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# Transcultural Management in Global Firms

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# 1 Introduction

This report presents the findings of an empirical study conducted with interview partners from globally operating companies on the topic of transcultural management.

Against the backdrop of globalization, companies are constantly under pressure to use their resources effectively and innovatively in order to gain competitive advantage, not only within one country but also across borders. Employing a diverse workforce and managing different working cultures brings with it countless opportunities, but also risks. When not managed properly, diversity within a company's staff could potentially have a negative impact on its performance. In this context, transcultural management is a subject of growing interest as it offers a rather new approach with regard to managing diverse cultures, namely national, organizational, professional and individual ones, in an effective and sustainable manner.

So far, in the business world, intercultural training was and is still used to develop the ability and willingness to cope within a culturally diverse workforce, as well as in contact with external stakeholders from different cultural backgrounds. Nonetheless, intercultural management and intercultural training places strong emphasis on the differences between cultures. However, in order to enable higher levels of cooperation and to build a basis for mutually beneficial interaction, a certain sense of togetherness between the parties concerned is necessary. Therefore, research in the field of transcultural management suggests that the emphasis should rather be on commonalities between cultures, than on differences. In short, intercultural management mainly focuses on overcoming differences and avoiding conflict. Thus, it can help reduce barriers both in the workforce and in relation to external stakeholders. However, transcultural management goes one step further. It aims to identify existing commonalities and to create new ones by, for instance, investing in a shared value understanding within teams. In this way, transcultural management focuses on discovering opportunities for cooperation, considering diversity as a potentially productive resource for innovation and successful global value creation. Transculturality can therefore be described as an ongoing learning process towards creating and strengthening commonalities and thereby exploiting promising potential for cooperation.

For globally operating firms, the question is how transcultural management can be lived and sustained in daily business. Therefore, the objective of this project is to further enhance the understanding of transcultural management practices within these kinds of firm by analyzing the status quo. For this purpose, data was collected from two global firms from different industries through explorative case study research, which mainly consisted of document analysis and interviews, conducted at subsidiaries of those firms based in Germany, India and Singapore. In this way, the internal perspectives of those companies on questions on transcultural management practices could be observed and analyzed. Distinct focus areas were selected during this research process, namely Corporate Culture and Values, Global Human Resources, Diversity Management, Compliance Management, Integrity Management and Leadership Traits.

To give the reader a holistic view on transcultural management and, specifically, transcultural learning, the report begins with a brief theoretical introduction to the field. Then, the methodology of the research project and the sample are described. Following that, the findings of the interviews are presented per focus area and region, starting with Europe and continuing with Asia. Finally, we present a short comparison of the findings per region and end the report with a brief conclusion and an outlook for possible further research.

## 2    Theoretical Reflections on Transcultural Management

This report aims at describing the status quo of transcultural management in selected focus areas in two global firms. More precisely, as part of a so-called "field project", we conducted case study research which allowed us to understand and describe transcultural learning processes that we consider constitute an inherent and fundamental element of transcultural management. In the following, we will briefly outline the major theoretical concepts behind transcultural management and transcultural learning, which serve as a basis for conceptualizing and analyzing our case study research.

### Transculturality and transcultural management: Creating commonalities

Transculturality is a highly relevant construct when it comes to handling the global challenges of the twenty-first century (e.g. Möhrer et al., 2015; Transcultural caravan, 2016; Wieland, 2010a, 2010b, 2014, 2016). In its essence, transculturality can be understood as an informal governance structure which enables the management of cultural diversity in daily business transactions. Cultural diversity in this context comprises not only distinct national cultures, but also distinct individual, professional and organizational value systems (Wieland, 2016: 21). Transculturality is defined as a "process of relationing different cultural identities, [which] aims […] to make cooperation by culturally diverse individual and collective actors institutionally and organizationally possible" (Wieland, 2016: 22). As such, transculturality serves as a "productive resource and an informal institution for cooperative economic value creation" (ibid.: 13). Hence, transculturality functions as "an element […] of local and global cooperation [that] allows the productive handling of cultural diversity and the curbing of its potential destructiveness" (ibid.: 13).

For the purpose of definition and demarcation of related concepts, inter- and multiculturality are mainly based on the idea of separate homogeneous cultures (e.g., Welsch, 1999) and focus on the management of (ethical) differences between cultures (e.g., Hofstede, 2001; Hofstede et al., 2010). Transculturality, however, aims at shifting the focus to creating and strengthening commonalities through learning processes (Wieland, 2016: 22). Its reference point for "cultural learning is the development of similarity and not the continuation of difference" (ibid.: 17). As such, the concept of transculturality supports the notion of perceptions of shared global values and principles that span cultural systems – in addition and as a complement to the unquestionable existence of cultural diversity.

In global business, the challenge for firms and individuals is twofold. First, firms and individuals are supposed to define and learn about these perceptions of shared global values and

principles. Second, they must transform these global value *descriptions* into local value *interpretations*, i.e., they must implement them in daily activities. It is against this background that a new type of transcultural management is called for which contributes to both - individual and corporate learning. In this sense, transcultural management is, at its core, about creating new commonalities as a basis for cooperative economic value creation in transactions among culturally diverse actors (Wieland, 2016: 22).

**Transcultural learning: From thin to thick value interpretations**

These new commonalities are the result of an ongoing transcultural learning process. In globally operating firms, this process occurs for individuals and the firm as a "cooperative discovery" in daily business and is therefore social and interactive by nature (Wieland, 2016: 22). It seems straightforward for organizations to use a code of conduct to proclaim global values. However, as Leisinger (2015) indicates, the challenge is to implement those values in daily operations by creating a mutual understanding and generally accepted ways of practicing them.

> [A]n acknowledgment of global values and abstract normative principles remains 'thin' in the sense of being general and out of context. […] An effective discourse to determine transcultural corporate responsibility principles and standards must consider the plurality of local values and normative principles. Respective responsibility guidelines and codes of conduct have to be made "thick" in the cultural and normative setting of the host countries. (Leisinger, 2015: 42)

This process of transforming proclaimed values into a shared cultural bond can be described as *the transformation of thin value descriptions into thick value interpretations* (Leisinger, 2015; Walzer, 1996; Wieland, 2016). This is precisely what is meant by the transcultural learning process: It is the process whereby shared thick value interpretations (local priorities) in firms are created on the basis of thin value descriptions (global principles) (Wieland, 2016). This process justifies the definition of transculturality as a productive resource because it potentially increases the "stock of shared moral interpretations of economic transactions and hence also the volume of feasible, mutually advantageous cooperation projects" (ibid.: 29).

In transcultural learning, "[t]he development of globally accepted and transcultural norms of good business behavior sets the priority on *common experience*" (Wieland, 2010a, italics added). Transcultural competence in this context is developed as the "behavioral proficiency to effectively establish a common working culture based on the sharing of *local experiences*" (Möhrer et al., 2015: 1, italics added). Hence, transculturality is the result of *shared local experiences*. The transcultural learning process itself can be conceived as a "practice arena" that contributes to the task of understanding "thin" strategic ideas or value descriptions (Wieland, 2016: 27).

Moreover, as mentioned previously, transcultural learning is about creating new commonalities as a basis for cooperation among culturally diverse actors (Wieland, 2016: 22). Research suggests a sequence of three steps as a framework for understanding this notion (Wieland 2014, 2016): Imagining the encounter of people who are characterized by diverse backgrounds and nationalities, the first step in a transcultural learning process would mainly consist of non-normative observation of processes and the subsequent analysis of potentially existing

differences among those people. Following that, the focus would shift away from those differences to existing commonalities, which would be discovered and strengthened through, for instance, common experiences and the exchange of knowledge. Finally, as a third step, people would engage in the creation of new commonalities, for example, by committing to common perspectives, goals and actions.

Based on these theoretical notions, we conceptualized and analyzed the case study research at hand, aiming at understanding and describing the status quo of transcultural management – focusing on transcultural learning – within globally operating firms.

