**INSTITUTO
SUPERIOR DE
CONTABILIDADE E
ADMINISTRAÇÃO
DO PORTO**
POLITÉCNICO DO
PORTO

M

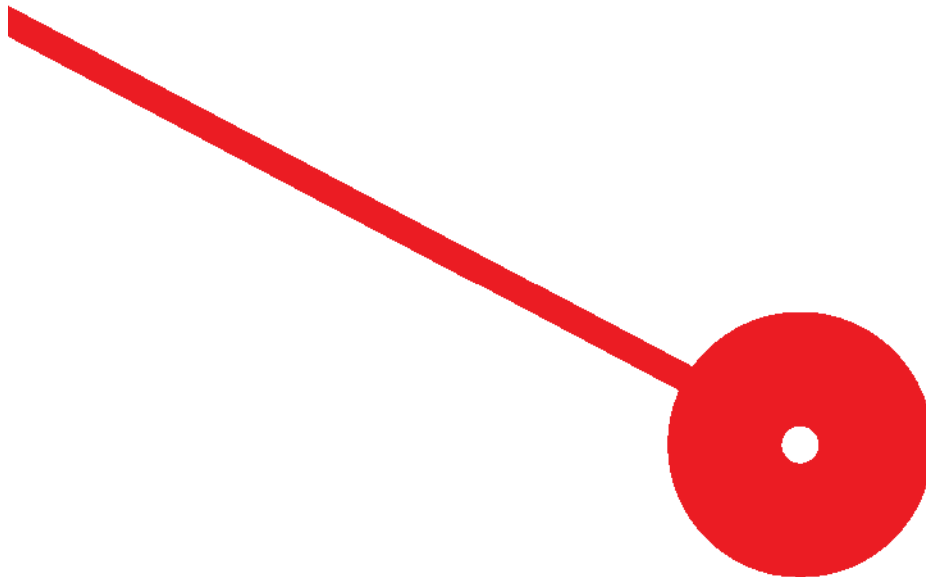**MASTER**

INTERCULTURAL STUDIES FOR BUSINESS

Global business services: A cultural approach on offshoring

Maria Beatriz Santos Silva

06/2023

Versão final (Esta versão contém as críticas e sugestões dos elementos do júri)
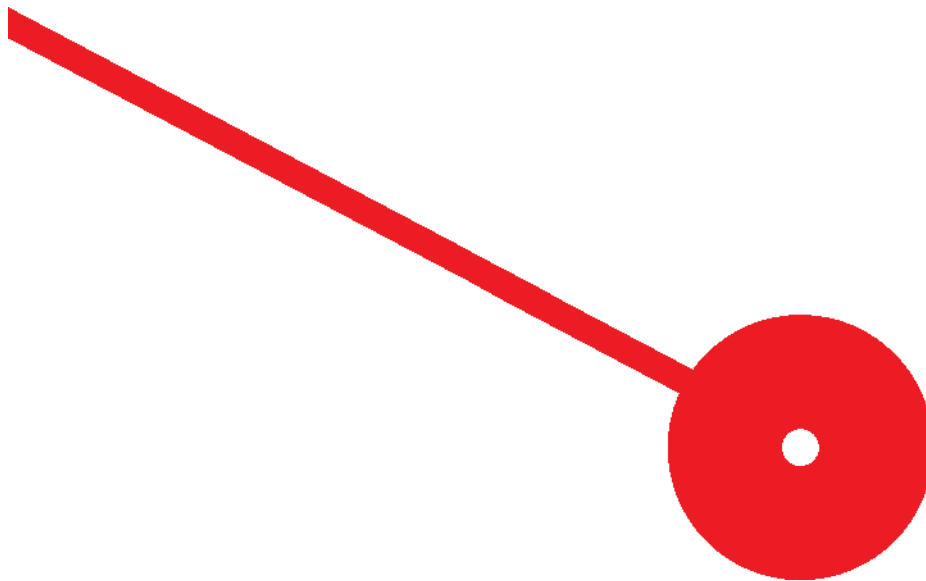
P.PORTO

M

MASTER

INTERCULTURAL STUDIES FOR BUSINESS

Global business services: A cultural approach on offshoring

Maria Beatriz Santos Silva

Dissertation presented to Instituto Superior de Contabilidade e Administração do Porto to obtain the Master's Degree in Intercultural Studies for Business under the supervision of Professor Doctor Isabel Araújo

Maria Beatriz Santos Silva. Global business services: A cultural approach on offshoring

06/**2023**

ii

Acknowledgements

I would like to express my heartfelt appreciation to my parents for their enduring love and support throughout my academic journey. I will be eternally grateful for their sacrifices and consistent motivation.

