework

7.1.1. Cotutelle with the Europa-Universität Viadrina in Frankfurt/Oder

Collecting data from the headquarters was possible due to a cotutelle agreement between Macquarie University in Sydney and the Europa-Universität Viadrina in Frankfurt/Oder. The overseas research enabled the researcher to include local expertise and perspective in the investigation of what intercultural competence means in working for a German multinational corporation in Australia, and how this ability is being developed. The possibility to work in Germany benefitted this study by gaining access to resources, insights into other current studies in the field, and expanding the researcher's professional network.

7.1.2. Sample, Research Method and Instrument

To complete this research, one headquarters representative per multinational corporation investigated in the course of this study, was interviewed. Thus, the sample for data collection in Germany consisted of three senior managers responsible for strategic questions and operational aspects in the Australian subsidiaries.

Sampling took place after data had been collected in Australia because it only became apparent then who needed to be included and which questions should be asked. Managers were sampled without the involvement of the respective Australian office to reduce subsidiary bias. Contrary to Greiner's (1985) conclusion that researchers rarely receive open access to organisations, sampling headquarters representatives proved to be an efficient endeavour. Nevertheless, the researcher faced the challenge that the success of the overseas research highly depended on sampling a representative of each headquarters. Since sampling was completed in the anticipated way, this is without approaching staff in the Sydney offices, there was no need to ask the Australian subsidiaries for assistance, deal with an incomplete overseas sample or to expand the number of company cases.

For the identification of a headquarters representative from Case 1, Prof. Dr. Schröder established contact between the researcher and one of his previous PhD candidates who had worked with the organisation in the past. She agreed to investigate who would be a suitable person to talk to, and provided name and email address of the potential interviewee. The representatives from Case 2 and Case 3 were both identified through a telephone conversation with the headquarters' switchboard who offered name and email address of the person deemed as most suitable. All three representatives were part of the senior management team from the respective organisation. They had been with the organisation for a minimum of ten years, were of a German cultural background and had extensive intercultural experience. Each of them, but to varying degrees, had spent some years outside of Germany, and experienced cultural transition themselves. They spoke between one and two foreign languages; English, in all cases, with a high level of proficiency.

The research method consisted of semi-structured interviewing, with the interview guide (Appendix 7) serving as the research instrument. Questions focussed on the perception of the headquarters-subsidiary relationship, the support provided to allow staff to build meaningful relationships, language choice, intercultural and language trainings, as well as perceptions – if any - of intercultural challenges between subsidiary and headquarters. The last section of the interview guide sought to understand participants' views of diversity management in relation to the Australian subsidiary.

Two managers agreed to conduct the interview in English (Case 2 and Case 3), one preferred German (Case 1). The interview guide and information statement and consent form

were prepared in German and English by the researcher, who herself is fluent in both languages. Interviews were conducted between December 2013 and February 2014. They lasted between twenty-eight and fifty minutes, were audio-recorded and transcribed. Table 20 provides an overview of responses, which will be discussed in the subsequent sections.

	Case 1	Case 2	Case 3
Defining Diversity management	Equal opportunities Awareness for cultural diversity	Bringing the right people together to reduce cultural differences	Compliance with Code of Conduct Managing cultural differences
Involvement in Subsidiary's Diversity Management	No insight into subsidiary activities No reporting in place Limited interest in the topic	No insight into subsidiary activities No reporting in place Topic viewed as irrelevant in Australia	No insight into subsidiary activities No reporting in place High interest in the topic
Headquarters-Subsidiary Relationship	No clear relationship definition Subsidiary seemed an unequal partner Unawareness of most intercultural challenges	Relationship viewed as overall good Subsidiary viewed as independent Unawareness of most intercultural challenges	Relationship shaped by constant discussions which lead to 'good results' Subsidiary treated as equal partner Awareness of intercultural challenges
View on Personal Connections	Critical for successful cooperation General staff and executive managers Global management meets annually	Critical for successful cooperation Primarily limited to executive managers New subsidiary staff only visits headquarters when they commence their job	Critical for successful cooperation General staff and executive managers Executive managers meet twice a year National sales managers meet annually Operators meet every alternate year
Provision of Intercultural Training	Yes, employees to initiate	Yes, employees to initiate and part of graduate programs	No, employees are expected to constantly improve their skills
Provision of Language Training	Yes, employees to initiate	No	No, employees are expected to constantly improve their skills

Table 20: Headquarters' View

7.2. Views on Diversity Management

Diversity management has received increasing attention in research and practice over the last years. Earlier ideas proposed in the 1960's to 1980' concentrated on the mere existence of discrimination in the workplace (For an overview see Shore et al., 2009). In the 1990's, researchers began to investigate what type of impacts diversity – and its management – had on the organisation (Shore et al., 2009). Whilst there is a rather equal number of studies writing about positive or negative effects of diversity in the workplace, research usually provides evidence that effective diversity management has the potential to offer competitive advantage (Kramar, 2012). Diversity management has also become an established part of an organisation's Corporate Social Responsibility, and includes regulatory instruments such as the Code of Conduct (See Chapter 5).

Nevertheless, much of the literature concludes that diversity management lacks agreement on definition and scope. In his edited *International Handbook on Diversity Management at Work*, Klarsfeld (2012) emphasises the different country perspectives on the concept. Kramar (2012) describes diversity management in Australia as a "mosaic of concepts, practice and rhetoric", agreeing that the concept is "understood in very different ways in different countries" and also "in different organisations" (Kramar, 2012, p. 245).

In 2005, it was estimated that not more than fifty organisations practiced diversity management in Germany (Vedder, 2005). Research in the field has experienced a considerable increase since then, and the so-called *Gleichbehandlungsgesetz* (The General Equal Treatment Act) was passed in August 2006, aiming to prevent disadvantages in relation to race, ethnicity, gender, religion, age and sexual identity in the workplace. In the same year, the *Charta der Vielfalt* (The Corporate Charter of Diversity for Germany), chaired by German Chancellor Angela Merkel, was introduced as a voluntary initiative by four of the largest German corporations: Daimler, Deutsche BP, Deutsche Bank and Deutsche Telekom. The number of member organisations has augmented to 1,950 (The Corporate Charter of Diversity for Germany, 2014), but at the time of this research out of the three multicultural corporations under investigation only Case 1 was a member. Aim of the Charter is to create 'a work environment free of prejudice' (The Corporate Charter of Diversity for Germany, 2014, p. 1).

With such uneven landscape of diversity management prevalent in Germany and also internationally, it comes somewhat anticipated that each of the three headquarters'

representatives had a different view on the concept. Their standpoint on diversity management was important to include in this study since it sharpened the picture that emerged out of the data collection in Australia, offering a better understanding of the relationship between the geographically distant offices and the support provided to communicate effectively and appropriately across cultures.

Defining Diversity Management

The senior manager interviewed in Case 1 understood diversity management as a combination of creating equal opportunities and raising awareness for cultural diversity. Such stance aligns with *The General Equal Treatment Act* as well as the organisation's support of *The Corporate Charter of Diversity for Germany*. The headquarters representative stated that that the organisation held its first *Diversity Day* as part of the initiative in 2013, with a special focus on education. Diversity Day in Germany is an initiative by the Charter to demonstrate how diversity strengthens corporate position in the public. The interviewee considered himself as fortunate to be able to experience cultural diversity through work. He informed the researcher that he spent approximately ten years of work for the organisation in the Asian region as well as the Americas. His current role included daily communication with colleagues from the Asia-Pacific region. The manager assumed that many employees would not have the opportunity to experience different cultures, mentioning those working in production. It was important for the manager to point out the benefits diversity would bring along for the overall organisation. To the question what these benefits would be, he stated that in the headquarters, diversity meant more than nationality and gender, but was also seen in professional backgrounds. As an example, philosophers worked on strategies for overseas markets to gain a different perspective.

In contrast, the headquarters representative from Case 2 saw the primary function of diversity management in reducing cultural differences, rather than raising awareness for the different approaches people take to their work. He defined diversity management as a tool of "bringing the right people together." He illustrated this statement by an example of a recent failure the organisation experienced in the Asian region.

"They really need to work together. You should know the cultural expectations, or which cultures fit to each other. We made the mistake to bring Korea and Japan

together. The head of Korea is now in charge of Japan as well. The clear feedback from Japan is that they are very unhappy to have a Korean guy now running around in Japan, talking to customers because that is definitely a no-go in this area. They do not like each other, they do not listen to each other. This becomes less efficient."

Aversions exist between people, not only based on culture but also in relation to personality. Restraining diversity management to the identification of cultural fits, however, bears the risk that encouraging cultural diversity and promoting the advantages thereof may fade in this battle of mingling the seemingly right cultures.

Complying with the organisation's Code of Conduct and handling cultural differences at work came to mind when the manager from Case 3 was asked how he would define diversity management. He explained that the organisation's Code of Conduct was the foundation for employees worldwide to work with, setting the rules for business. Different cultures were viewed as part of the business and diversity sought to be leveraged. The senior manager further explained:

"We have very strict internal rules in place when it comes to compliance. You are not allowed to give anyone money to get the business or take anything. In relation to diversity we want to remain flexible, have people with an open mind, sharing their ideas. And we are not trying to put them into a one-way-street and cannot break out to left and right. And the code of conduct is for employees only, how to work with third parties. Whenever you handle shipment, you should not bribe anyone, stay within the local laws and regulation."

Much of the understanding of diversity management in Case 1 reflects the main idea of The Corporate Charter of Diversity for Germany (2014) the organisation is a member of: Appreciating employee diversity serves the economic performance of a business. Interview responses from Case 2 indicate a somewhat opposite definition of diversity management, in which assumptions about national characteristics dominated, and diversity management was associated with caution and potential conflict. Manager opinion in Case 3 was similar to

Case 1, which includes the respect for difference. Emphasis, however, was upon behaviour between people from different cultural and/or linguistic backgrounds.

Involvement in the Australian Approach to Diversity Management

None of the three managers had an insight into the approach to diversity management of their subsidiary in Australia. The subsidiaries elected whether or not, and also how they implemented diversity management, and there was no expectation to report related activities to the headquarters across all cases. As such, it is rather unsurprising that none of the interviewees was able to answer the question whether they were satisfied with their subsidiary's approach to diversity management.

This outcome is conflicting with much of the previous research, suggesting that diversity management in multinational corporations is primarily based on "the ethnocentric assumption that domestic definitions and targets are appropriate abroad" (Nishii & Ozbilgin 2007, p. 1883). Research usually concludes that diversity management activities are exported from the headquarters to the subsidiaries, and that the subsidiaries are hardly involved in planning process for their country (Dunavant & Heiss, 2005; Nishii & Ozbilgin, 2007; Süβ & Kleiner, 2008). Multinational corporations that do take local conditions and knowledge into consideration have been described as the exception (Kramar, 2012; Sippola & Smale, 2007).

While the three managers were unfamiliar with the way their Australian subsidiary managed diversity, they felt differently about their own lack of knowledge. Limited interest in learning about diversity management in the Australian subsidiary was articulated by the representative of Case 1. Instead, the interviewee emphasised that the headquarters in Germany would be very active in relation to cultural diversity at work, elaborating on Diversity Day, the organisation's strategy to bring people from different professional backgrounds into teams, and his own team where people come from different cultural and linguistic backgrounds worked successfully together.

In Case 2, diversity management was considered to be of minor concern in Australia. The manager responded that "this question is not very important in Australia. Diversity is more important in Europe and Asia. […] This is actually a success factor in the country, it doesn't matter where you come from, it matters how you act. So in Australia, the only thing that matters is the skills, not the culture. They are quite open to everybody." Such view

shows limited consideration of the cultural make-up of Australian society and the implications for the work environment. The interviewee further elaborated that "Australia is a small market, actually, big land but the business is not so good, we only have a few customers; therefore diversity is not the key factor to success." Australia may be a small market for the organisation, yet effective and appropriate communication between people from different cultural and/or linguistic backgrounds, such as in the headquarters-subsidiary relationship certainly is one of the success factors in international business.

The manager from Case 3 responded "I don't actually have an insight into this." However, he initiated a conversation about diversity management, related programme options, and reporting systems, thus, expressing a high level of interest in the topic.

Australia represented a small market for all three multinational corporations studied in this research, and the question of return on investment will be a central one in the consideration of implementing diversity management. The lack of involvement in the Australian subsidiaries' diversity activities may also stem from an underestimation of cultural differences in the Australian workplaces, and in the headquarters-subsidiary relationship. Another plausible explanation is the geographic distance between Germany and Australia which, in turn, may have caused some kind of disconnection between offices. It may also be the case that cultural diversity can work without a structured approach.