## 3   Project Description: Transcultural Management in Global Firms

### 3.1   Research Question

The major objective of our project is to understand and describe the status quo of transcultural management in global firms, placing the emphasis on observing and describing the phenomenon of transcultural learning. One objective was to identify indicators for, and manifestations of, transcultural learning, which should contribute to its theoretical conceptualization. To explore transcultural learning in the firms in question, the following research question was used as a major focal point for developing, conducting and analyzing interviews as part of our case study research:

*To what extent and in what form can transcultural management in general – and transcultural learning in particular – be observed and described in the respective focus area?*

To derive findings from the interviews in a structured manner, the results are analyzed alongside the six focus areas (Corporate Culture and Values, Global Human Resources, Diversity Management, Compliance Management, Integrity Management, and Leadership Traits), which is also reflected in the structure of this report. With regard to the analysis scheme applied throughout this report, we understood during our research that transcultural learning can be triggered through distinct measures and/or processes on two distinct levels, namely individual and organizational. Additionally, each measure and/or process is most often put into practice in order to achieve a specific goal. Therefore, to summarize the findings of our research in a consistent manner, we developed the following conceptual table (Figure 1). This table will be used to systematize the key findings per focus area in Chapters 4 and 5, as well as to serve as a basis for the comparison in Chapter 6 and the conclusion in Chapter 7.

**Figure 1: Template to Summarize Findings**

| Findings on Transcultural Learning per Focus Area | | |
|---|---|---|
| | **Measure/Process** | **Goal** |
| **Individual level** | | |
| **Organizational level** | | |

### 3.2 Methodology: Case Study Research

To address the research question, we applied case study research in which we combined the findings from a series of interviews with representatives from two companies (for the description of the sample, see chapter 3.3.), as well as from complementary document analysis (mainly concerning company information). To obtain a comprehensive global perspective on transcultural management practices – particularly related to transcultural learning as indicated by our research question – a team of three researchers conducted the interviews with representatives from Germany, India, and Singapore.

The questions in the semi-structured interview script were developed with regard to the aforementioned focus areas: Corporate Culture and Values, Global Human Resources, Diversity Management, Compliance Management and Integrity Management. The chapter on Leadership Traits was added as an additional focus area during the project. We intended to conduct the interviews with representatives from four distinct functions, namely global human resources, diversity management, compliance management and integrity management. These functions were selected based on the expectation that the interview partners would be able to give insights into processes not only regarding their function and department, but also cross-departmentally, namely corporate culture and leadership traits. Before the interviews were conducted, the interview partners were not informed about the research subject, so as to lower or even limit tendencies to give 'socially desirable' answers. After the interviews, the interviewees were given detailed information about the theoretical background of the research project.

The interviews were analyzed with the software program MAXQDA, using a coding technique that is known as a standard approach in the field of qualitative research. Since transcultural management and transcultural learning measures can be understood as a means to an end, the key findings per focus area were structured according to their respective goals, e.g., creating a shared value understanding, facilitating shared experiences or enabling a constant dialogue.

### 3.3 Description of the Field: Global Firms in Germany, India and Singapore

Our research was conducted in two companies, for anonymity reasons called A and B, which will be described in the following. Both companies are transnational corporations operating on a global level.

Company A is a globally operating industrial firm with its headquarter in Germany, its parent company in another European country, and subsidiaries in Germany and worldwide, including Singapore. Organizationally, this leads to a hierarchical relationship between the parent company and the headquarter in Germany, with the latter being the executing partner, which, as a result, adapts to the strategies developed in the parent company. These structures also apply to the Asian subsidiary of company A, which at the same time is wholly owned by the same parent company. Interviews were conducted with representatives from Germany and Singapore. Four interviews were conducted with representatives in senior management positions in Germany; one interview was conducted with a representative in Singapore.

Company B is a German industrial firm that operates on a global level. Its headquarters is in Germany and functions as the parent company to the firm's worldwide subsidiaries, e.g., the Asian office that was part of our sample. Interviews were conducted with representatives from Germany and India. Three interviews were conducted with representatives in senior management positions in Germany and two interviews with representatives in India, Asia.

For reasons of anonymity, the quotes cited throughout this report will not be attributed to the particular companies and/or positions of the interviewees.

## 4 Findings from the Field: Insights from Germany

In the following chapter, we will describe our findings related to the German perspective. We will begin by outlining current major challenges of the firms before looking at the sub-challenges and key findings per focus area.

Based on the interviews, it seems that the major challenges for company A stem from ongoing post-merger integration processes as well as internationalization processes. For example, management focus seemingly lies on increasing efficiency through merging different departments and tools, while at the same time integrating distinct corporate cultures. This process of alignment has apparently led to a certain resistance within the workforce. Thus, the firm's major challenge seems to be the alignment of management processes and the creation of a group-wide, common identity, based on a shared understanding across locations. In company B, internationalization, especially through new mergers and acquisitions in emerging markets, seems to represent a major challenge. Besides, focusing on a strong and internationally-appropriate corporate culture seems to be of high importance for the company. Thus, the challenge seems to be twofold: On the one hand, remain flexible towards distinct cultures and business models; on the other, provide orientation and guidance to ensure effective processes.

Having these major challenges in mind, we will now turn to the findings in the selected focus areas Corporate Culture and Values, Global Human Resources, Diversity Management, Compliance Management, Integrity Management and Leadership Traits. After briefly introducing the respective focus area and the particular challenges it implies, the key findings derived from the interviews will be described and interpreted.

### 4.1 Corporate Culture and Values: Strengthening Shared Values as a Basis for Growing Together Globally

Transcultural management comprises the determination of the strategic cultural orientation of a firm by its leadership for performing transactions (Wieland 2016: 27). It is "the art of finding the right mix of the four dimensions of corporate culture and determining how to handle the trade-offs between them, which will then determine the direction of the transcultural learning process" (Wieland 2016: 28, cf. Figure 2). A strong corporate culture focuses on homogenizing values whereas a weak corporate culture allows for heterogenous values. A centralized corporate culture is developed and carried out by the headquarters whereas a decentralized

corporate culture takes the autonomy of regions into account when developing and carrying out culture policies.
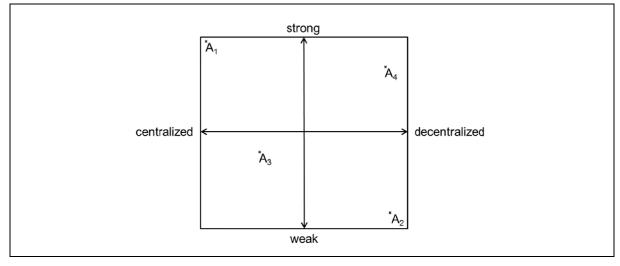
**Figure 2: Strategic Culture Management and Transculturality**

Following the idea of transculturality, globally acting companies face the challenge to develop common ground in terms of corporate culture and a shared understanding of values, while, at the same time and up to a consciously defined extent, allowing for situational meanings and local interpretations of those common values. This task would be supported by a transcultural learning process which served as a practice arena for understanding and implementing abstractly-defined global values while taking local mindsets into account. Against this background, our objective was to understand how corporate culture is perceived, experienced and implemented within the two firms, and to what extent and in what forms transcultural learning can be observed and described in this regard. According to our findings, the two firms are in distinct stages regarding the development of their corporate culture. While one firm is seemingly focusing on reconciling distinct corporate cultures as part of a post-merger-process, the other firm is further strengthening its already well advanced, strong corporate culture.

Irrespective of the distinct stages, transcultural learning processes have been triggered at both firms through organizational and individual measures in order to facilitate a coherent corporate culture across borders which reflects the company's strategic cultural orientation, as indicated in the figure above. An important goal of both firms seems to be overcoming cultural differences in order to establish or strengthen an integrated corporate culture based on the creation of a shared understanding of values. Looking at the individual level, transcultural learning towards a common corporate culture seems to take place most intensively through reflection, sharing of experiences and maintaining a constant dialogue within relationships – among staff and between management and staff. Relationship-building across regions seems to strengthen tolerance because it facilitates the identification of commonalities and the creation of a bond across cultural spaces.