In particular, I would like to extend a special gratitude to my sister, whose constant assistance have been invaluable. Her dedication to me and my well-being, and her endless belief in my potential have played a crucial role in shaping my academic pursuits. I am truly blessed to have her by my side.

I am also indebted to Professor Isabel Araújo, for her excellent advice, competence, and mentoring. Her firm commitment to my dissertation and her insightful feedback significantly enriched my work. I am always grateful for her constant support and for pushing me to go beyond my own limits.

Additionally, I am grateful to my friends who have supported me during this journey. The shared joys and frustrations have made this journey even more important and memorable.

Finally, I would like to share my profound gratitude to everyone who has helped my research through the participation in interviews.

In conclusion, I would like to acknowledge and offer sincere appreciation to everyone who helped make this dissertation a reality. Without your encouragement and guidance, this dissertation would not have been possible.

Resumo

Os Global Business Services (GBS) surgiram como uma evolução do modelo de serviços partilhados, moldando o futuro das operações organizacionais. À medida que os GBS estendem o seu alcance a novos locais e adotam estratégias de offshoring para a redução de custos e melhorar a eficiência, confrontam-se com vários impactos interculturais, que têm sido ignorados pela literatura. O objectivo desta dissertação é realçar a influência positiva do interculturalismo em iniciativas de offshoring, quando as características interculturais são adequadamente abordadas e monitorizadas pelas empresas. As formações e treinos interculturais surgem como um elemento crucial, que não só influencia o sucesso do offshoring, mas também promove um ambiente de trabalho mais inclusivo para equipas culturalmente diversas em GBS.

Para investigar os impactos interculturais do offshoring foram realizadas entrevistas com participantes de um projeto de offshoring numa organização GBS. Os resultados revelaram que a língua e a competência cultural são aspectos interculturais fundamentais, e que exigem uma análise cuidada. Já as barreiras linguísticas e de comunicação, a passagem de conhecimentos, e as disparidades nas leis e regulamentos surgiram como os aspetos mais desafiantes do offshoring. Além disso, foi observada uma potencial lacuna geracional entre a familiaridade com conceitos interculturais, e a confiança e capacidade na atuação em diferentes contextos culturais. A pesquisa destacou também a necessidade de iniciativas de formação intercultural e enfatizou a importância de uma comunicação clara sobre as expectativas do projecto, juntamente com uma abordagem estruturada para gerir a diversidade cultural.

Esta dissertação destaca a crescente importância das práticas de offshoring no cenário global, exigindo uma cuidadosa consideração das implicações interculturais. Como resultado, a decisão de proceder com iniciativas de offshoring deve ser cuidadosamente considerada. Esta pesquisa tem como objetivo contribuir para a literatura, e proporcionar uma compreensão profunda sobre as implicações interculturais no contexto de offshoring em GBS.

Palavras-chave: Global business services; Offshoring; Impactos interculturais; Globalização.

Abstract

Global business services (GBS) have arisen as a gradual evolution of the shared services model, shaping the future of organizational operations. As GBS spreads its reach to new locations and embraces offshoring strategies for cost reduction and better efficiency, it confronts a variety of intercultural implications that have been disregarded in the existing literature. The purpose of this dissertation is to shed light on the positive influence of interculturalism in offshore initiatives when cultural concerns are appropriately addressed and monitored by businesses. Intercultural training emerges as a critical element that not only influences the success of sourcing activities but also fosters a more inclusive work environment for culturally diverse teams of the GBS.