7.3. Perceptions of the Headquarters-Subsidiary Relationship

In the focus of this section are the managers' perceptions of the headquarters-subsidiary relationship, and their awareness of the intercultural challenges employees in the subsidiary saw in place in working for a German multinational corporation in Australia. Such investigation allowed to understand where the headquarters' positioned their Australian subsidiaries, the level and quality of communication between both offices, and the degree to which the three multinational corporations were able to utilise employee knowledge in relation to cultural diversity as "a key source of competitive advantage" (Makela et al., 2012, p. 440; also see Argote & Ingram, 2000; Doz et al., 2001; Kogut & Zander, 1993).

No clear answer to the question how the interviewee would describe the relationship between headquarters and subsidiary in Australia was provided in Case 1. The manager instead concentrated on the role and responsibilities of his department, and the nature of contact between the German and Australian office. During the interview, it became evident

that the headquarters considered the Australian subsidiary as a rather unequal partner. The manager summarised that input would be welcome by the subsidiary, but the final decision is made by the headquarters, leaving the impression that there is a futile ground for discussion.

In relation to intercultural challenges, the interviewee stated to be unaware of any issues the headquarters-subsidiary relationship would carry. In his view, location impacted on communication, but not to the extent that it could be described as a "challenge". When the researcher asked the manager to elaborate on the location aspect, he mentioned waiting times for responses, which primarily resulted from the difference in time zones. An organised working day and planning were considered to be important in managing delays in communication. The manager said that if people waited until the last minute before sending an email to the Australian subsidiary, and expected an instant response, frustration would naturally arise. Hence, the language challenge engrained in the headquarters-subsidiary relationship as identified in the course of interaction with staff in Australia was unknown to the manager. Moreover, issues relating to the rather ethnocentric approach by the organisation in Australia also remained unmentioned in the interview. Nevertheless, there was a relatively high interest in the outcomes of the present study prevalent during the interview, and the manager emphasised that one's own perception would often vary from that of others.

In Case 2, the relationship between headquarters and subsidiary was described as overall good. The interviewee stated that employees from both locations worked well together in relation to technical support for the customer. Technical expertise, professionalism, and independence on the part of the Australian subsidiary were recurring themes during the interview. Whilst the manager viewed the subsidiary's independence as primarily positive, he also stated that "it becomes hard for us to guide them, this is the risk. They do not want to listen to us." Perceptions, however, differed significantly between headquarters representative and respondents in Australia. Most of the respondents from the subsidiary felt a high level of reliance on the headquarters in relation to technical matters. Their main concern was the lack of opportunity to adapt products to local customer requirements in Australia.

To the question whether he would be aware of any intercultural challenges in relation to the subsidiary in Australia, the manager responded that time zone difference and

associated delays in communication would impact on business. He explained that the German parent company was in a restructuring stage, setting up a regional headquarters in China, also with the purpose of "bringing together the cultures" in the Asia-Pacific region. Products for Australian customers, however, would continue to be sourced from Germany. The manager said "the branch in Australia will get application engineering. That means modification and some pre-calculations and even some little changes in design." Bearing in mind that the lack of such intervention opportunity caused major challenges for the subsidiary, it is noteworthy that none of the employees in Australia mentioned this change. They may not have been involved in the planning process, or be unaware of the details thereof. The reasons for not mentioning the new regional headquarters remain unclear.

Whilst language was viewed as a major intercultural challenge by respondents in Australia in Case 2, particularly the inherent power of language, the headquarters representative did not see language as a problem. Many incidents were brought to the researcher's attention during the interviews in the subsidiary where a colleague from the headquarters elected to communicate in German with subsidiary staff. Technical documents translated into English by the parent company also caused frustration among employees in Australia. The manager stated that all members of staff in Germany would speak English well, apart from new candidates who needed to acquire the industry-specific terminology. When people possess English language skills and elect to write an email in German to a colleague who will not understand, language, in those cases, certainly serves as a means of exercising power. In the course of the interview, the new regional headquarters in Asia persisted to be the manager's main concern, often serving as an exit door to questions he seemed hesitant or unable to answer. As opposed to Case 1, the manager's did not ask for access to the results of this research.

The relationship between headquarters and subsidiary in Australia was described in a comprehensive way by the interviewee in Case 3.

"[The relationship is] sometimes good, sometimes not so good because you always have, I wouldn't say tensions, but disagreements about certain things. […] We always talk, we always discuss, we always argue, but in the end all these arguments or discussions are ending up in proper results. And this is the way it always works in the end. And it is not a theoretical thing, but it is actually put

into practice which can be followed by the Australian employees. It has to be that way, otherwise nobody will follow decisions."

This response can be linked to the few intercultural challenges reported in place by employees in the Australian subsidiary. Together with the notion of trust that persisted as critical between headquarters and subsidiary throughout the interview with the senior manager, involvement and open discussions about a variety of topics can certainly foster a strong relationship, and reduce challenges to a minimum. Interviews conducted in the Sydney office also provided strong evidence of an open and constructive work environment where culture is not being underestimated. As such, the subsidiary appears to be viewed as an equal partner by the headquarters.

Language was confirmed by the manager to impose a challenge in working across cultures. In the same way as respondents from Australia, he saw a lack of English language skills an issue in communication with the Asian region: "Some are not hundred per cent settled in English so whenever they communicate with Australia, where many native speakers are located, communication can be difficult." Consistent with data collected from the subsidiary, other than language, no further intercultural challenges were mentioned by the manager.

It is, as such, not surprising that a management that shows a keen interest in learning more about the implementation and reporting of diversity management activities as well as the outcomes of this study in general has been able to create a workplace where employees see only few barriers to effective intercultural communication in place. When the headquarters-subsidiary relationship is shaped by somewhat dysfunctional communication, and culture and its impact on business communication remain underestimated as in Case 2, it is understandable that intercultural challenges have become engrained in this relationship. Case 1 stands somewhere in-between the other two other cases, with still many challenges in place, but professionalism rather than adversary shaping communication across cultures.

In summary, it can be said Case 3 emerges as an organisation where employee knowledge about culture and its impact on business is being accessed and utilised. With only +1,000 employees in the German headquarters and twenty-seven in the Sydney office, involvement in the operational aspects of the subsidiary is certainly easier than in a much larger organisation. Whether or not the knowledge about culture and intercultural challenges

has provided the organisation with competitive advantage needs to be assessed in a separate study. Data collected from the subsidiary and headquarters overall match, suggesting a stable relationship being maintained between the offices. Case 1 and Case 2 fail to access and leverage much of the knowledge their employees hold about intercultural challenges at work. In Case 1, size of headquarters (+15,000) and subsidiary (ninety) differ significantly, creating a natural barrier to a detailed overview of operational aspects, with a matrix structure across the organisation worldwide adding to the complexity. The size of headquarters (+ 2,000) and subsidiary in Australia (sixty-two) in Case 2 should allow for some kind of knowledge in relation to culture and its impact on business. Limited unity between the offices, however, seems to shape the headquarters-subsidiary relationship, counterproductive to enhanced involvement in everyday operational aspects.

7.4. Personal Connections and Trust

Consistent with the in vivo approach to theory building, the notion of building meaningful relationships in the workplace was further investigated through the interviews with the headquarters representatives. The focus of this section is the managers' attitude towards building meaningful relationships in the German-Australian work context, the frequency of contact between headquarters and subsidiary, and the occasions on which personal meetings usually took place.

All of the three senior managers viewed the opportunity to meet in person and to build meaningful relationships to be important for working effectively with one another. In Case 1, the interviewee stated:

"It is important for us that people know each other personally. That is a prerequisite for successful collaboration in my role that also includes sensitive topics, and hence requires a certain degree of mutual trust."

He excluded general staff in his response, however, and mainly talked about his own role within the organisation as well as the top management team.

"We are holding an annual conference, with the next one taking place at the end of the month in Singapore. We invite CEOs and CFOs of the different countries

and the conference is being held for the entire region of Asia-Pacific. About fifty people come together, and an important aspect of this conference is networking. With fluctuation and changes happening like in any other organisation, it is important for people to get to know each other."

The headquarters' representative from Case 2 also saw workplace relations between headquarters and subsidiary as important.

"We offer training for new employees in Australia. We like them to come to Germany and train them, also to get to know the people and know whom to contact. And we want our people to be involved in what is going on in Australia. We really encourage that people fly over and make use of the trade fairs, conferences, to have a reason to go there, not only for a project."

Consistent with data collected from Australia, the response from Case 2 confirmed that headquarters' staff would visit the subsidiary regularly. Theory and practice, however, differed in a way that the advocated involvement in subsidiary matters did not result in actual knowledge about intercultural challenges as perceived by staff in Australia.

The headquarters representative from Case 3 also confirmed that meaningful relationships in the workplace are critical.

"Freight forwarding is people business. The only strong force we have in our business model are the employees. When people know people, then business can be done. We always try to force that there is some kind of exchange, personal exchange to drive the business forward because if people don't know each other and can trust each other and cannot rely on each other, then it is very difficult to do business for freight forwarding because we are primarily just acting on a computer or by phone trying to get shipments from A to B."

In his response, the manager emphasised that personal contact and workplace connections would be important for both general staff and executive managers, reflecting a

strong focus on leadership and recognising the importance of general staff for corporate success.

> "The top level is meeting at least twice a year, the national sales managers are meeting once a year and every alternate year we hold an operators' meeting. Whatever one party is writing can be misunderstood by the other party and then misunderstandings between cultures happen. We feel that if people know, ok, he or she wrote a sentence which is maybe a bit too straightforward or a bit strange or something like that, but they know that the intention of the other party is good, that they can trust them; that they know what they are doing, then they can also convey this to their customers. They can transfer the trust to their customers. If people talk to each other, are on the phone with each other and they met face-to-face before it is a completely different kind of communication level. It is more personal, it is more solution-oriented, it is more focussed and the people know that they are speaking the same language. We say people need to meet at least once or twice and then they can communicate via phone very nicely."

Mutual trust is a central ingredient of well-functioning workplace relationships (Berman, 2002), as discussed in Chapter 2. Data collected from the manager interview in Case 1 includes the notion of trust on senior management level. Mutual trust seemed limited in Case 2, where much misunderstanding and conflict occurred. It appeared that the headquarters-subsidiary relationships in Case 3 was shaped by a high level of mutual trust. Only a few intercultural challenges were reported by the subsidiary, all of them known to the headquarters representative. Thus, this research suggests that insufficient mutual trust between headquarters and subsidiary bears the risk of nurturing intercultural challenges. They may be perceived as strongly impacting on everyday work life, whilst the same issues may be viewed less significant in an environment where people know one another personally and trust each other.

Trust in multinational corporations has been discussed by Bresman et al. (1999) in their study about international acquisitions, suggesting that the lack of personal relationships and the absence of trust to create resistance, frictions, and misunderstanding. In the field of knowledge management in multinational corporations, much of the research concludes that

trust plays a pivotal role. Szulanski (2003) researched knowledge sharing in multinational corporations and argues for ambiguity and an arduous relationship between the source and the recipient to impact on effective communication. Inter-organisational trust also plays an important role for the accessibility of knowledge in Weir & Hutchings' (2005) research about knowledge sharing in Chinese and Arab cultures. It was found that only in a climate of trust, companies will offer their knowledge to partner organisations. DeLong & Fahey (2000, p. 119) summarise: "The level of trust that exists between the organisation, its subunits, and its employees greatly influences the amount of knowledge that flows both between individuals and from individuals into the firm's databases, best practices archives, and other records" (in Kohlbacher & Krähe, 2007).

The three headquarters also differed in their provision of language and intercultural training to prepare their staff for working with people from different cultural and/or linguistic backgrounds. Whilst the headquarters in Case 1 provided both, language and intercultural training for employees if necessary, the headquarters in Case 2 only offered intercultural training if deemed important, and as part of graduate programs in the headquarters. In Case 3, employees were expected to acquire relevant language and other intercultural skills in their own time, on their own accord.

Conclusion

Findings from the three interviews with headquarters representatives differ from previous research conclusions that most multinational corporations transfer their diversity management to subsidiaries. In this study, the parent companies allowed their Australian subsidiaries to develop and implement their own diversity management. Across all three cases, headquarters representatives had no insight into related activities. Their interest in the topic, however, differed, ranging from seeking advice on improvement, to denial of the relevance diversity management may have in Australia. As such, this study confirms that diversity management continues to be shaped by inconsistent interpretations among German organisations. Its latent impact on communication and work flows remains underestimated by two out of three organisations participating in this research.