This is supported by formal measures on an organizational level, such as group-wide cultural programs, which are rolled out globally through, for instance, interactive training programs

which enable a shared understanding of values across cultural spaces as a basis for an effective corporate culture. At the same time and according to the concept of transculturality, the development of corporate culture does not aim at neutralizing existing differences, but at building and strengthening common ground as a basis for efficient diversity management as will be described in the following chapter (4.2). Before we turn to this aspect, Figure 3 summarizes the key findings for the focus area Corporate Culture and Values.

**Figure 3: Findings on Transcultural Learning – Focus Area Corporate Culture and Values**

|  | **Measure/Process** | **Goal** |
|---|---|---|
| **Individual level** | Reflection about differences in values and corporate cultures, and homogenization of values | Overcome differences and cultural clashes and establish an integrated corporate culture based on a shared understanding of value |
|  | Investment in network-building, in dialogue processes and in shared experiences | Relationship-building across regions to strengthen tolerance, to identify commonalities and to create a bond across cultural spaces |
|  | Transparent communication and expectation management | Reduce uncertainty and increase commitment as well as motivation |
|  | Organization of intercultural trainings | Increase intercultural awareness to facilitate collaboration based on realistic expectations |
|  | Reflection about personal experience with the firm and about personal values | Act as role model to exemplify (written) values and improve collective understanding thereof |
| **Organizational level** | Organization of group-wide cultural programs, supported by interactive measures such as trainings, team events and work-stream-talks | Strengthen learning process towards a shared value understanding across the workforce; enable shared experiences to create commonalities |
|  | Definition of globally valid values and provision of a collection of written documents and technical tools | Enable a shared value understanding across cultural spaces as a basis for an effective corporate culture |
|  | Implementation of internal online networks and communication platforms | Enable constant dialogue, productive discussions, collective opinion building and community building |
|  | Organization of programs dedicated to leadership culture | Change leadership culture and enable leaders to act as role models |

## 4.2 Global HR and Diversity Management: Facilitating Integration and Productive Collaboration across Borders

The global human resources department within a firm is responsible for recruiting, developing and retaining the firm's talent. Finding the right talent and facilitating collaboration across functions, regions within countries and even across national borders are topics of increasing importance against the backdrop of globalization. Usually, the human resources department helps employees to become interculturally aware by organizing and running intercultural training. In addition, we understand a human resources department as the appropriate department for developing and implementing transcultural management tools and measures that focus on identifying and creating commonalities among the workforce in order to facilitate productive collaboration. Hence, a global human resources department is, in our view, a designated enabler of transcultural learning processes, which usually start with recognizing and overcoming differences – mainly through non-normative observation and analysis – and

proceed with identifying and creating commonalities among the workforce as a basis for productive collaboration – mainly through facilitating shared experiences and fostering a shared commitment towards common goals and actions.

The success of a firm's ongoing transformation, which includes the integration of its strategy, organization and culture, also depends on the management of diversity. Proper diversity management enables the realization of productive synergies and reduces the potentially destructive effect of diversity (Wieland 2016: 26).

Following the idea of transculturality and on the basis of an effective corporate culture as described in the previous chapter, systemic diversity management acknowledges the importance of defining and communicating globally-applicable values in written documents (e.g. a code of conduct). However, to transform abstractly-defined global values into practicable local behavior, several steps are necessary which can be considered part of a transcultural learning process, e.g., information, communication, discussion, acting, monitoring and reporting. Embedded in shared experiences these steps facilitate a shared understanding of values and their local implementation.

Against this backdrop, one of our objectives was to understand to what extent and in what form transcultural learning can be observed and described in global human resources departments and in diversity management at the firms. Regarding global human resources, a major challenge at one firm seems to be the integration of distinct departments as part of a post-merger integration process.

> The major challenge is to build one unified organization that is beneficial for the client, and for us as the HR department. It starts with processes, but leadership culture is also a driver.

The firm invests heavily in individual and organizational measures which facilitate knowledge exchange, a constant dialogue as well as shared experiences as a means towards achieving that integration. This is achieved, for example, through the implementation of work-stream talks and the implementation of functional counterparts across borders. To align individual activities towards the overall strategic goals key activities are defined for employees in leading management positions. Those activities are used as an 'orientation for action' because they facilitate priority setting. Moreover, leaders proactively engage in cross-border dialogue and act as role models within their teams to facilitate the path towards a unified firm.

Turning to diversity management: even though diversity seems to be a topic of increasing importance at both firms, they are at different stages regarding the institutionalization of diversity. One firm has just started managing diversity by assigning the responsibility for the topic to specific roles, whereas the other firm is already managing diversity through dedicated departments and working groups:

> We have been working on the topic of diversity in an institutionalized manner since the early 2000s. We have continuously developed the topic further, taking into account the internationalization of the company. […] What we do is diversity management; that is more than simply acknowledging and facilitating diverse teams in terms of ethnical background. Managing diversity means managing products and providing services while taking diversity aspects into account.

Therefore, diversity management at this firm seems to be advanced. For example, the firm offers a holistic diversity model for its global workforce, which contains a comprehensive interpretation of the value "diversity" and a catalogue of possible implementation measures for a wide array of topics ranging from recruiting to product management. These measures are not meant to be globally binding but can instead be adapted according to specific local or functional needs. This model is supposed to function as a compass, which provides orientation. At the other firm, diversity is increasingly dealt with at an abstract level, for example, in seminars through theoretical input. Despite the fact that both firms are at different stages regarding diversity management, similar measures that indicate transcultural learning on an individual as well as on an organizational level could be observed at both firms. For example, both firms place strong emphasis on transparency and communication. Moreover, role-modeling plays a vital part in implementing diversity at both firms. The detailed findings are summarized in Figure 4.

**Figure 4: Findings on Transcultural Learning – Focus Area Global HR & Diversity Management**

| | Measure/Process | Goal |
|---|---|---|
| **Individual level** | Reflection and determination of key activities | Align individual actions with the global strategy and define priorities |
| | Proactive communication about systemic and legal country differences | Strengthen transparency and find solutions to facilitate integration efforts |
| | Foster a constant dialogue within the team and develop (unwritten) guidelines and principles | Facilitate a shared understanding of goals and strengthen voluntary commitment/motivation of employees |
| | Maintain an open-door policy | Create and maintain an atmosphere of trust and facilitate communication |
| | Work on a shared understanding of the leadership culture | Facilitate collaboration and enable role modeling |
| | Ongoing discussions, not only at top-level but also throughout the entire workforce, e.g., regarding gender | Find common ground, understand the facets of diversity and ultimately institutionalize diversity management |
| | Reflection about individual attitude and behavior and acknowledgement of the importance of diversity as a topic which must be "managed" | Act as role-model and reap the potential benefits of diversity |
| **Organizational level** | Develop strategies holistically while allowing for local adaptation | Facilitate creation of commonalities whilst tolerating regional differences |
| | Implement dialogue formats, such as institutionalized work-stream or department meetings / huddles | Foster exchange of knowledge, constant dialogue and shared experiences |
| | Definition of key activities in constant dialogue processes | Facilitate priority setting and a shared understanding of those priorities |
| | Definition of global roles and functional counterparts | Facilitate integration and alignment across borders |
| | Introduction of a common IT-system | Support integration technically and reap the benefits of digitalization |
| | Implement a cross-border learning platform (merge existing platforms) | Facilitate knowledge sharing and collaborative learning |
| | Offer international leadership development programs | Overcome silo-thinking and increase awareness for local and cultural peculiarities through shared experiences while building a network |

| Creation of functional roles, diversity departments and dedicated, diverse working groups | Institutionalize diversity, strengthen discourse and create common knowledge |
|---|---|
| Organization of diversity working summits for participants across divisions and regions | Exchange knowledge, identify common topics and define collaborative working modes while building a community |
| Development of a holistic diversity model in a co-creational process | Ensure the relevance of the mode |
| Offer value interpretations, abstract ideas and a catalogue of suggestions for implementation within the model | Give orientation and foster a shared understanding of diversity while allowing for local adaptation of measures |
| Make diversity a topic in training and leadership development programs | Change leadership culture and enable people to act as role models |
| Facilitate virtual discussions on the topic on internal online network | Increase awareness and nurture the sense of community |
| Design selection processes that allow the recruitment of diverse talents | Enable diversity in teams to increase productivity |
| Monitoring and reporting through KPI systems (globally valid or country-specific guidelines) | Ensure adherence to diversity requirements, e.g., regarding women in management / leadership positions |
| Reflect "diversity" in product development and management and offer targeted products | Strengthen customer base through relevant products and services |