To investigate the intercultural implications of offshoring, personal interviews were conducted with active participants of an offshore project within a GBS organization. Findings revealed language and cultural competence as pivotal intercultural aspects that demand careful consideration. Language and communication barriers, knowledge transfer, and disparities in legal and regulatory frameworks emerged as the most challenging facets of offshoring. Additionally, a potential generational gap was observed between familiarity with intercultural concepts and confidence in navigating diverse cultural contexts. The study underscored the pressing need for intercultural training initiatives and emphasized the importance of clear communication regarding project expectations, along with a structured approach to managing cultural diversity.

The importance of this dissertation lies in the premise that offshoring practices will continue to rise, fueled by globalization and digitization. As a result, the decision to engage in offshore initiatives must be carefully considered, scrutinizing potential concerns associated with interculturalism. This research endeavors to contribute to the literature and o bring to the businesses a deeper understanding of intercultural implications within the context of offshoring in GBS.

Keywords: Global business services; Offshoring; Intercultural impacts; Globalization.

Table of Contents

List of abbreviations

ESG - environmental, social and governance

GBS - global business services

GVO - global value organization

SLA - service level agreement

SSC - shared services center

SSON - shared services & outsourcing network

List of Tables

List of Figures

Global business services (GBS) are considered the prime form of shared services. GBS can be defined as a unit of an organization responsible for specific functions that support the core business of the company. This way, the company can combine multiple locations across multiple functional departments, which promotes cost reduction, efficiency, standardization, flexibility, agility, and continuous improvement, while having topmost knowledge across all the functions, locations, and jurisdictions. This type of organizational model has great relevance in today's business world, being used by a magnitude of companies listed on the Fortune 500.[1]

As more companies introduce GBS strategies to meet their objectives and gain economies of scale, outsourcing and offshoring have become significant tools for accelerating and supplementing shared services. Offshoring focuses on the relocation of services to remote locations, bringing all kinds of financial benefits to the company, such as cost reduction that generates the opportunity for growth and revenue. Hence, as companies aim to expand to new regions, boosted by future trends of globalization, the practice will continue to be relevant in the following years.

Despite offshoring practices having several opportunities and downsides, the current literature has a deep focus on the financial endeavors of such projects and fails to investigate one of the most challenging aspects of offshoring. As globalization is something relatively recent, intercultural transits have always existed. Cultural differences and intercultural communication are pivotal aspects of any international business that become apparent when performing an offshoring activity. It has become fundamental for businesses to effectively navigate the nuances of interculturalism, since cultural knowledge, awareness and cross-cultural competence among workers will improve productivity and the overall success chances of the business.

The offshoring initiatives undertaken by a global business services organization provide a unique opportunity to examine the impact of interculturalism, given the prevalence of offshoring operations within GBS and its diverse workforce, involving various cultural backgrounds, knowledge domains, and languages. Thus, this dissertation aims to investigate the extent to which interculturalism has an impact on the success of offshoring activities. Specifically, it seeks to ascertain the pivotal cultural-related pain points of offshoring, the extent to which these are being

---

[1] Fortune 500 is a list created by Fortune magazine every year, compiling the 500 largest companies in the United States, ranked by their annual revenue.

considered by the organization, and how companies can use intercultural competence, awareness, and communication, to higher the chances of success.

To research the above, a qualitative and observational research methodology was applied to a population of workers in a GBS organization. Personal interviews were conducted with individuals of the GBS that are participating in an offshoring activity to the Asia-Pacific region. The respondents held key positions within the offshoring project and are deeply involved in the transition process. The data gathered from the interviews will then be condensed and scrutinized, using graphs and summary tables to display interesting statistical data.

By joining interculturalism and business, themes that are often disregarded together, this dissertation aspires to bring a deeper understanding of how companies can leverage interculturalism to enhance business activities, particularly in the context of offshoring within GBS on a global scale.

The present dissertation is divided into three main chapters. The first chapter aims to provide a comprehensive and critical analysis of the existing literature on the relevant topics and concepts for the dissertation. These include a review of the global business services model; the advantages, disadvantages, cultural challenges, and risks of outsourcing and offshoring; an overview of concepts such as multiculturalism, interculturalism, intercultural competence, and cross-culture communication; and finally, an assessment of GBS organizations as intercultural workplaces, including a discussion about the future of such models.