A key concern that arose from the interviews is the limited knowledge those responsible for strategy and operations in the Australian market had about the challenges subsidiary staff viewed in place in working for a German multinational corporation in

Australia. Particularly the language challenge, perceived as the most impacting one by respondents from all of the three subsidiaries, was unknown to the headquarters' representative from Case 1, and in Case 2. Employees' battle to satisfy local customers in Australia, and their struggle with regular communication in German had not been identified in the two interviewees.

Interview responses further strengthen the suggestion that a well-functioning relationship between headquarters and subsidiary is important to the reduction of intercultural challenges. In the present study, a well-functioning relationship on executive manager level was shaped by constant discussions, the opportunity and freedom to argue, and find mutually acceptable solutions (Case 3). It allowed general staff from different parts of the world to get to know each other, meet regularly, and to develop a level of trust. The corporate environment, as such, acts as a barrier and facilitator to effective and appropriate communication across cultures.

Chapter 8

Conclusions and Outlook

Introduction

This research study explored what intercultural competence means in working for a German multinational corporation in Australia, and how employees in the subsidiary develop such abilities. The investigation commenced with a critical discussion of Australia's approach to multiculturalism, highlighting that the concept was introduced as a federal policy against public opinion, and has often been used to create the image of a modern nation ever since by successive governments (Chapter 1). The discussion underlined that migrants in Australia, like in other parts of the world, continue to face inequalities, with racism being manifested in different parts of society.

As many other nations, Australia's economy relies on attracting and retaining foreign multinational corporations investing in the establishment of subsidiaries. Chapter 2 argued that the workforce diversity created by globalisation makes intercultural competence a critical employee feature, and reviewed existing literature about the concept. Contemporary views on culture, identity, and the creation of *third spaces* were embedded in the discussion.

This study filled a gap in existing research by offering an investigation of intercultural competence in the workplace, with a specific focus on German multinational corporations in Australia. It took a critical realist stance to allow for the discovery of tacit employee knowledge through mixed methods research. Multiple case study was used to place their opinions and experiences in context (Chapter 3). Focussing on three company cases, online survey, semi-structured interviewing, and focus group showed that intercultural competence was practiced in similar ways in different corporate environments, thus, providing sufficient data to allow for transfactual generalisation (Chapter 4).

As outlined in Chapter 5, the lived experience of general staff differed from their employer's espoused commitment to cultural diversity and equality in two out of three company cases. Such outcome mirrors Australian society at large where in spite of anti-racism legislation, a multicultural federal policy, and a number of voluntary initiatives in support of multiculturalism inequalities persist. As such, the discussion links Chapter 5 with Chapter 1 in a way that writing policies and other forms of documentation bears the risk of becoming a substitute for action, both at government and corporate level.

Language emerged as the main barrier to effective and appropriate communication across cultures in the three organisations investigated (Chapter 6). Data analysis confirmed previous research in the core dimensions of intercultural competence. Specific to this

research, however, building meaningful relationships was identified as the most important single component of intercultural competence.

Including managerial viewpoints from the German parent company shed further light on the emerging cases in a way that in two out of three cases, those being responsible for strategy and operations in the Australian subsidiary knew little about the challenges associated with working for a German organisation in Australia. Fostering personal connections among the top management team is high on the business agenda in all three organisations. General staff is also encouraged to meet and get to know one another in each of the company cases, yet in different forms, and at times in a more reactive than proactive way (Chapter 7).

This chapter reviews the key findings of this study, and discusses these outcomes in accordance with the research questions. The researcher presents her own definition of intercultural competence and her *Interrelated Model of Intercultural Competence for MNC Management* based on the above theoretical considerations and empirical data analysis. The chapter concludes how respondents developed intercultural competence, and outlines the practical implications for the participating – and other – organisations. The limitations associated with this study shape the implications for further research. In the last section of this chapter, an outlook to the future of intercultural competence in theory and practice is provided.

8.1. Review of Key Findings

Empirical data collected in the course of this research study allowed for an insight into the participating organisations. The key findings are summarised below.

Key Finding 1: Language – The Most Impacting Intercultural Challenge

In response to recent calls for more attention to the role of language in multinational corporations (See Harzing & Pudelko, 2014; Neely et al., 2012; Marschan-Piekkari et al., 1999; Neal, 1998), language emerged as the most impacting challenge employees saw in their work with people from different cultural and/or linguistic backgrounds across all three organisations investigated. Under the category of language, *Insufficient language skills*, *Translation issues*, and the *Inherent power of language* evolved as employees' key concerns.

Survey responses provided an initial overview of intercultural challenges, whereas semi-structured interviewing and focus group sharpened the picture.

Whilst insufficient language skills presented a key challenge in Case 1, and translation issues affected respondents from Case 1 and Case 2, the inherent power of language was found to be a common challenge across the participating organisations. This primarily referred to colleagues from the parent company electing to communicate in German when they knew their Australian colleagues would not be able to understand, and speaking German upon a visit in Australia when in a group of non-native speakers. On multiple occasions, emails were written in German, sent to people without relevant language skills. Other times, conversations in the office between people from the same linguistic background were held in languages other than English. This was often viewed as inappropriate in a work environment where English is the corporate language. Language choice exercised power over non-native speakers in a way that it created feelings of exclusion and a divide between certain groups of people.

Respondents able to communicate in a relevant foreign language often served as consultants when messages were not fully understood. This was particularly the case in communication between Australian subsidiary and the parent company in Germany. Language skills allowed respondents to gain insights in other people's work, and to act as gatekeepers of information they would otherwise not necessarily have access to. Such outcome is consistent with Marschan-Piekkari et al.'s (1999) finding that employees in subsidiaries with relevant foreign language skills often find themselves in more powerful positions than normally would be the case. Fulfilling tasks in a timely manner, as such, depended on the availability and willingness of those who spoke German to translate.

Research question 1 can thus be answered as follows: Language represents the most impacting challenge employees of German multinational corporations in Australia experience in working across cultures.

Key Finding 2: Collective Identity – Shaping Perceptions of Cultural Differences

To a large extent, intercultural challenges seem to be rooted in a divide between subsidiary and headquarters. Relying on the headquarters in any respect was described as "a predictable failure" by respondents from Case 1, and strong negative cultural stereotypes persisted in Case 2. In many of the conversations with staff from both subsidiaries, the desire

to become more independent from the parent company was highly visible. Respondents usually referred to their colleagues from the headquarters as "they", which may have occurred without further meaning, a mere matter of grammatical correctness, or indeed a frame of mind, viewing their counterparts from Germany as out-group members.

Collecting and analysing data from Case 3 shed further light on the notion of collective identity in a sense of membership in the larger organisation shaping the perception of difference. Interaction between subsidiary and headquarters was found not to cause any intercultural challenges. Even though communication was not always mindful, for instance, when visitors from the headquarters spoke German among themselves in the Australian subsidiary, respondents were forgiving for such behaviour. They were not able to follow the conversations, and English was the corporate language to be used across the multinational corporation, but reactions were rather sympathetic. Intercultural challenges merely referred to languages other than English spoken by team members in the Sydney office. Whilst such situations made respondents feel "uncomfortable" and "annoyed", no impact on work performance and other restrictions were raised. As such, a limited number of intercultural challenges in place, none of them linked with working for a German multinational corporation in Australia, and a seemingly good relationship with the overseas headquarters shapes Case 3.

In summary, the same intercultural challenges, such as switching to German when in a group of non-native speakers, for instance, caused different reactions in different organisations, ranging from being viewed as "insulting" in Case 2, to "normal" in Case 3. Where employees in the Australian subsidiary seemed to feel respected and included by the headquarters, and as such, belonging, cultural and linguistic differences were perceived as less impacting on collaboration than in those cases where employees in the subsidiary sensed inferiority.

The level of dependence on the German headquarters also seems to be linked with the perception of difference. Both, in Case 1 and Case 2 the headquarters exercises much control over the subsidiary, leading to limited independence. The headquarters-subsidiary relationships were affected, and cultural and linguistic differences more impacting than in Case 3 where the Australian subsidiary enjoyed a high level of independence, and possibly as a consequence thereof, maintained a well-functioning relationship with the overseas headquarters.

Interview data suggests that collective identity in a sense of membership in the larger organisation is critical to the perception of cultural and linguistic differences. Where an organisation struggled to create unity between parent company and subsidiary (as in Case 1 and Case 2), colleagues from Germany were commonly viewed as out-group members. Strong, negative stereotypes persisted, and cultural and linguistic differences were viewed as more impacting than those existing within the subsidiary. Such "them" versus "us" divide caused many problems between the two units. In Case 3, parent company and subsidiary were found to be significantly more united, with less visible in- and out-groups. As a consequence, challenges in working across cultures were viewed as less impacting as in the other two cases. (Research question 2 and 3).

Existing literature in the field usually looks at *cultural* identity as one form of collective identity to explain belonging, group membership, and the challenges associated with interaction across cultures. In this research, it evolved that collective identity in a sense of membership in the larger organisation was pivotal for explaining more effective and appropriate communication. Cultural diversity within the Sydney offices only marginally affected respondents. A primary concern is the frequent depiction of headquarters colleagues as out-group members. Thus, this study confirms that cultural distance measures can be misleading in international business and management research, and strengthens the argument that difficulties in working across cultures are as likely to occur between dissimilar as between similar cultures (See O'Grady & Lane, 1996; Brewster, 1995; Brewster et al., 1993).

Results show that mindful communication in terms of reciprocal respect are desirable, and that the subsidiary in Australia should be treated as an equal partner who is included in decision-making processes. As such, accomplishing collective identity was primarily attributed to leadership attitude and behaviour, both at headquarters and subsidiary level. Mutual trust, regular communication, involvement, and constructive discussions about strategy and operations were key success factors in the creation of unity between the offices of Case 3.

Key Finding 3: Meaningful Relationships and Language Skills – Keys to Mindful Communication

Even though the notion of meaningful relationships in international business and management has been highlighted in earlier work by Kealey & Ruben (1983) and Edward T. Hall (in Sorrells, 1998), for instance, the existing body of literature on the topic is limited. The business environment may focus less on harmony and mutual understanding than other transcultural contexts, but more on economic results and individual career aspirations, yet meaningful relationships have been identified as central to mindful communication in this research study.

There is no formula of how to build meaningful relationships in the workplace. Neither will all people develop such relationship with those they collaborate with, because "reciprocal liking" as Berman (2002, p. 218) phrases it, is a defining characteristic of workplace relations. The point here is that respondents found the meaningful relationships they had established with people from different cultural and/or linguistic backgrounds through work helpful in better understanding their own and the other person's position. Even if they did not relate to one another, they were in many cases able to develop a well-functioning business relationship. Diverging views and even conflict as part of human society continued to persist, yet being managed more effectively when people maintained a meaningful relationship with one another.

Consistent with the finding that language was the most impacting intercultural challenge from an employee perspective, foreign language skills were also identified as a key determinant in achieving mindful communication in terms of reciprocal respect. Respondents saw advanced English language skills as essential for working in Australia, but also felt a need for those they worked with outside of the country to be able to communicate in English without major difficulties. Many native speakers of English stated they would like to be able to speak a foreign language to show respect for those frequently working in a second language, and to communicate in basic term with host nationals upon their visits of foreign business partners. Foreign language skills were also viewed as facilitors in building meaningful relationships.

Neither is it required for all staff to acquire proficiency in one or more foreign languages, nor will non-native speakers of English, such as employees from the German parent company, be able to pick up all idiosyncrasies inherent in Australian English and

avoid making mistakes. Mindful communication is about mutual appreciation and understanding, and those being able to demonstrate basic skills in their counterpart's mother tongue will find themselves in a more favourable position than those who don't.

Research question 4 can be answered in a way that meaningful relationships and foreign language skills acted as key facilitators of mindful communication.

Key Finding 4: Parent Company Involvement – Supporting Mindful Communication

In two out of three cases, those representing the German parent company and being responsible for strategy and operations in the Australian market knew little about the intercultural challenges working for a German multinational corporation in Australia carried. Communication on a senior management level between both offices was unsteady, thus limiting involvement, understanding and the possibility to provide effective support to ensure mindful communication in the workplace (Research question 5). The importance of building meaningful relationships was recognised and supported in one case only, which, at the same time was the organisation where fewest intercultural challenges were reported. Interest in discussing diversity matters differed significantly among the three parent company representatives, ranging from a high level of concern and motivation to acquire new knowledge, to denial of the topic's relevance.

Expecting the operation of a subsidiary in Australia as a society shaped by cultural and linguistic diversity to be naturally smooth would be a hasty conclusion by any German organisation. Australia may have a legal framework to ensure equality in place, but this study has proven that legislation alone will not ensure mindful communication in the workplace. Equal employment opportunity acts remain voluntary for organisations with fewer than one hundred employees, and diversity management legislation affects the public sector only. Instead, leadership acted as a determining factor in how mindful employees behave towards other cultures in this research.