## 4.3   Compliance and Integrity Management: Creating Trust and Making Integrity a Corporate Value

In the following, compliance management will be defined as all formal and informal governance structures within an organization that help make its management efficient and effective regarding the identification and prevention of fraudulent actions by its members (Wieland 2004). Compliance is typically part of the strategic and operative management of a company and aims to secure not only its sustainable, legal, economic and societal existence but also the achievement of its goals (Wieland, 2004). Integrity, however, is understood as an individual trait as well as a resource of the organization. It is of practical interest to the company as it can help achieve results more effectively by helping the employees to deal more effectively with the complexity of organizational decision-making (Wieland, 2014). Thus, integrity management deals with implementing values that apply integrity to its corporate culture and its management processes. Additionally, implementing measures to foster the personal integrity of employees is a further dimension of a company's integrity management. However, owing to few resources within the company, only one of the companies has a separate department for integrity management so far.

When it comes to the insights gained throughout our research, it needs to be stated firstly that, due to the different structure of the companies, the compliance departments in both companies have to deal with different legal contexts and regulations. Additionally, when creating and communicating compliance guidelines to the whole company, different cultural backgrounds have to be taken into account. Regarding transcultural learning processes within the compliance departments of the companies, character traits but also certain values seem to be of great relevance. Apart from important structural prerequisites, such as allowing for local participation and adaption of the regulations, opening up for a local mindset seems to be of

high importance in this department. Especially when working with different cultural and structural settings, it is important to have the varying contexts in mind. Therefore, creating a shared understanding of the compliance regulations coming from the parent company, while still allowing for local adaptation, seems to be effective. When implementing the strategy, authenticity, honesty and respect seem to lead to high levels of trust, which are necessary for employees to actively engage in the successful execution of the compliance strategy. Thus, the transcultural management approach partly seems to be have been put in place already.

Furthermore, when analyzing the interviews, one interesting commonality between the interviewees became apparent: Both interview partners, holding leading management positions in the compliance departments of their respective companies either grew up abroad or had international working experience with high-risk groups or in the field of international mergers and acquisitions. It seems that these experiences made them more sensitive to the need to take into account cultural differences when implementing and working with group-wide standardized compliance measures.

> We are in the process of harmonizing and aligning it [the compliance department] with the parent company, to the extent possible and necessary in light of different business models and related risk profiles. From my point of view, that makes total sense. As a matter of fact, it is the parent company that sets the tone in matters of global importance and reach. That's where the strategic decisions are made and are then cascaded down to and implemented at the level of subsidiaries. Still, national specifics are taken into account.

This competence seems of high importance in globally-acting compliance departments, as decision-making in this context requires sure instincts since no situation is quite like another one, and there has to be room left for adaptation to local values.

With regard to integrity management, we were able to derive from the interviews that both firms emphasized the importance of embedding integrity and integrity-related values into their corporate cultures and of sensitizing their staff to integer decision making in the business context. Thus, our interview partners were well aware of the importance of their employees' intrinsic motivation as well as the importance of strengthening their employees' mindsets in terms of integrity-related attitudes. Therefore, they engaged in dialogue with the employees and introduced measures to trigger learning processes. Thanks to these measures, the companies aim to raise levels of awareness on integrity-related issues, respect, honesty, authenticity and build a stronger sense of accountability / taking responsibility. These values are also identified to be relevant in a transcultural setting. Thus, by aligning various personal values that, altogether, can contribute to integrity among staff, a shared understanding of an otherwise rather abstract and thus thin description of integrity can be achieved, whilst still allowing for local interpretations:

> There can't be "the same" understanding of integrity across regions, because this understanding depends greatly on how certain values are interpreted locally.

Hence, by strengthening this mindset within the firm, levels of transcultural competence among the staff are expected to rise as well. Based upon our findings, this could be confirmed, as the interview partners at management level already seemed to embody high levels of transcultural

competence. This finding will be described in detail in the following chapter, when analyzing leadership traits of transculturally competent leaders. Figure 5 provides an overview of the measures and processes described above.

**Figure 5: Findings on Transcultural Learning – Compliance and Integrity Management**

| | Measure/Process | Goal |
|---|---|---|
| **Individual level** | Leading by example and being a reliable contact person for employees | Creating a sphere of trust through authenticity, transparency and honesty |
| | Personal interviews by leaders of the compliance department in the internal newsletter | Bringing staff closer together, creating a sense of togetherness |
| | Compliance rules and regulations can be interpreted by the leaders and can – within a certain range – be adapted to the needs of the situation | Facilitates individual learning processes; leaders engage with each case and take responsibility |
| | Implementation of a direct line between leader and employees of the compliance department with monthly update calls | Creates a platform for shared understanding and fosters communication |
| | Managers in Compliance and Integrity put emphasis on leading by example and thus, motivate other leaders to do the same | Strengthen the willingness to take responsibility whether for own tasks or for cross-departmental issues |
| | Organizing meetings for the entire department on compliance and integrity issues | Build a sense of togetherness and raise identification with the company's values |
| | Be transparent, honest and reliable as a leader | Raise awareness for integrity-related values and pass this behavior on to the employees, bottom-up approach for integrity |
| **Organizational level** | Regular team meetings for a better understanding of the compliance strategy | Foster shared experiences and common learning processes, raises levels of trust |
| | Use of new media channels to foster the employees' interest in compliance topics | Raise awareness for compliance issues and communicate values behind the regulations |
| | The main part of the set of rules in compliance can to some degree be adapted to the local context | Give room for diversity, communicates equality of cultures, promotes sense of togetherness |
| | Implementation of new media types to enhance knowledge on compliance | Communicate values and knowledge across cultures |
| | Use of case studies in compliance training to encourage knowledge transfer processes | Creating a shared understanding among the staff and raises levels of self-identification with regulations |
| | Adaptation of training material to each target group | Improves learning experience and creates a higher level of allegiance among the groups |
| | Open dialogues to discuss the meaning of integrity | Create shared experiences and consequently a shared understanding of integrity among staff |
| | High levels of global participation in creation of integrity management strategy | Collective definition of integrity led to a globally-shared understanding and strong global involvement |

| | Creation of a training material toolbox that is highly adaptable to the context of the user and the target group | Use of case studies raises awareness, relation to context of participants leads to shared understanding, through adaptation to each target group, each group has a uniquely connecting experience |
| --- | --- | --- |
| | Use of a mobile device application to raise awareness of integrity in a business context, specifically built for the needs and background of the company | Personal learning experience helps to develop higher levels of awareness and more sensitivity among staff to integrity-related issues |

## 4.4 Transcultural Leadership Traits: Growing Closer Together Through Common Values

During the analysis of the interviews, one additional subchapter was added, namely the one on leadership traits. When analyzing the interviews, we found that, although in some cases the structural background within the companies didn't particularly favour transcultural management processes, some interview partners did incorporate character traits that allowed them to manage highly effectively across cultures. Hence, to be able to describe and specify the information on this potential discrepancy, the subchapter on leadership traits of a transculturally competent leader was added. During the project, one aspect became evident: Even when the management structures in the departments of the interviewees did not explicitly promote transcultural management, the leaders themselves seemed to possess some of the competences of a transculturally competent leader. Therefore, the aim of this subchapter is to give a brief introduction to the underlying concept of transcultural competence and analyze the interviewees' character traits in this regard.

