Cultural Intelligence:
German Expatriates as Managers in Portugal

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EXECUTIVE SUMMARY

For individuals in management positions, globalization has reinforced contact with foreign cultures and provided opportunities to be assigned to projects abroad. Expatriates encounter additional challenges varying from differently-oriented work forces to building a new life in a foreign country. The organizations must ensure that employees are well selected, prepared, and supported throughout the expatriation process. An exploratory study of German project managers in Portugal is conducted to elaborate the importance of cultural intelligence in business. Current understandings of both national cultures and their potential conflict factors are portrayed and German expatriates questioned about their work environment and private adjustment to Portuguese culture. Performance-orientation and assertive culture on the managers' side and relationship-focus and high-context communication on the employees' side triggered difficulties with work tasks. Differences related to the cultural dimension collectivism versus individualism complicated the expatriates' adjustment to the local culture.

INTRODUCTION

Globalization and multiculturalism have become features of the contemporary world, despite disagreement over how to define them. Globalization defines a very complex development, which in economics refers to the numbers of international corporations and projects which have increased simultaneously with the amount of goods and services, capital, and work force exchanged internationally (Graf, 2004; Kivisto, 2002; Koch, 2012). It is a dynamic process which increases global economic interconnectedness, fosters interdependencies, and makes the world more complex and far-reaching (House et al., 2004; Isidor et al., 2011; Kivisto, 2002). Diffusion of information is accelerated by the expansion and inflation of communication technologies and has increased the importance of information and networks, mak-

ing them powerful assets in today's world (Ferreira, 2007; Isidor et al., 2011; Varner & Beamer, 2005; WTO, 2019). This results in the increasing loss of importance of national borders and the intensification of international competition (Koch, 2012; Sambharya et al., 2005; Trompenaars & Woolliams, 2004). Simultaneously with technological advances, the multiplication and intensifying of international relationships have fostered international trade to experience a steep growth over the past few decades (Wild et al., 2006). Koch (2012) states that over the past fifty years the world's trade volume has increased twice as much as the global overall production of goods and services. According to the World Trade Organization (WTO, 2019), in 2018 merchandise trade totaled at 19.48 trillion US dollars with a growth rate of 3% per year, and commercial services at 5.77 trillion US dollars, with a growth rate of 8% per year. Over time, globalization has led to the world's development into "the place of borders and boundaries in a world where capital, production, and peoples are in constant motion" (Dirlik, 2005, p. 49), and an integration of production chains creates "more and more products are 'Made in the World' rather than made in just one economy" (WTO, 2019).

More connections and increasing interdependencies have brought about fundamental changes in global economic and political systems, cultural identities, and reorganized global relations (Dirlik, 2005; Engelen & Tholen, 2014; Kivisto, 2002). International political and economic dependencies have grown and linked the world even tighter. Terms and concepts such as proximity and distance, and place and space have obtained new meanings, as "social relations are no longer necessarily linked to particular places" (Kivisto, 2002, p. 1; see Koch, 2012; Varner & Beamer, 2005). As the borders between nations have come down and multiculturalism has spread, cultural barriers have come up (House et al., 2004; Loth, 2006). In these contexts, the "dependence on a federation of alliances and partnerships with other organizations" (Sambharya et al., 2005, p. 158) has granted more importance to intercultural competencies.

The focus of this chapter is on the influence of cultural intelligence in an international business environment. Firstly, it is important to understand the challenges and opportunities of internationalization in the business context. Special attention is given to expatriation. Definitions of culture and its influence on expatriates' adjustment effecting the success of international business are exposed. Challenges and potential advantages of selecting and training culturally literate managers for international projects are elaborated. In that context an illustrative questionnaire and three interviews were conducted to further understand the current practices of German organizations expatriating managers to Portugal. Complementary information, such as cultural characteristics and conflict potentials are provided. The objective of this chapter is to provide a more specific exemplification of culture's importance in today's business environment and demonstrate the benefits companies profit from when ensuring that their human resources are cross-culturally prepared.

LITERATURE REVIEW

Internationalization of Business

Globalization affects industries and products in different ways so that some companies take advantage of recent developments by maximizing profit from unequal working conditions and local development, while others are fighting for their existence (Feitosa et al., 2014; Wild et al., 2006; WTO, 2019). There is a worldwide competition among locations with respect to the best fiscal system, cheapest workforce, and regional infrastructure (Koch, 2012; Sambharya et al., 2005; Trompenaars & Woolliams, 2004).

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