Based on the above findings and their discussion in accordance with the related research questions, the researcher developed her own model and definition of intercultural competence, and concluded that respondents primarily developed these abilities through first-hand experiences (overall research question).

8.2. Interrelated Model of Intercultural Competence for MNC Management

Attitude, *Knowledge and skills*, *Behaviour*, and the *Corporate environment* evolved as the four core dimensions of what intercultural competence means in working for a German multinational corporation in Australia. Most of these dimensions can be found in previous models, thus, making the present research consistent with much of the existing theories and concepts about intercultural competence. Each dimension comprises single components. Many of them are also consistent across previous research. The *Interrelated Model of Intercultural Competence for MNC Management* is specific to the business environment in Australia, and adds the notion of meaningful relationships to available models applicable to organisations.

Attitude:

Respect for cultural differences, openness towards cultural differences, motivation to learn about cultures, motivation to work together.

Knowledge and Skills:

Empathy, listening skills, observation skills, awareness of cultural differences, culture-specific knowledge, intercultural experience, foreign language skills.

Behaviour:

Patience, effective communication, building meaningful relationships, adjusting language, seeking clarification.

Corporate Environment:

Leadership attitude and behaviour, support of cultural practices, provision of foreign language training, consideration of local conditions.

Behaviour in terms of building meaningful relationships with people from different cultural and/or linguistic backgrounds evolved as the most important single component of intercultural competence in the context of this study. Such outcome confirms recent research

in other contexts in Australia, such as Krajewski's (2011) conclusion of friendship being critical to intercultural competence as a graduate capability at Macquarie University in Sydney.

The *Interrelated Model of Intercultural Competence* is primarily a developmental model, which proposes that intercultural competence can never be fully achieved, rather is an on-going learning process. The four dimensions and their components are dynamic and develop over time, with no end to the individual learning process. Individual employees' experiences showed how first encounters of cultural differences, in most cases, caused surprises, challenges, if not real problems. Respondents learnt, and continue to learn, to behave effectively and appropriately towards people from different cultural and/or linguistic backgrounds.

Cogs illustrate that attitude, knowledge and skills, and behaviour set one another in motion. They visually differ from the corporate environment dimension to distinguish between individual competence, and the external influences that explain the variation in our ability to work effectively and appropriately across cultures. The researcher envisioned a model to which movement is central, but at the same time left room for difference. Attitude can influence the acquisition of new knowledge and skills, but also affect our behaviour, for instance. Thus, the direction into which the cogs turn, remains open.

The model highlights that intercultural competence cannot be viewed in isolation, instead needs to include the responsibility of the organisation to create a work environment that allows the individual's competence to flourish. Attitude, knowledge and skills, as well as behaviour are interrelated, and so are they with the organisation at large. Offering foreign language training, for instance, will enhance employee knowledge and skills. Leadership attitude can impact on the openness staff exhibits towards people from different cultural and/or linguistic backgrounds, thus, on employee behaviour. Supporting cultural practices has the potential to increase the awareness of cultural differences in the workplace. Double-headed arrows indicate that influence is mutual. Whilst the corporate environment affects the individual, the individual also has the power to impact on the corporate environment. Individual employees, or groups, can propose foreign language training to be provided by their employer, or raise awareness among the management team for the necessity to establish praying facilities.

The *Interrelated Model of Intercultural Competence* accentuates that collective identity is part of the individual self-concept, yet linked with the corporate environment since it reflects a sense of membership in the larger organisation. Collective identity is a desirable outcome of corporate attitude and behaviour because such feeling of belonging has been found to influence our ability to work effectively and appropriately across cultures. Positioning collective identity between the individual employee and the corporate environment visualises this link.
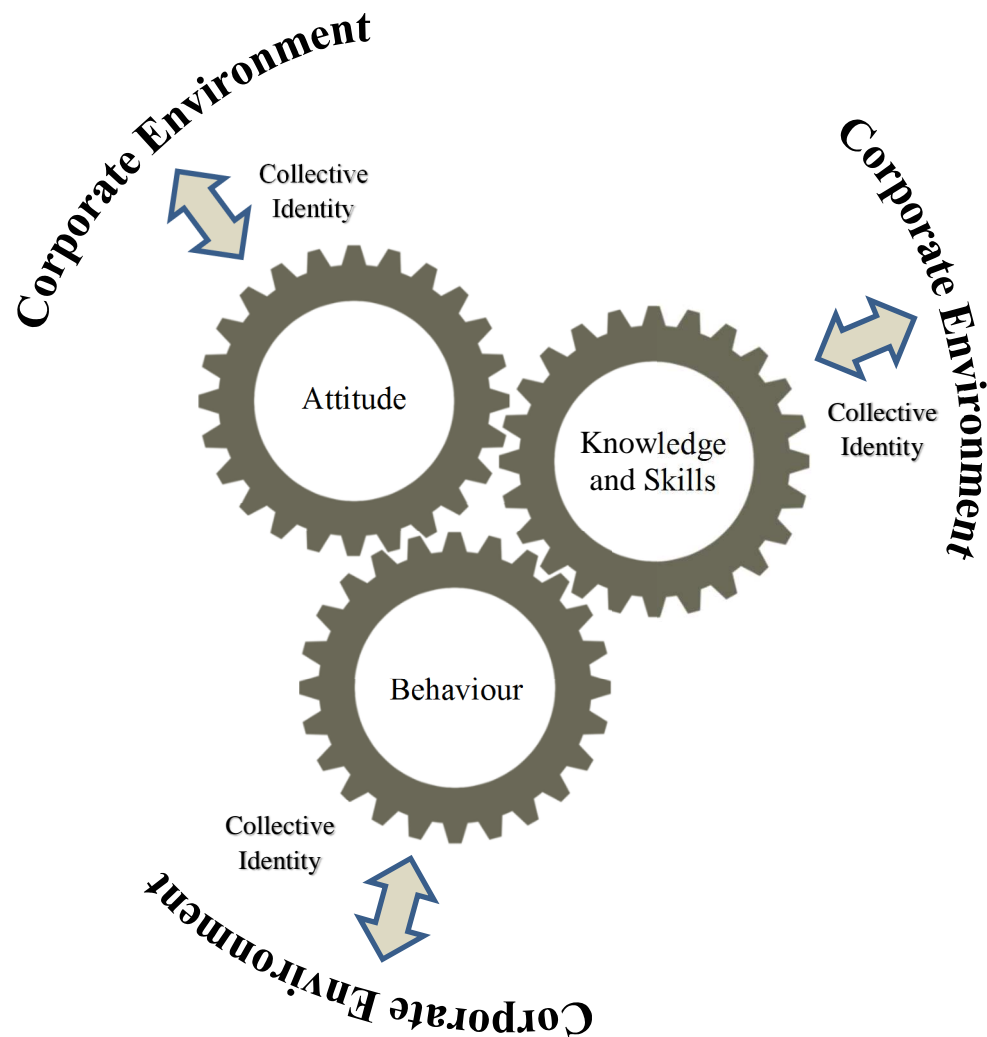
Figure 5: Interrelated Model of Intercultural Competence
for MNC Management

Based on the above discussion of findings and the *Interrelated Model of Intercultural Competence*, this research study defines intercultural competence in working for a German multinational corporation in Australia as follows (Part 1 of the overall research question):

> Intercultural competence is an employee's ability to continuously learn how to behave effectively and appropriately towards people from different cultural and/or linguistic backgrounds. Attitudes, knowledge, skills, behaviour and the corporate environment, in which meaningful relationships are most important, are interrelated, dynamic, and develop over time.

8.3. Developing Intercultural Competence

Employees in the Australian subsidiaries of German multinational corporations developed intercultural competence primarily through intercultural experience and meaningful relationships (Part 2 of the overall research question). *Intercultural experience* refers to an immersion in other cultures, to the extent that some kind of understanding of the unfamiliar culture could occur. Examples of intercultural experiences included the international student experience prior to entering the workforce, working for an extended period of time, usually a year or longer, in another country, and migration. Employees reported that intercultural experience had allowed them to become (more) aware of cultural differences, to acquire (more) culture-specific knowledge, and understand the value of diverging perspectives in the workplace (better). It often made them see problems as less significant, and enabled them to recognise how hard it can be to speak a foreign language and live in a new cultural environment. Employees also developed intercultural competence through the diversity they found in the office. They learnt about their colleagues' cultures in the course of everyday team work, and reported of the intercultural experiences they had made during their time at school or university in Australia.

Building and maintaining meaningful relationships with people from different cultural and/or linguistic backgrounds was found to result in many positive experiences, creating real understanding. With many aspects of culture being sensitive, employees stated that they would only talk about them when they felt comfortable in the conversation and knew their

counterpart well. One respondent, for instance, elaborated on a former colleague from India with whom he continues to maintain a close friendship. This relationship allowed the respondent to gain an in-depth insight into culture in India, and work more effectively with people from that background. When employees had made negative experiences with people from a specific culture, long-term immersion was even more important in order to allow them to meet people of the same background and eventually test the image they may have begun to develop.

Language skills support relationship-building across cultures since people need a shared language in order to communicate about a range of topics both parties can relate to. Moreover, learning a foreign language was also viewed as developing an understanding of culture in a broader sense and to sensitise the learner for the effort non-native speakers of English undergo in their everyday work. Some employees participating in this study developed intercultural competence through language courses where they found culture to be an important aspect of the learning experience. This finding is consistent with Byram et al.'s (2001) conclusion that foreign language classes allow for the opportunity to acquire intercultural competence.

Surprisingly, respondents found intercultural training to be little helpful. Much of the effectiveness of intercultural training, of course, depends on the receptivity of the participant, and the type and quality of training. Some of the examples employees gave indeed show some weaknesses of the respective training. One respondent explained how employees were asked to share their overseas experiences with one another in a training session, which provided participants with "checklists of what you need to fulfil" when they were going to work in particular cultural environments. Another interviewee stated that the parent company in Germany would require all staff from the subsidiary to regularly complete online training about a variety of topics, at times, related to cultural diversity matters. He found much of the content to be exaggerated and talked about the amusement the trainings caused in his team: "Just be careful when you organise a party with colleagues from work to make sure there is the same number of gender there." Effective intercultural training requires elements of self-analysis, discussion and role play, as well as training time and expertise (Landis et al., 2004). Neither of the examples shows much recognition thereof, but encouraging stereotypes instead.

It needs to be emphasised that intercultural competence is unlikely to be developed through one sole experience, it rather is an ongoing process. This confirms Deardorff's (2006) conclusion, and reflects Bennett's (2011) proposition that intercultural competence can be acquired through a combination of different activities, such as "intentionally and developmentally sequenced program design, balancing challenge and support; anxiety reduction, facilitating learning before, during, and after intercultural experiences, depth of intercultural experiences, language immersion, intercultural competence training, cultivating curiosity and cognitive flexibility."

8.4. Implications for Practice and Future Research

This research study carries implications for the participating – and other – organisations to strengthen collaboration in the Australian subsidiaries, as well as between subsidiary and parent company. In some organisations practical implications may already be embedded in their operations, to others they will be new considerations to be made. There are also a number of limitations associated with this research, which are recommended to be further studied.

8.4.1. Limitations and Research Implications

One of the limitations of this study arises from the researcher's cultural background and research methodology. Assuming a critical realist stance required the researcher to make sense of employee knowledge. Even though this study was undertaken in Australia, the researcher was brought up, completed undergraduate studies, and worked for organisations in Germany prior to coming to Australia. Personal views, values and experiences, as such, have influenced the analysis of qualitative data. Stake (2006, p. 84) emphasises that case study reports "cannot be value-neutral", and that "it is an ethical responsibility for us as case researchers to identify affiliations and ideological commitments that might influence our interpretations" (p. 87).

This study has identified language as the most impacting intercultural challenge and central to achieving mindful communication in the workplace. In much of the existing intercultural competence research in Europe, foreign language skills are viewed to be fundamental. From a US perspective, language in intercultural competence tends to

considered as less impacting. Coding outcomes incorporate subjectivity, and will differ from those of a researcher with a different cultural background.

Further research can add to our understanding of Australia's position on language in intercultural competence. This study has provided some evidence that language is underestimated in the Australian business context, both, from a glance at job advertisements, and interviewing general staff and executive managers. Multinational corporations from other country-of-origins in Australia should be included to comprehend how language affects operations in different contexts. It also seems important to incorporate Australian organisations into future research, and investigate how they experience language in doing business overseas.

Diverging views continue to exist in previous research about the role of meaningful relationships in intercultural competence. To further strengthen the outcomes of this study, it is recommended to undertake future studies that specifically look at relationship-building in international business and management, and its relevance to intercultural competence.