The second chapter focuses on exposing the research problem, and explaining what the chosen methodology techniques will be. Furthermore, the methods of data collection are exposed, ending with the structure of the interview used for collecting the data.

Chapter number three exposes the data accordingly segmented and compiled and further discusses the results obtained. In this chapter, the answers from the methodology used were analyzed and several hypotheses, variations, and findings were considered.

The conclusion has the purpose of gathering the recurring themes and summarizing the key findings and arguments. In this chapter, the limitations and future research guidance can also be found.

CHAPTER I – LITERATURE REVIEW

1. Global Business Services (GBS)

1.1. Brief history

The origin of shared services dates back to the 1980s in the United States. The intention was to separate administrative services from strategic operations, mainly in the financial sector, to centralize scale and efficiency, and decentralize service and innovation orientations (Cecil & Goldstein, 2021). However, there is earlier evidence in the healthcare field of sharing medical and administrative services to control costs and increase services (Redman et al., 2007), and even, in the US army to control travel expenses (Strikwerda, 2014).

They were initially seen as a simple way to achieve cost savings, however, over time shared services evolved to become an integrated and reliable solution to address multiple operational needs, not only in finance and procurement but also in areas such as marketing and human resources (Silitschanu, 2019).

The underlying idea that shared services was the key to improving the supporting processes was the motive behind the fast spreading of the model in the late 1990s (Schulman et al., 1999). For many companies, the model was a sort of magical solution to achieve economies of scale by consolidating back-office operations. Consequently, it became a popular method of organizational change for businesses with unsatisfactory results. It was also around the same time that the term started to be recognized and investigated in academic settings.

Shared services have diverged over time, both geographically and in the scope of the operations they provide. During the 2000s, the increasing practice of outsourcing and offshoring boosted the model even more. The uniqueness of the latter was the combination of the scale and efficiency of centralization with the service and innovation-focused aspects of decentralization (Cecil & Goldstein, 2021).

In recent years, global business services have upgraded shared services even more, "by becoming an enterprise-wide model that is flexible enough to serve multiple business functions" (SSON, 2022). This way, GBS offers an integrated solution to all the shared services and outsourcing activities in a business.

The model has proven to be so effective that it is used by a significant portion of Fortune 500 companies, with 85% of them reaping benefits beyond cost reduction and efficiency, including business transformation, organizational flexibility, expertise consolidation, and higher customer satisfaction (Soalheira & Timbrell, 2014). In 2011, nine out of ten groups had some sort of shared services (PWC, 2011).

GBS ultimately represents the evolution, and future, of the shared services model. It has the means to respond to the new demands that emerged over the years. The increasing adoption of GBS by many successful organizations is therefore a reflection of the need to become more efficient, lean, and optimized, to meet the expectations of employees and customers in our digital age.

1.2. GBS Model – characteristics, assets, and liabilities

The shared services model has gained attention due to its multiple benefits in terms of efficiency, cost reduction, and improved quality. As so, the characteristics, potential advantages as well as disadvantages of GBS have been widely discussed.

Cost savings were the beginning of the attractiveness of global business services, but they are now being used to leverage the company beyond precursory key performance indicators (EY, 2019).

This evolution reflects the support of strategic services that sustain corporate growth, in addition to operational services executed with devoted knowledge and ongoing innovation (Silitschanu, 2019). In other terms, instead of having several duplicated and non-value-adding services, shared services show the centralization of tasks (usually administrative functions) into a separate business unit (Quinn et al., 2000). This separate business unit will then consolidate, simplify, and standardize those activities, leading to the quality of the output production being enhanced over time and economies of scale being achieved (Ramphal, 2012). Richter and Bruehl (2019) found that companies using shared services models can reduce costs by up to 30%, in comparison to companies using conventional organizational models.

According to Schulman et al. (1999), shared services promote the idea of a "one-stop shop". This means that the centralization of the business functions fosters a total solution approach to the issues by simplifying services and giving clients a single point of contact.