Transcultural leadership aims to facilitate the creation and implementation of commonalities throughout global organizations. Thus, a transculturally competent leader would be able to recognize, manage and use the diverse values and ideas within a company. The development of the concept of transcultural leadership is based on nine fundamental values that are understood to be globally accepted, namely: *respect, empowerment, integrity, protection, cooperation, ethical leadership, fairness, development of people and sustainability* (Moehrer et al.: 2015). Therefore, derived from these guiding values, a transculturally competent leader should be able to see and treat others respectfully and be open to other opinions, ideas and values. In this context, international experience seems to influence awareness regarding diversity. As such, it can be considered a key factor for building this competence. Following the concept of transculturality, one way to allow for diverse ideas in a business context would be to leave room for local adaptation when introducing new processes and instruments. Furthermore, according to our understanding, a transculturally competent leader should place strong emphasis on supporting others, on fostering individual integrity, on cooperating with colleagues and on nurturing fairness amongst his staff. Based on these personal traits, a leader would be expected to support the creation of a shared understanding of values among his or her team.

Hence, the objective of the analysis is to understand whether the values mentioned above play a role within the leadership concepts observed during the interviews with the representatives

of the two companies and whether other values were identified as being important by the interviewees when asked for qualities of a "good" leader. From the nine values of transculturally competent leaders stated above, more than half of them were confirmed to be important in international working environments. Additionally, in one firm, empathy, international experience, authenticity and trust-building were listed as relevant for successful workplace experience. In the other, the interview partners named respect and empowering others as being important values for successful cooperation within teams. As a consequence of the global dialogues that were organized in the company, the interview partner gained deeper insights into values related to integrity on a global scale. Based on the findings, they worked on strengthening the employees' respect towards each other and their sense of appreciation for their colleagues' work. As the interviewee personally emphasized the focus on cooperation within the team in order to show appreciation for their coworkers, it could be concluded that both, respect and appreciation of others, have a positive effect on cooperation levels within teams.

In conclusion, among the interview partners, high levels of personal transcultural competence, based on the assumptions mentioned above, could be identified. One important prerequisite of becoming transculturally competent seems to be international experience. Through this change of perspective that the interview partners experienced by spending time abroad, they seemed to have gained the ability to empathize with other parties to a very high degree. In some cases, this was supported by existing management structures, but in any case, it helped the interviewees to translate their intention or objective in a way that was better understood and accepted by the other party. Through authenticity, honesty, transparency and high levels of self-awareness, the interview partners managed to be credible in their decisions, which seemed to lead to higher levels of trust and a higher willingness to cooperate on the side of the employees. These findings are listed in Figure 6.

**Figure 6: Findings on Transcultural Learning – Focus Area Leadership Traits**

|  | Measure/Process | Goal |
|---|---|---|
| **Individual level** | Be authentic, reliable and honest and live up to your own values, create a culture of speaking up | Building trust → through higher levels of trust, cooperation within the company can be raised |
|  | Act as a role model and stand up for others and their needs | Create a respectful environment for the team and implement open communication |
|  | Respecting and empowering colleagues | Be the first to cooperate with others and lead by example |
|  | Work on one's own awareness and sensitivity towards others through self-experience and training | Be empathetic and able to put yourself into someone else's shoes |
|  | Be transparent about your own actions and communicate your values openly | Fostering the employees' personal integrity and creating a shared understanding |

## 5    Findings from the Field: Insights from India and Singapore

In the following, we will begin by outlining the significant challenges that the two firms are currently facing followed by reflecting on the status quo of transculturality and transcultural learning processes in business operations in India and Singapore based on our research findings.

India and Singapore are both multicultural countries and hence pose significant diversity challenges for firms with subsidiaries there. One such challenge is the management of cultural differences and varying preferences while handling business operations, including relationship management of both internal and external stakeholders. For example, in one company the focus seemed to be more on creating and sustaining fruitful stakeholder relationships outside the organization whereas in the other company, creating and fostering collaboration among diverse working groups within the company is observed as a significant challenge.

Bearing these challenges in mind, we will now turn to our findings in the selected focus areas.

### 5.1    Corporate Culture and Values: Fostering a Culture to Facilitate Collaboration and Growth

Within the project, our purpose was to understand how corporate culture is perceived, implemented and to what extent and in what forms transcultural learning can be observed. Correspondingly, we interpret from our analysis that companies strive to achieve and develop a culture that promotes commitment towards a collaborative way of working. Hence, on an individual level, effective collaboration can be deduced to be a starting point for a transcultural learning process. One of the interviewees reflected on the firm's willingness to promote an open and transparent culture as a means to reconcile differences. Through various measures and initiatives, employees are encouraged to voice their opinions whenever they disagree with their team or manager, for example, regarding the so-called "Yes, sir" or traditional hierarchical organizational culture. An organizational initiative to overcome the challenge in this context is to encourage healthy conflict management across all levels by promoting an open culture rather than a culture that respects power and position, as illustrated by the quote below.

> There must be constant healthy conflict management across hierarchy; without conflict there is no progress.

Furthermore, the firms are also seen to be dedicated to drive such initiatives through formal measures. For example, one such initiative to be rolled out soon is "reverse mentoring." Under this process, top management representatives are supposed to have local mentors from lower levels of hierarchy. The basic idea behind the initiative is to promote the sharing of knowledge across management levels, as illustrated by the following quote.

> All our top management will soon have a mentor who is from a lower level in the hierarchy for the purposes of knowledge exchange related to new global trends such as digitalization, social media.

We can summarize that, according to our findings, a transcultural learning process can be described as an ability and willingness to share knowledge and experience to promote a collaborative way of working. There seem to be initiatives that promote learning by enabling

employees to integrate and connect freely with diverse groups. In Figure 7 below, we summarize the key findings for the focus area Corporate Culture and Values.

**Figure 7: Findings on Transcultural Learning – Focus Area Corporate Culture and Values**

|  | Measure/Process | Goal |
|---|---|---|
| **Individual level** | Promote a collaborative way of thinking and working | Create a shared bond across cultures and hierarchy in organization |
|  | Homogenize values by communicating and respecting differences | Embrace diversity |
|  | Committed to enabling employees to be the 'voice of reason' | Overcome the culture of "Yes Sir"; be globally competitive |
| **Organizational level** | Retain diverse group of new millennia talents and collaborate efficiently. | Reduce uncertainty and attain high level of commitment |
|  | Encourage healthy conflict management by promoting an open culture rather than a culture that respects power and position | Create a bond among varying cultures → enable staff to integrate and connect freely with diverse groups |
|  | Initiatives like "reverse mentoring" (people development) where the top management representatives are supposed to have a mentor from a lower level in the hierarchy. | Promote knowledge sharing across hierarchy; respect and equality. |

## 5.2 Global HR and Diversity Management: Managing Change as a Key to Success

Finding a right talent, training employees to strengthen their professional development, managing work culture, embracing diversity, resolving conflicts, managing the relations between employees and towards external and internal stakeholders are just a few of the tasks and responsibilities associated with global human resources departments. The effective management of the aforementioned responsibilities can be perceived as a reflection of our changing world. Correspondingly, during the interviews, the companies' representatives described their awareness of the fact that individuals in the organization need to recognize how the workplace is changing and evolving. Through various measures, companies seem to focus on establishing processes and practices that enable multi-cultural cooperation. Furthermore, initiatives that can help to promote multi-cultural cooperation include constant dialogues, open communication systems, as well as a cultural exchange to spread awareness about cross-cultural behavior, as illustrated by the following quotes from the interviewees:

> We promote constant dialogue and communication with the employees to create awareness about change.

> We send our people very frequently to Germany because they are part of a German organization. They go there for more extended periods, sometimes for a whole year, and work within German departments, and they know how it works and when they come back they are precisely in line with the 'thinking philosophy' of the company.

The organization perceives that employee integration programs (e.g., formal cultural training and exchange dialogues) enable individuals to be committed to the rules of the organization. One of the interviewees' mentions that "classroom training" plays a crucial role in managing staffs. Nevertheless, the training programs are not understood to be the only source of managing cultural change; the strategy is to enable employees to recognize opportunities to learn when they participate in conversations on a global level. In this context, one interviewee talked about a formal organizational process, namely the 70-20-10 principle, which they

followed to make sure that overall learning and development takes place for an individual, as exemplified by the following quote.