Another restriction of this research is the number of company cases investigated, primarily resulting from the given timeframe of a PhD study. It was asserted that the study of three organisations would be able to demonstrate what intercultural competence means in working for a German multinational corporation in Australia, and how employees develop this ability. Yet, it is important to dedicate some future research activity to other German corporations operating in different industries than the ones included in this study, and to enhance our understanding through a look at subsidiaries of small (less than twenty employees), and large (more than two hundred employees) size. Large organisations often undertake a more structured approach to managing diversity, considering the government legislation applicable to them. Small organisations tend to demonstrate high levels of flexibility so that they may be able to react in a different way to different scenarios.

The present study has provided some empirical evidence that culture and performance are linked. It is one of the limitations of this research that a more substantial investigation was impossible due to restrictions in time and scope of a PhD thesis. Organisations ultimately exist for profit-making. Multinational corporations, in particular, have to satisfy their shareholders and other financial investors. Future research would benefit from an investigation of the impact of intercultural competence on individual, team, and business performance to increase the recognition of the concept as a business imperative.

The primarily qualitative nature of this research has allowed to comprehend the reasons behind employee opinions. Some of the findings were deeply embedded in the interviews and required an understanding of the larger corporate context. This applied to the identification of meaningful relationships as central to intercultural competence, and collective identity to explain the variation in this ability. It is recommended that more future studies in international business and management include qualitative methods of data collection into their research.

8.4.2. Practical Implications

Practical Implication 1: Include Intercultural Competence in Selection Criteria

Intercultural competence should be incorporated in the candidate recruitment process to maximise the potential of cultural diversity in the workplace, and to minimise associated challenges. This study has provided some evidence that intercultural competence is linked with individual and business performance. Customers have turned to competitors because local conditions in Australia remained underestimated, and bureaucratic ways of communication caused unacceptable delays. Individuals have found themselves in situations where they felt inadequately prepared for important sales pitches in a – for them – unfamiliar business environment. On other occasions, new candidates were found to lack consideration of culture in the workplace. Recruiting staff is a costly act for an organisation, it includes the charges of recruitment agencies, creating and placing advertisements, and the resources required to train the new candidate. The financial impact on an organisation grows when new employees have to be replaced, and the recruitment and training process to be repeated.

Including intercultural competence as a selection criteria for new candidates is therefore important for both for executive managers and general staff. To overcome the problem that there is much uncertainty about whether intercultural competence can be measured, human resources management could incorporate role plays or group task in the recruitment process. Examples include a scenario that has caused misunderstanding or conflict in the past, observing how candidates manage and solve that particular situation. Such approach will not work for every position to be filled, and prove to be most suitable for recruiting graduates. The following practical implications include further recommendations how to identify new staff with a level of intercultural competence.

Practical Implication 2: Establish Language Training in Employee Development

Since learning a foreign language means more than the ability to speak someone else's mother tongue, organisations should establish language training in their employee development strategies. Learning a foreign language also means developing an awareness for the ways in which cultures differ, acquiring knowledge about specific cultures, as well as developing and fostering patience and empathy when people communicate in a second language.

Contemporary organisations see high levels of staff fluctuation. People may work for a German organisation today, and for a French company in the near future. It is, therefore, not important for employees to acquire proficient language skills, but become able to communicate in basic terms with another culture. Greetings and the knowledge of selected sayings or short phrases are forms of politeness that will assist staff when they undertake work-related travel, or even when they communicate via email and telephone. One respondent who attended German language classes after work, described even very basic foreign language skills as 'icebreakers' when meeting new people from Germany.

Outside of employee development, and corresponding with the first practical implication of this research, organisations should seek candidates with foreign language skills when possible, whether or not they are required for their job. It will not always be possible to recruit candidates with the desired professional and, at the same time, language skills. Rather should it become an objective to increase the number of employees with foreign language abilities.

Language is central to intercultural competence from a European perspective, but not in the United States, and, as it appears, in Australia. A key task for an organisation will be to sensitise human resources management for the value of foreign language skills.

Practical Implication 3: Emphasise Verbal Communication Skills in Recruitment

In this study, verbal communication skills were found to be important to employee performance. As a low context culture, communication in Australia primarily relies on verbal messages. One manager reported of a worst case scenario where a new candidate was made redundant due to his inability to communicate appropriately. The organisation expected the candidate to inform managers about work progress because of the complexity of a project's they were working on. Even after several reminders and conversations about

the necessity to talk about his work, he continued to remain guarded. In this case, verbal communication skills were more critical than professional expertise.

Practical Implication 4: Establish Overseas Experience in Employee Development

Intercultural experience has been identified as one of the knowledges and skills employees should possess to work effectively and appropriately across cultures. It has also been found to be one of the most important ways of developing intercultural competence. Organisations, therefore, need to recognise intercultural experience as part of their human resources management. Structured programmes of international delegation should be implemented in employee development. This requires suitable members of staff to be identified, and extended stays at the parent company, or another subsidiary be planned together with relevant parties. Multinational corporations have the advantage that an international network of offices readily exists, compared to other organisations in Australia where finding such overseas partner may prove more complex. In addition to the usual roles that suggest extended overseas experience as valuable, such as many positions in sales, a service technician, for example, may also benefit from spending a month or two in the German headquarters, learning how products are manufactured and serviced first hand, and understand some of the cultural aspects.

Stronger intercultural experience among staff can also be achieved through seeking new candidates who have spent a longer period of time in a foreign country. Intercultural competence is increasingly becoming a key concern at universities in many countries, including Australia, so that the number of graduates with intercultural experience abroad becoming available to the labour market is growing.

Practical Implication 5: Understand and Adapt to Local Conditions

An organisation that seeks to successfully serve the Australian market needs to understand and adapt to local conditions. In this research, a lack thereof caused much frustration among employees from the subsidiary, and customers turning to competitors. Corporate culture will always see some kind of influence from the German parent company. It is important to adapt subsidiary leadership, strategy and operations, as well as goods and services in a way that they become more functional and satisfactory for stakeholders in Australia. Higher levels of independence in the recruitment of new staff, technical

documentation to be translated by a specialised agency in Australia, and empowering the subsidiary to undertake relevant product modifications locally are some of the considerations organisations need to make.

Practical Implication 6: Involve Subsidiary in Decision-Making Processes

Employees often felt excluded from the decision-making process by the parent company. This became counterproductive in a way that the 'them' versus 'us' divide grew. It is recommended to involve the subsidiary in relevant decision-making processes. More specifically, candidates for key management positions should be selected together, rather than new managers being nominated by the parent company and imposed on the subsidiary without taking their view into consideration. Strategies applicable to the subsidiary in Australia also need to be developed together to avoid frustration, and ensure local conditions are acknowledged.

Practical Implication 7: Allocate a Budget for International Travel

Effective intercultural conflict management should become part of the corporate agenda. As part of human society, conflicts will always exist. Intercultural competence has the potential to reduce and manage intercultural conflict, yet geographic distance imposes a natural barrier to conflict management, and with people primarily relying on email and telephone communication even increases the likelihood thereof. Organisations should allocate a budget for international travel to manage conflict effectively. One respondent reported of a situation where stocking spare parts in Australia had created tension between subsidiary and parent company for an extended period of time. When the person in charge from the German parent company eventually visited the subsidiary for two weeks, this allowed to clarify positions, and to find a solution. Allowing counterparts from different geographic locations to meet and get to understand each other's positions also bears the potential to minimise the 'them' versus 'us' divide, fostering collective identity.

Practical Implication 8: Incorporate International Events

Organising an annual event for selected staff from different international locations should also be taken into consideration. Such events can be conferences, for example, where employees hold presentations about work-related subjects, and, at the same time, meet their

counterparts in person. With relationship-building being central to intercultural competence, international events will allow people to extend their personal network, and even if not everyone will be able to relate to their colleagues, they can still develop a well-functioning business relationship. Moreover, international events can foster collective identity among employees. The location should change to include cultural aspects of the host country into the event. With knowledge management being a key topic in contemporary international business and management, an annual conference can also function as a facilitator. Event attendees need to be selected based on their potential, both professionally and interculturally, to maximise return on investment.

This study emphasises that it is important to include general staff in international meetings. It was found to be common for a multinational corporation to have executive managers from different international locations meet on regular occasions. General staff, however, often remained excluded from the opportunities to share their knowledge and meet their counterparts in person. These employees, however, form the large majority of staff and represent an organisation's human capital. One of the executive managers interviewed in this research reported that the organisation's international event for general staff also led to higher levels of motivation and loyalty towards the employer.

Practical Implication 9: Survey Employee Opinions and Experiences

The last practical implication of this study suggests to continue accessing the opinions of employees about equality in theory and practice, and the specific experiences they make. This can be done via regular surveys, twice a year, for example. Results will assist organisations to assess in how far they achieve progress in their objective to ensure mindful communication in terms of reciprocal respect in the workplace. Such survey should be conducted by an external agency to reduce employer bias. Survey effectiveness will highly depend on the organisation's willingness to learn and accept some kind of negative feedback.

Corporate activities as outlined in the above discussion of practical implications will not fully eliminate discriminative behaviour to occur. Rather are they the foundation for an inclusive workplace. Organisations will benefit from sensitising their managers for the problems associated with a lack of mindful communication at work, allowing them to be more aware and able to act. Knowledge and skills relevant to intercultural competence can be easier developed among the workforce when leadership is supportive thereof.

The *Interrelated Model of Intercultural Competence for MNC Management* can be used by individuals and organisations alike. Whilst intercultural competence remains an individual ability, the proposed model emphasises that the context in which communication across cultures takes place is important. As such, the model serves employees to accentuate the necessity to build relationships in the workplace, fostering mindful communication and collective identity. It is not enough to acquire a certain skill set and experience different cultures. Individuals need to understand the dynamics of their diverse environment, including the organisation and their fellow workers to become interculturally competent. Organisations can use the *Interrelated Model of Intercultural Competence for MNC Management* to facilitate more effective and appropriate communication among their staff, particularly when office locations are geographically distant and people usually lack the opportunity to converse in person. The model will assist organisations in understanding their role in communication across cultures. Interculturally competent employees are critical, but their attitude, knowledge, skills and behaviour can only be used to its full potential when they receive the support of the employing organisation.

8.5. Outlook

Looking into the future of intercultural communication in the three investigated organisations means looking beyond this study. Culture and organisation are in motion and constantly changing. The above recommendations should be seen as the beginning of an ongoing journey with the overall aim to reduce intercultural challenges, and to provide a fertile ground for intercultural competence to develop among employees. Their consent to participate in this study highlights the organisations' motivation to learn about, and willingness to improve intercultural communication in the workplace. Whether or not they will manage to pursue this objective, is in the hands of each organisation.

Intercultural competence remains underestimated and undervalued in some contemporary organisations in Australia. Under the current Australian government, change towards achieving more inclusive workplaces through legislation seems unlikely. Together with the finding that rules and regulations alone will not lead to inclusive workplaces and build an interculturally competent workforce, even more is every organisation responsible for taking action. A new generation of young professionals is gradually joining the workforce, and with them a new global mind set. Many new candidates will have studied

overseas, and some even be educated in intercultural communication. They need to be viewed as potential managers of the future and facilitators to initiate the required change. Organisations that demonstrate the ability to attract and retain these candidates and value their input are likely to withstand the challenges globalisation imposes on the workplace, and maximise the potential.

Future research will benefit from including additional cultural contexts into the discourse. What are the experiences foreign multinational corporations from other countries than Germany make in relation to their Australian subsidiaries? What are the encounters employees from Australian multinational corporations have in their overseas subsidiaries? Investigating medium-sized foreign organisations with a less structured internationalisation strategy and a few employees in Australia only will also enhance our understanding of intercultural competence in the workplace. Meaningful work relationships with different parties from the overseas headquarters seem crucial in a small circle of key people.

Conclusion

Much of the intercultural communication discourse at government and corporate level in Australia appears to be a matter of public image. Australian politics are currently stepping back from equal rights and inclusion, yet re-enforcing their federal multicultural policy. Recent examples include the name change towards *Department of Immigration and Border Protection*, in which the *Operation Sovereign Borders* to prevent many of the asylum seekers from entering Australia is central. Cutting funding for homelessness, which also affects many indigenous people, is another example. On the corporate side, two out of three organisations investigated in the course of this research portray cultural diversity as key business drivers, but at the same time show many incidents of lacking commitment to diversity beyond written documentation. This study has further strengthened previous conclusions that establishing good policies often becomes a substitute for action. Without minimising the importance of such policies because they are the foundation of a functioning organisation and society, leadership attitude and behaviour largely influence intercultural communication.