> Classroom training only has a 10% impact. If there is any training or proper development to be done then the 70-20-10 approach is realistic, i.e., 70% is always on the job; 20% on working in projects and 10% through training. The language Institute takes care of the 10%, or we also have language courses in our company. With language employees also learn about the new culture. However, that is only 10%; the bulk, the 70%, happens when they go to other countries and work with the international teams.

Initiatives such as training programs on conflict management play a crucial role in motivating individuals to communicate and collaborate authentically. The interviewee's basic underlying assumption observed during the discussion is that positively resolving conflicts can lead to much-improved professional and personal relationships. Moreover, an initiative such as emotional intelligence (EI), which can help to develop a self-management technique to deal with complex situations, was also mentioned, as illustrated by the following quote.

> We have training programs for managing the different priorities and ways of working of our employees; one is conflict management, and the other is emotional intelligence (EI).

Based on our findings, gender-related issues are one of the prime focuses of diversity management. The interview partners at management level seem to be committed to embracing diversity and respecting individual differences through initiatives aimed at empowering women and achieving gender equality. Interviewees showed their global attitude by mentioning that companies have much to gain by hiring women and thereby respecting gender diversity and need to go the extra mile to retain them; which can be illustrated by the quotes below.

> We try to establish women more and more in work positions. For example, last time we set a target that 30-40% of newly recruited employees should be women.

> We do have individual initiatives for women on how to demonstrate executive presence along with skills to handle pressure.

Women-focused initiatives at an individual level seem to help create a sense of security and togetherness, whereas at an organizational level there are training programs to enable women employees to handle responsibilities of executives or leaders and not only junior staff members. Simultaneously, with an intent to uphold gender equality the firm is also seen to focus on training male employees through programs that facilitate the behavioral skills and encourage respectful collaboration among working groups, as illustrated by the following quote.

> We do have training programs for male employees to make sure they behave in a way that makes the women in the workforce comfortable to discuss [issues/problems] freely.

We deduce that companies with initiatives like "reverse mentoring" can reconcile differences both at an informal and formal level. It seems to allow generational differences to be reconciled by tailoring management practices through exchange of an individual's strengths, personalities, and aspirations. With a motive to create the best talent pool, organizations need to hire staff that can be up to three to five generations of employees working together. Moreover, they may have a mixture of other diversity structures. Each of these groups will have its motivations and aspirations as illustrated by the following quotes.

> Today maybe we have 30% of people who are younger than 30, but later maybe there will be 70% of people of a young age.

> Down the hierarchy people are young and they are ready to change, whereas top management would also need to adjust to new trends. For example, as an initiative, we are starting "reverse mentoring" now.

> Working with older employees and trying to balance their aspirations with different diversity structures.

Apparently, the initiatives mentioned above tend to have a positive impact on organizational success, by helping people to respect differences and look for opportunities to cooperate. In Figure 8, we summarize the key findings for the focus area Global Human Resources and Diversity Management.

**Figure 8: Findings on Transcultural Learning – Focus Area Global HR and Diversity Management**

| | Measure/Process | Goal |
|---|---|---|
| **Individual level** | Help employees identify and resolve conflict within the workgroup | Improved professional and personal relationships |
| | Learning through different/ conflicting viewpoints while managing employee relations | Respect differences in opinion |
| | Empathizing and sharing motivations of diverse groups | Create a sense of togetherness |
| **Organizational level** | Region-specific programs/initiatives to enable staffs to compete globally | Promote a sense of togetherness through people management programs that enable knowledge sharing and collaborative learning. |
| | Endorse cultural cooperation through various initiatives such as constant dialogues, open communication systems, and cultural exchange, as well as spread awareness of cross-cultural behavior | Enable staffs to respect differences in opinions and preferences. |
| | Training programs on conflict management and emotional intelligence | Motivate individuals to be authentic; develop a self-management technique to deal with complex situations |
| | Women-focused initiative to retain them by recognizing and prioritizing their motivations and aspirations | Equal opportunities→ empowerment of women |
| | Training programs for women to develop skills to handle pressure | Strengthen commonalities; reconcile differences |
| | Training programs for male employees to develop their behavioral skills to enable respectful collaboration among diverse team members | Gender equality |

## 5.3 Compliance and Integrity Management: Staying Connected to Achieve Organizational Integrity

In this section, our purpose is to understand the transcultural aspects of the work of the compliance and integrity department and to what extent the department engages in the transcultural learning process. In conclusion, we intend to present the facts and processes which show or reflect some of the aspects of transculturality within our cases. In the light of our research question, we can confirm that transcultural measures and practices are seen to exist partially in the interviewees' responses about the impact of globalization towards the compliance and integrity role and functions. Company representatives from both locations,

India and Singapore, acknowledged that globalization had made work more accessible and the existence of their role as a compliance manager is due to the demands of internationalization. During the discussions with the interviewees from India and Singapore, we gained the impression that the compliance related awareness programs enable effective collaboration among staffs working in different parts of the world. The programs on international level help gaining a shared understanding about the anti-bribery and anti-corruption topics, as the following quote illustrates.

> We have boosted our activities in relation to awareness through campaigns across the globe. The awareness activities have shown positive results, also due to the fact that people in different parts of the world can now engage more easily with each other on such topics as they have the same underlying understanding as a result of these campaigns.

In the context of our sample, the compliance management system refers to the specific guidelines which promote shared norms/rules and are common to all parties; this acts as an enabler for employees to take decisions and reduces the chance of uncertainty. A well designed communication system (e.g., online and face-to-face training programs, dilemma games) is considered to be one of the most important criteria for the effectiveness of compliance management system. A well-designed system also maximizes the individual's abilities to communicate effectively and efficiently that seems to create receptiveness among staffs. An effective communication system can hence be assessed as a firm's long-term investment to enable continuity of cooperation.

> When we talk about implementing compliance/business ethics in day to day business, it requires much communication. The only way to do it is to be connected and make people at ease while we are talking. This helps create receptiveness and supports implementation of the processes for a long term.

> The compliance officer is most competent when he or she is in direct interaction and communication with the staff on compliance related topics.

The communication system can be derived as an essential tool for spreading awareness about the needs and benefits of being compliant and for ensuring continuity of cooperation. There are signs of willingness to recognize local needs and respect differences as the parent company appeared to be tolerant of the local requirements that were different to those in their home country. Increased ability of individuals to communicate effectively is also seen to reconcile cultural differences by promoting respect for diversity. Accordingly, various practices such as integrity dialogues, town hall meetings etc. seem to create such cooperative environments that help develop a sustainable compliance culture.

> Activities such as integrity dialogues, external speakers, town hall meetings, the tone from the top, email information and a message from CEOs/CFOs help develop a sustainable compliance culture.

However, the transition from compliance to integrity is something that is new and is considered to be vital to be globally competent, which seems to be a significant challenge:

> Transcending from compliance to integrity is something which is challenging and new, both for organizations and individuals, and we have successfully achieved the same.

However, various initiatives such as tone from the top and external guest speakers are seen to play a crucial role in enabling successful transition. As part of these initiatives, dialogue

exchange is promoted with expert speakers; people who are known for their high integrity from the field of sport, for example, to learn how they handle conflict and situations of moral dilemma. Furthermore, it is worth mentioning that subsequently, proper due diligence is a prerequisite for selecting partners, a well-supported whistle-blowing policy and independent compliance managers who can perform their duties are considered to be pillars of successful compliance and integrity management.

> The first pillar is a proper due diligence process for selecting an organizational partner. The second would be a whistle-blowing system; one should have a stable and robust compliance management system. The third is continuous risk assessment and freedom for a compliance manager to perform his/her duties.

Furthermore, there should be platforms for sharing knowledge, and compliance managers should be invited to international meetings. To ensure the effectiveness of local programs, the vision discussed at the global level should be articulated transparently at the local level.

> Local (country-specific) compliance managers' engagement in global compliance meetings is one of the important aspects for management's compliance message to get through in a meaningful way.

Figure 9 summarizes the key findings for the focus area Compliance and Integrity Management.

**Figure 9: Findings on Transcultural Learning – Focus Area Compliance and Integrity Management**

| | Measure/Process | Goal |
|---|---|---|
| **Individual level** | Spread awareness about needs and benefits of being compliant | Raise awareness about compliance issues and trigger a shared learning process |
| | Stay connected with departments and subsidiaries | Communicate knowledge and values across culture |
| | Self-commitment towards providing appropriate training sessions to sensitize employees to organizational values | Enables and promotes an integral way of thinking |
| **Organizational level** | Efficient communication system | Foster shared experiences and collective learning processes |
| | Human Resources integration initiatives enable compliance manager to travel to subsidiaries and spread awareness about compliance | Raise awareness of compliance issues across the hierarchy |
| | Awareness programs via online and face-to-face training programs and (moral) dilemma games | Improvement of learning experiences creates a higher level of adherence among the groups |
| | An efficient due-diligence process before selecting local business partners | Creating a shared understanding among employees→ open communication→ transparency |
| | Develop an expected culture of compliance and Integrity through various initiatives such as integrity dialogues (open communication) and external guest speakers, town-hall meetings, the tone from the top, regular email exchanges, messages from CEO/CFO | Avoid the risk of fraud<br><br>Make employees aware of and sensitive to global and organizational expectations |

### 5.4 Transcultural Leadership Traits: Facilitating Authentic Collaboration

Of the nine values of transculturally competent leaders described in chapter 4.6, almost all of them were confirmed to be important to both Indian and Singaporean corporate leaders. Additionally, agility, authentic collaboration and the ability to embrace change are seen as important competences for successful cross-border cooperation. There seems to be a willingness among leaders to collaborate and create a working culture in which the ability to embrace change is as natural as breathing.

> As far as business is concerned, there are no boundaries. We are powerful enough to make the situation work out the way we want it to, and that is a cultural power. We should be willing to collaborate authentically.

It was quite noticeable that the interviewee quoted above recognizes that organizational leadership is most effective only when leaders empower others to be their best selves, as illustrated by these quotes:

> We must collaborate to make sure we partner in creating a better world.

> The strategy should be collaborative, and the firm should be committed to overall people development by empowering talents.

As an employee in a leading management role, the interviewee deliberately outlined the competence to appreciate and embrace change as an important factor for collaborating across borders, as further illustrated by this quote:

> The mantra is; accept the change, embrace the change and see the opportunity for change. One thing is evident: business is not for local benefit only, but it is for global impact. The impact should be positive.

Furthermore, the interviewee also shared the gained learning experiences on "how leadership can be effective". The interviewee mirrored leadership as a source of value generation by the ability to learn and to evolve while managing inter-sectoral and cross-functional organizational processes. According to this interviewee, there are several leadership competencies which can ensure the continuity of collaboration. First is an agile approach to achieving a goal, i.e., one should have flexibility in one's work habits, and should also be willing to adapt to current requirements while working in a team. A second competency is an approach that focuses on people development. According to the interviewee, this shared approach is the key to growing together (collaborator). Thirdly, a leader should be able to recognize and accept their staff's different ways of working styles. The interviewee stresses that this is only possible if the first and second approaches are followed up by a moral sense of responsibility, as illustrated by this quote.

> First and foremost is supposed to be an agile approach to achieving goals. Secondly, people development through a collaborative approach. Thirdly, empower people by welcoming their way of working.

We conclude that being agile while collaborating with diverse groups has a positive effect on team cooperation when working at a transcultural level. Figure 10 summarizes the key findings for the focus area Leadership Traits.

**Figure 10: Findings on Transcultural Learning – Focus Area Leadership Traits**

| | Measure/Process | Goal |
|---|---|---|
| **Individual level** | Enable staff to look beyond the obvious by collaborating authentically | Being empathetic and able to put yourself in someone else's shoes |
| | Be committed to empowering others to be their best selves | Be the first to collaborate with others and lead by example to ensure continuity of cooperation |
| | Encourage and help individuals focus on developing leadership competencies | Foster employee capability and create a culture of shared responsibility |
| | Promote an agile work culture and habits | Promote a flexible work environment→ Enable staff to be their authentic selves |
| | Focus on people development by embracing diversity. | Reconcile or manage differences effectively. |

## 6 Comparison of German, Indian and Singaporean Insights

The following chapter compares the findings from the German, Indian and Singaporean perspectives. We begin by comparing the overall challenges faced by the companies in the distinct regions and continue by comparing the focus areas per region. The emphasis of the comparison of the focus areas lies on the measures applied to engage in transcultural learning.

### 6.1 Comparison of Main Challenges

In Germany, both companies mostly face challenges regarding the growing complexity of processes within the company for several reasons. For company A, adapting to the Europe-based parent company led to challenges regarding the alignment of departments and processes. The company's history meant there was a certain resistance among staff to adapt to a new corporate culture, which requires certain instincts from leaders. In company B, the integration of smaller companies coming on board after various mergers and acquisitions led to similar challenges as there was not only a clash in national culture, but also in professional cultures. Additionally, the ongoing internationalization required more flexibility from the European headquarters, especially regarding the applicability of their strategies abroad.

In the Indian and Singaporean scenarios, the challenges identified can be assessed as similar to the German organizations in a sense that the companies in all three locations (Germany, India and Singapore) are finding ways for effective collaboration with their partners and stakeholders. However, the scope for such cooperative intervention seems to be slightly different, and there is a possibility that this is due to differences in needs and changing priorities of the national and professional cultures. In company A, the challenge was seen to be more towards relationship management with external stakeholders (for example, collaboration with a stakeholder who is a family-owned business) while in company B, managing change by strengthening relationships within the organization among diverse working groups was seen to be significant. Moreover, we conclude that at the time of the interviews, the German companies were seen to be involved more in managing organizational level challenges similar to those facing the Singaporean firm while the Indian subsidiary was more focused on the employee-driven initiatives.

## 6.2 Comparison of the Focus Area Corporate Culture and Values

As stated before, work in the field of corporate culture in Germany is mainly focused on aligning values and processes after a takeover or merger or integrating smaller companies that have been added to a group following a merger.

However, in both companies, transcultural learning processes have been triggered on an individual as well as an organizational level. It is merely the internal challenge to which these measures were applied that differs. In Germany, even at a strategic level, an elevated level of transcultural awareness could be identified, since the company's strategy regarding its corporate culture set out to create a shared understanding regarding corporate values among its workforce. Therefore, company-wide leadership programs are implemented, platforms for open dialogue are set up and various measures to raise awareness of corporate values among staff are introduced.

In Asian interviews, corporate culture is not only perceived as an important strategy to be implemented, but also as a means to an end. Through the implementation of the corporate culture of the group, the company tries, on the one hand, to promote a more collaborative working style among its staff. On the other hand, it aims to improve its conflict management. Furthermore, leaders in India and Singapore seem to be very committed to promoting an open and transparent culture by encouraging employees to voice their opinion whenever there is a disagreement. To achieve this goal, formal measures at both the individual and organizational level are implemented. Moreover, it seems that the initiatives taken at organizational level are strongly driven by the personal engagement of management / leaders.

## 6.3 Comparison of the Focus Areas Global HR and Diversity Management

In Germany, global human resources management and diversity management play a key role in the companies interviewed in this research project. They are given high priority, which manifests itself in the institutionalization of their measures and their position in the companies' internal structures.

The main challenge for the companies in Germany, as described in previous paragraphs, is to align different departments in the course of ongoing post-merger-integration processes. Hence, the focus in these departments is to offer various platforms for the exchange of knowledge, departmental meetings and huddles, learning platforms and open dialogue. Due to the crucial importance of the success of post-merger-integration at a personal level, a lot of measures are introduced at an organizational level and have the support of the companies' top management. Nevertheless, also at an individual level, high levels of awareness of these issues can be noted. Thus, leaders are attempting to act as role models and show raised levels of engagement regarding the initiation of (transcultural) learning processes among their employees.