Adding the context of German multinational corporations in Australia to the existing body of intercultural competence research has demonstrated how important it is to look at cultures that tend to be viewed as (relatively) close. One of the achievements of this study is

the reference for German multinational corporations seeking to enter a market where culture is usually considered to cause little difficulty between home and host country. For these organisations to establish operations in Australia, building meaningful relationships with people from different cultural and/or linguistic backgrounds, foreign language skills, achieving collective identity in a sense of membership in the larger organisation, and an adaptation to local circumstances need to be incorporated into the planning process.

It appears as if some employee knowledge and skills relevant to intercultural competence remain unexploited by organisations in Australia. Change is desirable and intercultural competence an employee ability that will add to an organisation's global competitiveness. To achieve this, it is important for an organisation to recognise and acknowledge the value of intercultural competence. Without such mind-set, organisations may not see themselves progressing in the anticipated way.

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Appendices

Appendix 1: Ethics Approval

Final Approval - Issues Addressed - 25th November 2011

Von: "Faculty of Arts Research Office" <artsro@mq.edu.au>
An: "Dr Sabine Krajewski" <sabine.krajewski@mq.edu.au>
CC: "Faculty of Arts Research Office" <artsro@mq.edu.au>, "Miss Sandra Blumberg"
         <sandra.blumberg@students.mq.edu.au>
Datum: 25.11.2011 01:49:02
Ethics Application Ref: (5201100833) - Final Approval

Dear Dr Krajewski,

Re: ('Definition, development and practice of intercultural communication competence:
Case studies in the Australian corporate sector')

Thank you for your recent correspondence. Your response has addressed the issues raised
by the Faculty of Arts Human Research Ethics Committee and you may now commence
your research.

The following personnel are authorised to conduct this research:

Dr Sabine Krajewski
Miss Sandra Blumberg

Please note the following standard requirements of approval:

1. The approval of this project is conditional upon your continuing compliance with the
National Statement on Ethical Conduct in Human Research (2007).

2. Approval will be for a period of five (5) years subject to the provision of annual reports.
Your first progress report is due on 25th November 2012.

If you complete the work earlier than you had planned you must submit a Final Report as
soon as the work is completed. If the project has been discontinued or not commenced for
any reason, you are also required to submit a Final Report for the project.

Progress reports and Final Reports are available at the following website:
http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/
human_research_ethics/forms

3. If the project has run for more than five (5) years you cannot renew approval for the

project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4. All amendments to the project must be reviewed and approved by the Committee before implementation. Please complete and submit a Request for Amendment Form available at the following website:
http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms

5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that affect the continued ethical acceptability of the project.

6. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at the following websites:
http://www.mq.edu.au/policy/

http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/policy

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide the Macquarie University's Research Grants Management Assistant with a copy of this email as soon as possible. Internal and External funding agencies will not be informed that you have final approval for your project and funds will not be released until the Research Grants Management Assistant has received a copy of this email.

If you need to provide a hard copy letter of Final Approval to an external organisation as evidence that you have Final Approval, please do not hesitate to contact the Faculty of Arts Research Office at ArtsRO@mq.edu.au

Please retain a copy of this email as this is your official notification of final ethics approval.

Yours sincerely

Dr Mianna Lotz

Chair, Faculty of Arts Human Research Ethics Committee

Appendix 2: Self-administered Questionnaire

Cultural Intelligence in Business Organisations

You are invited to participate in a study about cultural diversity at the workplace. The study aims to identify new strategies and techniques for companies whose stakeholders (such as staff, customers, suppliers and the overseas parent company) come from different cultures, enabling those companies to further minimise the challenges and maximise the potential of cultural diversity.

This project is part of a PhD study and being conducted by Ms Sandra Blumberg and Dr Sabine Krajewski from Macquarie University. If you would like more information on the study or approach, Sandra can be contacted via email (sandra.blumberg@mq.edu.au) or phone (0451 055 667).

It will take you about 10 minutes to complete this questionnaire. All data will be treated confidentially and you can withdraw from this study at any time.

1. Do you work with people from different cultural and/or linguistic backgrounds?

   Yes ☐   No ☐

WORK ENVIRONMENT

2. How often do you work with people from different cultural and/or linguistic backgrounds?
   - ☐ Daily
   - ☐ Weekly
   - ☐ Monthly
   - ☐ On rare occasions

3. Are the people from different cultural and/or linguistic backgrounds you work with:
   - ☐ Team members
   - ☐ Other internal staff
   - ☐ Staff from the overseas parent company or subsidiaries
   - ☐ Customers
   - ☐ Suppliers
   - ☐ Investors
   - ☐ Other, please specify: _____

4. To what extent do you agree with each of the following statements?

	strongly agree	agree	disagree	strongly disagree
I enjoy working with people from different cultural and/or linguistic backgrounds.				
I see working with people from different cultural and/or linguistic backgrounds as part of my job.				
I prefer working with people from my own cultural and/or linguistic background.				

5. How often do you encounter the following when working with people from other cultural and/or linguistic backgrounds:

	very often	often	rarely	never
Misunderstandings (i.e. message is received incorrectly)				
Language problems (i.e. difficulties to find the right words/terms)				
Conflict (i.e. anger, disputes, arguments or frustration)				

6. How does this compare to working with people from your own cultural and/or linguistic background?

	more often with people from my own background	similar with people from my own background	less often with people from my own background
Misunderstandings (i.e. message is received incorrectly)			
Language problems (i.e. difficulties to find the right words/terms)			
Conflict (i.e. anger, disputes, arguments or frustration)			

7. In your work with people from other cultural and/or linguistic backgrounds, how would you rate your own:

	very high	high	low	very low
Knowledge about cultural differences (such as values, traditions and norms)				
Awareness of cultural differences during communication				
Level of adaptation (such as speaking their language, following their norms)				
Patience with cultural differences (such as completion of tasks)				
Openness towards cultural differences				
Motivation to learn about cultural differences				

8. To what extent do you agree with each of the following statements?

	strongly agree	agree	disagree	strongly disagree
There is respect for people from different cultural and/or linguistic backgrounds.				
People learn about each other's culture and language.				
Cultural/linguistic differences do not play a role.				
The faster people from different cultural and/or linguistic backgrounds fit in, the better.				
There is little respect for people from different cultural and/or linguistic backgrounds.				

EXPERIENCE & TRAINING

9. Have you ever lived outside of Australia for more than 6 months?

Yes ☐   No ☐

10. Which are those countries you have lived in for 6 months or more?

Country 1: _____

Country 2: _____

Country 3: _____

Country 4: _____

Country 5: _____

11. What is your mother tongue?

_____

12. Do you speak a foreign language?

Yes ☐   No ☐

13. Which foreign language(s) do you speak?

Foreign language 1: _____

Foreign language 2: _____

Foreign language 3: _____

14. How well do you speak which of the foreign language(s) you mentioned in the previous question?

Level of: Foreign language 1: _____

Foreign language 2: _____

Foreign language 3: _____

15. Are you in Australia on an overseas assignment for your current employer?

Yes ☐   No ☐

16. Have you ever received any of the following from your current employer to prepare for an overseas assignment or for working in a culturally diverse environment in general?

☐ Foreign language training

☐ Intercultural training

☐ None

☐ Other, please specify: _____

17. What do you think is the key to working successfully with people from other cultural and/or linguistic backgrounds?

_____

_____

18. What do you think is the greatest challenge in working successfully with people from other cultural and/or linguistic backgrounds?

_____

_____

THE FOLLOWING QUESTIONS ARE ABOUT YOURSELF.

19. Gender:

Male ☐   Female ☐

20. Age group:

18-25 ☐   26-35 ☐   36-45 ☐   46-55 ☐   55+ ☐

21. Highest level of education:

University ☐   TAFE ☐   High School ☐   I did not finish school. ☐

Other, please specify: ☐ _____

22. Working with this company since: _____

23. Managing staff:

Yes ☐   No ☐

24. Area/department you work in: _____

25. Cultural background (Where do you feel you come from?): _____

26. Religion:

Christianity ☐   Buddhism ☐   Hinduism ☐   Islam ☐

Agnosticism ☐   Atheism ☐

Other, please specify: ☐ _____

27. Living in Australia since: _____

28. Can we contact for an interview and/or focus group discussing cultural diversity at the workplace?

Yes ☐   No ☐

Your email address: _____

Appendix 3: Information Statement and Consent Form

Information Statement and Consent Form

Name of Project: Cultural Intelligence in Business Organisations

You are invited to participate in a research study about how employees in subsidiaries of German multinational corporations in Australia experience and manage the challenges of cultural diversity at work. The study is being conducted by Sandra Blumberg from the Department of Media, Music, Communication and Cultural Studies at Macquarie University in Sydney. Sandra Blumberg can be contacted via email sandra.blumberg@mq.edu.au or by phone on 0451 055 667. The purpose of this study is to collect personal experiences about working in a culturally diverse environment and to identify possible ways of improvement.

The research is being conducted to meet the requirements for the degree of PhD (Doctor of Philosophy) under the supervision of Dr Sabine Krajewski of the Department of Media, Music, Communication and Cultural Studies at Macquarie University, phone 02 9850 2167, email sabine.krajewski@mq.edu.au.

If you decide to participate in this study, you will be invited to an interview and a focus group. The interview and focus group will each take approximately 45 minutes of your time and be audio-recorded so that the researcher can concentrate on what you say rather than on note taking. The interview and focus group will be transcribed and sent to you for verification. None of the information given in the interview and focus group will be used without your consent.

Any information or personal details collected in the course of the study are confidential. No individual will be identified in the publication this study feeds into. If you wish to have access to the data prior to publication, please contact the researcher.

If you decide to participate, you are free to withdraw from further participation in the study at any time without having to provide reasons and without consequence.

As an appreciation for the time you are taking to participate in this study, you will receive a small gift once the interview and focus group have been completed.

I, _____ , have read and understand the information above and any questions I have asked have been answered to my satisfaction. I agree to participate in this research, knowing that I can withdraw from further participation at any time without consequence. I have been given a copy of this form to keep.

Participant's name (block letters): _____

Participant's signature: _____Date: _____

Investigator's name (block letters): _____

Investigator's signature: _____Date: _____

The ethical aspects of this study have been approved by Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (phone 02 9850 7854, fax 02 9850 8799, email ethics@mq.edu.au). Any complaint you make will be treated in confidence and investigated and you will be informed on the outcome.

Projektinformation und Einverständniserklärung

Projektname: Cultural Intelligence in Business Organisations

Die Studie, zu der wir Sie einladen, beschäftigt sich mit Erfahrungen, die Mitarbeiter von Unternehmen in Australien in der Zusammenarbeit mit Kollegen, Geschäftspartnern, Kunden und Zulieferern aus verschiedenen Kulturkreisen machen. Diese Ergebnisse möchten wir mit deutschen Unternehmen vergleichen. Die Studie wird von Sandra Blumberg, Fachbereich Media, Music, Communication and Cultural Studies an der Macquarie University in Sydney durchgeführt. Sie können Sandra Blumberg per email s.blumberg@gmx.de oder Telefon 04330 1024 kontaktieren. Das Ziel dieser Studie ist es, individuelle Erfahrungen bezüglich der Arbeit in einem multikulturellen Umfeld zu sammeln und mögliches Verbesserungspotenzial aufzudecken.

Die Studie ist Bestandteil einer Promotion und wird durchgeführt, um den Grad des PhD (Doctor of Philosophy) unter Betreuung von Dr. Sabine Krajewski, Fachbereich Media, Music, Communication and Cultural Studies an der Macquarie University zu erreichen. Dr. Sabine Krajewski kann per email sabine.krajewski@mq.edu.au oder Telefon 0061 2 9850 2167 kontaktiert werden.

Sollten Sie sich dazu entschließen, an dieser Studie teilzunehmen, dann laden wir Sie zu einem Interview mit maximaler Dauer von 45 Minuten ein. Damit sich der Befrager auf Sie und Ihre Aussagen konzentrieren kann, wird das Interview mit Hilfe eines Tonaufzeichnungsgerätes aufgenommen. Das Interview wird schriftlich übertragen und Ihnen zur Überprüfung geschickt. Keine der Informationen, die Sie während des Interviews geben, wird ohne Ihre Zustimmung verwendet.

Alle Informationen und persönlichen Daten, die im Zuge dieser Studie gesammelt werden, sind vertraulich. Kein Teilnehmer wird in der geplanten Veröffentlichung genannt. Sollten Sie vor der Veröffentlichung Zugang zu den erhobenen Daten wünschen, kontaktieren Sie bitte Sandra Blumberg.