In Germany, the diversity of the workforce and the environment of the company already seems to be accepted; in Asia, diversity is well acknowledged, too. However, strengthening the willingness and ability of employees to cooperate requires strong engagement from the company. In Germany, the main focus of the work of the diversity department is to make

diversity within the company visible and to strengthen the position of minorities such as the LGBTQ community. Additionally, the company's position on diversity is being made public through specific marketing campaigns targeting various cultural minorities in society.

In Asia, the interviewees seem to be committed to embracing their multicultural and diverse working environment and to displaying the potential it provides towards their employees. However, according to the findings from the interviews, the cultural clashes provoked by this diversity still lead to challenges in daily working practices. Additionally, we found measures to raise acceptance and respect for diversity were more at an individual rather than an organizational level. Thus, the effect and success of these measures may strongly depend on the attitudes and personal development of the managers / leaders in charge. Nevertheless, programs and initiatives are being developed to strengthen the position of, for example, women. Furthermore, training sessions are being offered to raise awareness on differences and train intercultural competence among staff. In the context of our research question, especially training on empathy and solution-orientated working practices can be interpreted as a first step towards transcultural management, although the major focus still lies on developing intercultural competence.

## 6.4   Comparison of the Focus Areas Compliance and Integrity Management

On the German side, compliance and integrity management departments seem to be well established. In one company, there was even a separated integrity department set up a few years ago. According to our findings, the main challenge for compliance and integrity management in Germany is to raise awareness on how to implement and handle values-related differences regarding ethical and compliant behavior in other countries. Additionally, reaching the necessary level of flexibility to ensure the applicability of the compliance and integrity management systems developed in Europe still poses a challenge. In this regard, not only does applicability need to be ensured, but also the integration of local traditions and values in order to allow for acceptance of the regulations at the local subsidiary.

However, these challenges are already known to the interviewees. In both companies, the interviewees have implemented processes to foster transcultural learning, not only at an individual level, but also at an organizational one. The goals of these measures are, on the one hand, to create a trustful working environment across borders that brings the staff closer together, and, on the other, to initiate common learning processes regarding the values represented by the compliance and integrity management concept of the company.

As already mentioned in the previous section, in India and Singapore, the main challenge seems to be the management of stakeholder relationships in accordance to compliance policies of the firm. Through various individual and organizational initiatives, the interviewees were seen to focus on changing their partners' mindsets and developing an understanding on the need for, and concepts of, compliance regulations. The goals of these measures are fostering a collaborative learning process and ensuring continuity in cooperation.

Moreover, on organizational level, high levels of engagement by the headquarter can be noted in the development of the global compliance strategy, in order to integrate the local perspective

into compliance guidelines. The aim of this engagement is to ensure greater discretion / room for manoeuvre for Asian leaders when it comes to implementing and adapting compliance strategies to their local context. Furthermore, many platforms for exchange within the Indian and Singaporean subsidiary are offered to allow open communication and to enable staff to identify with these values, as well as with the corporate compliance and integrity strategy.

## 6.5 Comparison of the Focus Area Transcultural Leadership Traits

Most similarities between the German, Indian and Singaporean perspective could be identified in the section on leadership traits. Almost all of the competences considered to be of importance for a transculturally competent leader could be identified in all three regions.

Almost all interviewees stated the importance of empowering their employees and raising levels of cooperation and collaboration. The interviewees were committed to respecting different opinions and working as transparently as possible. Another aspect named by interviewees in all regions is the willingness by employees to work on their own personal development and sensitivity towards ethical questions and interpersonal conflicts. These should be treated with empathy and honest communication. Furthermore, all interviewees showed high levels of commitment and personal integrity.

Additionally, interviewees in all regions work in a very solution-orientated manner and with a strong focus on their employees' personal development. In doing so, they trigger and foster transcultural learning processes. However, so far, the interviewees mainly act individually and have the greatest impact through the image they project when acting as a role model within the organization.

## 7 Conclusion and Implications for Future Research

The main objective of the research project *Transcultural Management in Global Firms* was to understand and describe the status quo of transcultural management in selected focus areas of two global firms, operating in Germany as well as India and Singapore. The selected focus areas were Corporate Culture and Values, Global Human Resources, Diversity Management, Compliance Management, Integrity Management and Leadership Traits. In order to describe the status quo of transcultural management within the aforementioned focus areas, we conducted case study research, which mainly consisted of interviews with company representatives, as well as document analysis. The insights revealed during the interviews pointed to a common theme across the cases, namely social and organizational learning processes. Therefore, we decided to focus our interview analysis and the derivation of our findings particularly on transcultural learning, which we conceive to be an inherent element of transcultural management.

The case study research comprises two cases (company A and company B), which represent two globally operating firms: Company A, which has its headquarter in Germany and its parent company in another European country; interviews were conducted with representatives from company sites in Germany and Singapore. Company B, which has its headquarters in Germany; interviews were conducted with representatives from company sites in Germany

and India. The interviews were conducted with representatives from different departments, namely global human resources, diversity management, compliance management and integrity management.

To introduce the reader to the field and explain the conceptual basis of our research, we outlined the major theoretical conceptions behind transcultural management and transcultural learning in Chapter 2 of this report. Following that, we introduced the research question, the methodology and the sample in Chapter 3. To understand and describe transcultural management and transcultural learning in the selected firms and focus areas, we geared our research to the following question: *To what extent and in what form can transcultural management and transcultural learning be observed and described in the selected focus areas?* As a result of our explorative interviews, we were able to shed light on the status quo of transcultural management and transcultural learning in globally acting companies. Among other insights, we discovered that even though transcultural management and transcultural learning focus on creating and strengthening commonalities, differences still matter. As Trompenaars & Hampden-Turner convincingly claim, "[i]n understanding the other's intentions, and perhaps signaling your understanding, you take the first step towards developing a shared meaning with your partner" (2012: 244). Building on that idea, research suggests understanding transcultural learning as a sequence of steps (cf. Wieland 2014, 2016):

1. Recognize existing differences: Embrace a defensive, non-normative attitude in order to observe and analyze differences; the overarching goal is not necessarily to overcome differences, but rather to develop awareness regarding "otherness" and to adopt a non-judgmental attitude and behavior.

2. Recognize and strengthen existing commonalities: Be curious and learn about existing commonalities. Strengthen those commonalities through dialogue, interaction and shared experiences.

3. Create new commonalities: Invest in common experiences in order to develop and strengthen new commonalities based on common perspectives.

During our case study research, we found indicators for each of the three steps in the different focus areas and regions, which is described more in detail in the findings in Chapters 4 and 5, for the European (Germany) and Asian (India and Singapore) perspectives respectively. To facilitate a regional comparison between the findings per focus area, we developed a conceptual table. In this table, we first outline key findings per focus area regarding transcultural learning measures at both the individual and the organizational level, while naming the overarching transcultural goal of that measure. Second, we use the tables as a basis for our regional comparison, which is described in Chapter 6 of this report.

In conclusion, with this field project *Transcultural Management in Global Firms* we aimed to understand the status quo of transcultural management in globally operating corporations. This status quo analysis is the first study of this kind and we hope to inspire both business representatives and researchers to conduct further research in the field. This study should be considered a modest contribution to the conceptualization of transcultural management and transcultural learning, as we suggest interpreting the presented findings as indicators of these phenomena. However, one must be aware of the rather limited representativeness of the

findings, given the scope of the project with only two cases in the sample. In the comparison in Chapter 6 of this report, we focused on the main themes per focus area that became apparent when analyzing the findings per region. While taking into consideration the overall challenges of the companies under observation, we were able to highlight the main differences and commonalities per focus area with regard to transcultural learning measures and processes. However, we suggest conducting further case study research, based on multiple case studies, which would allow more in-depth cross-case findings on the topic to be derived. This would enable researchers to derive even more representative findings on transcultural management and transcultural learning in globally operating firms.

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