Wenn Sie sich dazu entschließen, an dieser Studie teilzunehmen, dann können Sie Ihre Bereitschaft jederzeit ohne Konsequenzen oder Angabe von Gründen widerrufen.

Als Dank für Ihre Unterstützung erhalten Sie nach Abschluss des Interviews ein kleines Geschenk.

Ich, _____ , habe die oben genannten Informationen gelesen und verstanden. Alle Fragen sind zu meiner Zufriedenheit beantwortet haben. Ich stimme zu, an dieser Studie teilzunehmen und bin mir bewusst, dass ich meine Bereitschaft jederzeit und ohne Konsequenzen widerrufen kann. Eine Kopie dieser Einverständniserklärung habe ich erhalten.

Name des Teilnehmers (Grossbuchstaben): _____

Unterschrift des Teilnehmers: _____ Datum: _____

Name des Befragers (Grossbuchstaben): _____

Unterschrift des Befragers: _____ Datum: _____

Die ethischen Aspekte dieser Studie sind von dem Macquarie University Human Research Ethics Committee genehmigt worden. Im Falle von Beschwerden oder Bedenken hinsichtlich ethischer Aspekte Ihrer Teilnahme an dieser Studie können Sie den Vorsitzenden des Kommittees kontaktieren. (Telefon 0061 2 9850 7854, Fax 0061 2 9850 8799, Email ethics@mq.edu.au). Alle Beschwerden werden vertraulich behandelt und überprüft. Sie werden über das Ergebnis informiert.

Appendix 4: Interview Guide General Staff

1. Can you tell me about your pathway to and work for this company? This can include aspects such as your decision to work for the company, any geographical transfers, your responsibilities etc.

2. Have you ever worked and/or studied in another country than Australia?
   a. If yes, in what way has it proven to be useful – or not – for your current job?
   b. If you have worked in another country, how does it compare to working in Australia?

3. How would you describe working for a company from Germany in Australia?

4. Think of someone you work or worked well with. How would you describe her/him?
   a. Can you describe the nature of this work relationship?
   b. What makes or made this particular work relationship a good one?
   c. Do or did you come from the same cultural and/or linguistic background?

5. When you think of the people you currently work with, and this can be team members, customers, suppliers and/or the parent company, where are they from?
   a. How regularly do you work with them?
   b. What do you know about their cultures, such as language, religion, customs, norms and/or traditions?
   c. Where have you acquired this knowledge?

6. How would you describe working with people from other cultural and/or linguistic backgrounds?
   a. Is it different from working with people from your own cultural and/or linguistic background?
   b. If yes, what are the differences? If no, can you explain why you think so?
   c. Do cultural and/or linguistic differences at work matter to you?

7. What is your experience with the attitude towards cultural diversity at work?
   a. Do you enjoy working with people from other cultural backgrounds, see it as part of your job or prefer to work with people from your own cultural background? Why?
   b. Do you believe people from other cultural backgrounds should try to fit in as soon as possible? If yes, why? If no, why not?

    c.   Do you see working with people from other cultural backgrounds as an asset or challenge? Why?

8.   To what extent does the company acknowledge and support cultural practices such as food, praying facilities, and religious holidays?

    a.   If the company does, what do you think of it? If the company doesn't, do you think they should?

    b.   Do you see working with people from other religious backgrounds as an asset or challenge? Why?

9.   Can you tell me of a positive cross-cultural experience you had at work?

    a.   How did you feel during this experience?

    b.   Have you learnt anything from it?

    c.   Did you share this story with anyone at work? Why, why not?

10.   Can you tell me of a challenging cross-cultural experience you had at work?

    a.   How did you feel during this experience?

    b.   Would you do anything differently if you were in a similar situation today?

    c.   Did you share this story with anyone at work? Why, why not?

11.   How important is English language proficiency in working with people from other cultural and/or linguistic backgrounds?

12.   Have you ever received foreign language and/or intercultural training?

    a.   If yes, where was the training provided?

    b.   In what way has it proven to be useful – or not – for your current job?

13.   To sum up, how would you define 'cultural intelligence' in the workplace?

14.   Is there anything else that you would like to mention?

Appendix 5: Interview Guide Executive Management

1. Can you provide some background information on the company? This includes the company's:
   a. Global presence
   b. Year of market entrance into Australia
   c. International management (i.e. centralised approach and key positions filled by managers from the company's country-of-origin (ethnocentric); or decentralised approach and key positions filled by mainly locals (polycentric); or common approach internationally, but based on collaboration between different parts of the firm rather than managers from the company's country-of-origin only (geocentric))
   d. Operations (in general and specific to your premises)
   e. Staff (total number worldwide, total number at your premises, percentage Australian background and non-Australian background at your premises)

2. What are the company's activities, if any, in relation to cultural diversity? This can include any committees, policies, training programs, as well as acknowledging and supporting cultural practices such as food, praying facilities and/or religious holidays.

3. What are the selection criteria, if any, for new employees whose roles will involve regular contact to customers, suppliers and other external stakeholders from different cultural and/or linguistic backgrounds?

4. Does the company have any selection criteria for new employees in relation to working in a culturally diverse environment in general?

5. How would you describe managing a culturally diverse company?

6. How would you describe managing a company from Germany in Australia?

Appendix 6: Focus Group Guide

Thank you for agreeing to be part of the focus group. I am conducting the focus groups for my PhD at MQ University. The reason I am doing this focus group is to find out how people manage the challenges of cultural diversity at work.

I WANT YOU TO DO THE TALKING

I would like everyone to participate. I will remain relatively quiet, just asking key questions and reinforcing the discussion. I will not agree or disagree to what you say so please try to talk to each other, not to me.

THERE ARE NO RIGHT OR WRONG ANSWERS

Every person's experiences and opinions are important. Please speak up and say whether you agree or disagree. I would like to hear a wide range of opinions.

WHAT IS SAID IN THIS ROOM STAYS HERE

I want everyone to feel comfortable sharing when sensitive issues come up.

I WILL BE TAPE RECORDING THE GROUP

I want to capture everything you have to say. I don't identify anyone by name in our report. You will remain anonymous.

1. How would you describe working in this culturally diverse environment?
2. What are the particular challenges of working in a German-Australian context?
3. How do you approach working with a new colleague/customer/supplier etc. from a different cultural background?
4. What skills/abilities/experiences etc. do you find important when working in a culturally diverse environment, and how can they be acquired?
5. Do you think the organisation should cater for the different needs of people from different cultures?
6. If you were asked to suggest ways of improvement in relation to cultural diversity in this organisation, what would it be?

Appendix 7: Interview Guide Headquarters

English:

1. How would you describe the relationship between your offices in Germany and Australia?
2. How often are you in touch with the Australian offices?
   a. On what occasions do you and your colleagues visit the offices in Australia and vice versa?
3. In how far does the organisation encourage and support establishing personal contacts and connections between the offices in Germany and in Australia?
4. In which language do employees usually communicate with the offices in Australia?
5. Is this part of a corporate policy or personal choice?
6. Are you aware of any challenges in working with the offices in Australia?
7. Does the organisation provide intercultural and/or language training to facilitate communication with the offices in Australia?
8. What do you expect from the offices in Australia in terms of cultural diversity?
   a. Are the offices free to design their own diversity management?
   b. Are the offices required to report on their diversity management?
9. Are you satisfied with the diversity management of the offices in Australia?
10. Is there anything else that you find important mentioning?

German:

1. Wie würden Sie die Geschäftsbeziehung zwischen Ihren Büros in Deutschland und Australien beschreiben?
2. Wie oft stehen Sie in Kontakt mit den Büros in Australien?
   a. Zu welchen Anlässen besuchen Sie und Ihre Kollegen die Büros in Australien und umgekehrt?
3. Inwieweit werden persönliche Kontakte und Verbindungen zwischen den Büros in Deutschland und Australien gefördert?

4. In welcher Sprache kommunizieren die Mitarbeiter normalerweise mit den Kollegen in Australien?

5. Ist dies Bestandteil einer Unternehmensvereinbarung oder im Ermessensspielraum des einzelnen Mitarbeiters?

6. Sind Ihnen Schwierigkeiten in der Zusammenarbeit mit den australischen Büros bekannt?

7. Erhalten Ihre Mitarbeiter interkulturelles Training oder Sprachunterricht als Unterstützung für ihre Zusammenarbeit mit den australischen Büros?

8. Was erwartet das Unternehmen von den australischen Büros in Bezug auf kulturelle Vielfalt am Arbeitsplatz?

   a. Gestalten die australischen Büros entsprechende Maßnahmen selbst?

   b. Berichten die australischen Büros über ihre Aktivitäten?

9. Inwieweit ist das Unternehmen mit der Art und Weise wie kulturelle Vielfalt in den australischen Büros gehandhabt wird zufrieden?

10. Gibt es noch etwas, das Sie für erwähnenswert halten?

Appendix 8: Abbreviated Case Reports

Case 1: The Ethnocentric Case

Case 1 is a key player in the global energy market, and an organisation whose activities are closely monitored by the public. The multinational giant has a significant relevance for the German economy, and leaves a footprint in many other countries through manufacturing plants and the import of goods and services with a high engineering factor. Established more than 150 years ago in Germany, the organisation began to expand its international operation shortly afterwards. At a time when Australia was still a British colony, their subsidiary was officially registered, and has experienced the era of perceived white supremacy and associated racism, the gradual shift towards multiculturalism and the inconsistent government politics regarding multiculturalism the country has seen over the last two decades. Today, the Sydney head office employs ninety people and maintains facilities such as warehouses, customer service and sales offices across all states and territories of Australia. The corporate language across the organisation worldwide is English.

The relationship between German headquarters and subsidiary in Australia is primarily one of customer and supplier. All products are being purchased from Germany and tailored to customer needs locally. The decision to pursue such strategy is based on project scale and the environmental conditions customers in Australia are confronted with. Most projects are million-dollar purchase orders, and with a few buyers dominating the market, satisfactory performance in each project is critical for the organisation. All orders are accompanied by legal contracts between the organisation and the customer. Prior to the present set-up, the subsidiary found the headquarters to struggle adopting products according to local requirements. Delays in communication due to time difference and the fact that the organisation maintains offices in nearly every country in the world, so that Australia is one out of many other national markets to look after added to stakeholder dissatisfaction, and the subsidiary has seen customers turning to competitors. Between the German parent company and Australian subsidiary is a regional headquarters in Asia that serves as an intermediary contact for some of the aspects in human resources management and other functions.

Corporate Social Responsibility (CSR) has become an integral part of the corporate agenda, both in the domestic and overseas markets. Voluntary initiatives that aim to promote cultural diversity and ensure equality are recognised as part of CSR. The multinational corporation is a member of *The Corporate Charter of Diversity for Germany* and actively supports *Diversity Day*, an initiative by the Charter to demonstrate how diversity strengthens corporate position in the public. Stakeholders find detailed information about the organisation's stance on and approach to cultural diversity on the German website. In Australia, the organisation celebrates *Harmony Day*, and caters for the cultural needs of their diverse workforce in basic, yet seemingly sufficient terms. Harmony Day in Australia aims to show dedication to diversity, with organisations having the opportunity to sponsor related celebrations in communities and schools. Content about cultural diversity is less informative on the Australian corporate website than it is on the German one.

The organisation's human resources management strategy pursues in Australia leaves much control in the hands of the parent company. Many of the key roles continue to be filled with German nationals on an international assignment. A variety of efforts have been undertaken to describe the overall management strategy a multinational corporation can pursue in their foreign subsidiaries (See Perlmutter, 1969; White & Poynter, 1984; Porter, 1990; 1991 and Bartlett & Ghoshal, 1986, for example). The approach adapted by Case 1 features elements of different theoretical assumptions. In relation to human resources management, the organisation's strategy reflects the basic assumptions of what Perlmutter (1969) classifies as *ethnocentrism*: An exercise of tight control over the subsidiary through positioning German nationals from the headquarters in key management roles.

Language was viewed to impose much of a barrier to become part of the top management team, both on subsidiary and global level. Some of the respondents stated that a German cultural and linguistic background would act as a door opener to those roles, and criticised the organisation for not "practicing what they preach" in relation to cultural diversity and equal opportunities. Ethnocentrism has created a subtle cultural divide between executive management and general staff, and resulted in much frustration in the Sydney office. The assumption that what works in Germany also works in Australia was viewed as a major intercultural challenge by employees in the subsidiary. Delegates for top positions from the German headquarters have been reported to often implement strategies in the subsidiary without much knowledge of the local market and leadership aspects. Recent

attempts to initiate change and fill more key roles with non-Germans have been described as a rather slow progress.

One of the key concerns that emerged out of this study is the parent company's limited knowledge of intercultural challenges subsidiary staff viewed to be hindering more successful operations in Australia. Employees reported of many occasions in which "German" leadership style, limited knowledge of the Australian market exhibited by the headquarters and many expatriates, as well as entry barriers to top positions based on language represented major intercultural challenges. Subsidiary and headquarters maintain a relationship of unequal partners, highly visible in the power exercised by the parent company. The latter appeared rather detached from operational aspects, instead primarily concerned with strategic questions. This may result from the fact that some responsibility has been shifted to the regional headquarters in Asia. Nevertheless, products are being sourced from Germany, and, as such, communication between the parent company and subsidiary is intense. Company size is likely to affect the involvement in operational aspects as well, with + 15,000 staff in the headquarters. Limited knowledge of intercultural challenges, however, means that much of the potential for strengthening collaboration between both offices, and to achieve greater stakeholder satisfaction in Australia remains unused. At the same time that headquarters and subsidiary need to work closer together, a recurring theme in responses from staff in Australia was the subsidiary's desire to become more independent from the headquarters and move away from cultural dominance. It will be a balancing act to combine further independence with achieving a sense of membership in the larger organisation which has been identified as a major contributing factor in people's ability to work effectively and appropriately across cultures.

Intercultural competence is embedded in the candidate recruitment process. Along with a set of other dimensions, the ability to work with people from different cultural and/or linguistic backgrounds is part of a framework for leadership positions. Depending on the role, the importance of intercultural competence varies. For all other roles, a less structured, yet purposeful approach is pursued. Respondents confirmed that in the recruitment process, there seemed to be some kind of attention to the way candidates interacted with one another in culturally diverse groups. Whether linked with the incorporation of intercultural competence in the recruitment process or not, respondents exhibited high levels of

mindfulness towards colleagues from different cultural and/or linguistic backgrounds during the conversations.

The necessity to build meaningful relationships in international business and management was recognised by the organisation. At subsidiary level in Australia, sending delegates to the headquarters for training and work experience purposes had been incorporated into human resources management. Many respondents from the subsidiary had developed well-functioning work relationships with people from different cultural and/or linguistic backgrounds through overseas experience within the organisation, also in other countries than Germany. These relationships have become valuable in specific situations.

In summary, Case 1 undertakes much effort in achieving a certain public image regarding cultural diversity and equality at work. Theory and practice, however, do not always match, and incidents of exclusion based on culture have been revealed. Whilst internal diversity in the Sydney office appears to be functioning from the image this study managed to capture, culture causes more of misunderstanding and tension in the subsidiary's collaboration with the parent company, and other also other external business partners. Collective identity within the subsidiary is strong, but weaker in a sense of membership in the larger organisation, which imposes a barrier to overcome the intercultural challenges in place between the offices in Australia and Germany.

Case 2: The Disconnected Case

Case 2 is a manufacturer and supplier of engines and related parts. Established in the early 19th century in Germany, the organisation only began to serve the Australian market through a subsidiary in the 1970s when the era of White Australia was about to come to an end and multiculturalism became a dominant theme in society and government politics. Today, the Sydney head office employs sixty-two staff and maintains warehouses and sales offices in each state and territory of Australia. English is the corporate language across the multinational corporation worldwide.

Foreign subsidiaries are referred to as "marketing companies". As such, the relationship between German headquarters and subsidiary in Australia is not one of customer and supplier; rather is the Sydney head office viewed as an extended arm of the headquarters, responsible for sales and marketing in the Australian market. Products are ordered according to customer specifications from the headquarters, with only minor intervention by the subsidiary. Such set up leaves much of the control in Germany. With little autonomy to undertake product modifications in Australia, the subsidiary strongly relies on effective communication with the German headquarters. This, however, has caused frustration and dissatisfaction among staff and customers in Australia. Delays in communication due to time zone difference, language issues, and the dependence on colleagues in Germany to understand product requirements immediately and correctly emerged as respondents' central concerns.

Whilst the headquarters in Germany exercises tight control over the subsidiary on the product side, human resources management is characterised by relative autonomy. Perlmutter's (1969) notion of *polycentrism* reflects the organisation's human resources management strategy best, since key management positions, including the executive management, are usually not filled with German nationals from the headquarters. Instead, they are primarily held by locals. In this context, it was mentioned that Case 2 in Australia has never been run by a German national.

At the time of this research, Case 2 was in the initial stages of major corporate restructuring. Changes were going to affect parent company and subsidiary in a way that a new regional headquarters was being established in Asia, serving as the future primary contact for the Sydney office. Time zone difference and associated delays in communication

as well as "bringing together the cultures" were stated to be the main rationales for this endeavour by the parent company in Germany. A key feature of corporate restructuring is equipping the Australian subsidiary with the opportunity to undertake product modifications locally. Whilst the current lack of "application engineering" caused much dissatisfaction among stakeholders in Australia, and indeed represented one of the major intercultural challenges as perceived by subsidiary staff, the researcher only came to know about the plan through speaking with the headquarters towards the end of this study. It may have been the case that respondents in Australia were not involved in the restructuring or its details, or for other reasons elected not to mention it.

An underlying sense of disconnection between parent company and subsidiary shapes Case 2. In addition to the diverging ways in which the new regional headquarters in Asia was part of the conversation, many stereotypes in relation to German culture persisted on the side of the subsidiary. Collective identity in a sense of membership in the larger organisation is limited; instead, a kind of tension contours the headquarters-subsidiary relationship. Much of this tension stems from leadership attitude. As an example, the very fact that the German headquarters is geographically distant has been described as positive, and it has also been stated that "Germany is not that great." Communication between both offices is somewhat disconnected in a way that there seemed a futile ground for open discussion. When the issue of speaking German when in a group of non-native speakers came up, it was stated that "I would never ever reveal to a German […] colleague how well German I can speak." Such statement incorporates an exercise of power through language, and shows a lack of trust in the overseas parent company.

Power is allegedly also being exercised over the subsidiary through language choice, and, as such, has contributed to the divide between both offices. Frequent confrontation with emails written in German, technical documentation being insufficiently translated, if not forwarded in German, and visitors speaking German to one another when in a group of non-native speakers are among those challenges associated with language. At the same time that language and its inherent power represented one of the most impacting intercultural challenges for respondents from Australia, it was not viewed as an issue by the parent company.

Case 2 is an organisation that limits much of its commitment to cultural diversity and equality to what is required within the legal framework in Australia. Voluntary initiatives,

such as celebrating *Harmony Day* and catering for cultural needs at work are not part of the business agenda. Instead, blending into mainstream culture in Australia arose as most appropriate way for employees to manage difference. A relatively low representation of non-native speakers of English, low percentage of employees from a non-Western background, and the absence of religions other than Christianity are characteristics of respondent demographics in the Sydney office. In combination with some incidents of discriminative behaviour brought to the researcher's attention, this raises concerns about mindful communication in terms of reciprocal respect in theory and practice. It was stated that "Anglos" appeared to be "preferred" candidates, even though professional background did not meet role requirements. Open discussions about certain religions in Australia were allegedly held in the office, and in one case, a respondent preferred not to mention religion.

Intercultural competence is not part of the corporate agenda in Australia. Nevertheless, it was mentioned that in recruiting new candidates, "it doesn't hurt if they speak a different language" because of the association with a more open mind-set. Building meaningful relationships was viewed as important, and new employees often visit the headquarters for training. Maintaining contact and connections, however, are primarily incorporated at executive management level. Many of the personal meetings at general staff level occur post-event, rather than in form of prevention to miscommunication and understanding.

In summary, the commitment to cultural diversity and equality visible in the Australian subsidiary reminds of contemporary government politics. At the same time that the nation's multicultural policy is being kept active, minorities experience inequalities and Australian values are being moved into the foreground. The Sydney office in Case 2 maintains a Code of Conduct to foster mindful communication towards all stakeholders; the snapshot of reality taken in the course of this study, however, suggests that there is limited commitment to cultural diversity beyond written documentation. Collective identity as a major contributing factor to our ability to work effectively and appropriately across cultures was weak in relation to the larger organisation, but stronger regarding the subsidiary. The new regional headquarters in Asia may soften the tension that currently shapes the parent company-subsidiary relationship, and reduce some of the challenges associated with language. Achieving well-functioning collaboration between the offices in Australia and Asia seems of utmost importance.

Case 3: The Global Case

Case 3 is a logistics provider and represents an organisation that has experienced multiple ownership and name changes in its corporate history of more than 140 years, most of them taking place in the recent past. The organisation is present in more than 32 countries. At a time when John Howard, Prime Minister of Australia between 1996 and 2007, began to erode the idea of multiculturalism, Case 3 established their subsidiary in Australia. The organisation employs twenty-seven staff in the Sydney head office, and maintains customer service points across all states and territories. The corporate language across the organisation is English.

Case 3 pursues a management strategy that leans towards what Perlmutter (1969) labels a *geocentric* approach. A key feature of such strategy is its global view of the organisation, seeking to employ people for key management positions who seem the best fit, rather than be representations of either home or host country. Geocentrism recognises that different markets require dissimilar behaviour across all functions of the organisation, and seeks to unite headquarters and subsidiaries with the overall goal of forming a collaborative network. The subsidiary of Case 3 in Australia has recruited a mix of locals and international professionals to fill key management positions. In the interview, the executive manager emphasised he would view the organisation as a "global company" that is largely independent from the German headquarters. Headquarters and subsidiary, however, meet regularly to develop and adjust strategies for the Australian market together. Upon all interaction with members of staff, the *German* aspect of the organisation was only marginally visible in the Australian subsidiary, and the feeling of being a *global* organisation indeed shaped all conversations.

Whilst the multinational corporation maintains a regional headquarters in Asia, communication between Australian subsidiary and German parent company is regular. The subsidiary seemed well-connected with the offices in Germany and Asia, with a strong sense of membership in the larger organisation present upon all interaction with staff. Many of the usual challenges associated with cultural diversity in the workplace had been turned into opportunities. The range of mother tongues in the Sydney office, for example, was generally embraced as it allowed the team to satisfy the diversity of customers. At times, conversations in languages other than English in the Sydney office, however, caused discomfort. Even

though the often very basic English language skills of some business partners in Asia was an intercultural challenge for respondents in Australia, incidents appeared to be managed professionally.

The most significant discovery in Case 3 is the impact of leadership on the way cultural diversity is viewed, and how effective and appropriately people behave towards those from different cultural and/or linguistic backgrounds. Outside of the regulatory instruments, including a Code of Conduct and other corporate policies, the subsidiary does not pursue any further activities to foster cultural diversity and equality in the workplace. Neither is *Harmony Day* being celebrated, nor are cultural needs being catered for in any specific way. Instead, it became evident that by embracing cultural differences and not accepting discriminative behaviour, leadership has shaped a workplace where cultural identities can flourish and divergences based on culture have largely been turned into corporate asset. Executive managers from both, subsidiary and headquarters maintained a relationship in which mutual trust was highly visible. Both parties described open discussions and arguments as vital for success, always leading to positive outcomes in the end: "It has to be that way, otherwise nobody will follow the decisions." It can be concluded that it is their attitude and behaviour that has created a rather equal relationship between headquarters and subsidiary, and ultimately, a strong collective identity in a sense of membership in the larger organisation.

Intercultural competence is part of human resources management. Both on executive management and general staff level, building and maintaining meaningful relationships was described as key. Regular meetings for executive managers, national sales managers, and operators were part of the international business agenda. Thus, the organisation enables people from different geographic locations to understand each other's positions better, foster mutual trust, and, as such, set the foundation for effective conflict management. Language diversity was highly regarded and sought after in the Sydney office to facilitate communication across cultures. Some respondents reported of their previous work experience that required patience and respect for minorities, which allegedly provided them with a skill set to manage their current job effectively.

In summary, Case 3 is an organisation in which commitment to cultural diversity and equality goes beyond written documentation. The lived experience of staff in the Sydney office corresponds with the Code of Conduct and other corporate policies that were brought

to the researcher's attention in the course of this study. Mindful communication in terms of reciprocal respect is deeply embedded in strategy and operations. Incorporating intercultural competence in a more deliberately way, and employing the term as such in their human resources management, however, would allow the organisation to leverage its potential. Intercultural competence can be included in stakeholder communications and serve as a means of fostering public image.

Operating in the logistics industry may have paved a more even way for Case 3 towards being viewed as a global company. Whilst goods require manufacturing facilities, services can be created rather independently of location. Nevertheless, practicability is only one aspect in the management strategy pursued by a multinational corporation in their foreign subsidiaries. Leadership attitude, objectives and experience, among others, will also impact on the organisation's decision which strategy they will adopt in a specific market.