However, the advantages are not only related to costs, efficiency, and standardization. This type of model might as well promote value creation and better service for internal customers (Bergeron, 2003). The assets of the shared services concept are promptly seen in GBS, adding what was previously said, to a full understanding across functions, locations, and jurisdictions, an agile mindset over the processes, the flexibility and technology to respond to unpredictable challenges, and a drive for excellence (SSON, 2022).

Furthermore, by freeing professionals from more administrative tasks, they can spend more time creating critical and management-oriented activities. As supported by EY (2019), global business services enable the rest of the organization to focus on profitable and long-term expansion. Having a business unit so specialized in the functions it delivers creates a continuous improvement and innovation mindset in areas that are easily overlooked by companies operating in a conventional organizational model (Silitschanu, 2019). The advantages of the model are also felt by the staff of the shared service unit itself, who have better career opportunities and more transparency (Schulman et al., 1999).

Yet, there seems to be a mismatch in the literature, as some authors describe the several advantages mentioned before, while others argue that the companies' comparative advantage is insufficiently comprehended. According to Schulman et al. (1999), it is very challenging to evaluate the efficacy of shared services. Also, despite GBS being the premier shared services model, it does not mean it will be the best option for every company (SSON, 2022).

Hence, some of the liabilities of the shared services model might include the possible disconnection of the employees of the shared service to the rest of the company, creating a feeling of division and incoherence (Ramphal, 2012). It can come quite easily to the workers of the shared service unit to feel like they have gone "from a player in a large corporation to a second-class citizen now working for employees of that corporation" (Bergeron, 2003). Instead of being strictly supervised by the mother company, these workers should be free to respond to the business unit.

The phenomenon can cause resistance to change, which is also connected to another liability of the system. One of the main challenging aspects of a GBS organization is to deliver quality and value amidst the ever-changing global environment. This constant need to change and adapt is especially critical when each region obliges the organization to be

dealing with multiple jurisdictions, regulations, cultural differences, and unique conditions. This hampers the process of standardization and the workload of change management teams (SSON, 2022).

1.2.1. Implementing a GBS

The implementation of a GBS is a major investment for the company. Nowadays, most companies that aim to introduce the shared services model do it for transactional or transformational purposes, intending to maximize the advantages of both centralized and decentralized delivery of business functions (Bondarouk, 2011).

Even though it does not exist a shared services model that fully fits the characteristics and needs of an organization, some strategies should be considered when installing a GBS. It is fundamental that all the processes are defined and taken into a phased approach, evaluating the organization's capabilities and weaknesses, especially regarding digital competence, since it will completely transform the optimization and automation of processes. This phased approach is also expected for the time that all stakeholders take to shift from a local perspective to a globally integrated mindset (Edis, 2022).

According to a study led by Deloitte (2013), the first step should be to define the scope of work, including the size, countries the business works for, the difference in time zones and languages, and the complexity and type of support functions needed.

The skill of the recruited workforce is a crucial element in determining the success of the GBS. The best-in-class talent within a GBS organization must be handled under the core responsibilities of the company and the competencies that will be essential to its success (Edis, 2022).

The next steps are all about managing the transition, with a solid map and timelines to make sure a smooth transition is in place. And finally, monitor the performance by quantity, quality, and costs, to evaluate and guarantee the success of the implementation. GBS's vision should include identifying obstacles and implementing improvements both within silos and across departments (Edis, 2022).

Later in this dissertation, a special emphasis will be placed on the specificities of the implementation concerning the intercultural perspectives and boundaries and its risks for the success of a GBS.

1.3. Shared Services Center (SSC) vs. Global Business Services

There is not one definition of shared services, as the concept is quite dynamic, but centralization, automation, and standardization of processes are at the foundation of the model. Similarly, there is not a well-defined and strict understanding/definition of shared services center or global business services, even though there are similar characteristics and common understandings within all concepts (Schulz & Brenner, 2010).

Bergeron (2003) defines SSC as:

A collaborative strategy in which a subset of existing business functions is concentrated into a new semi-autonomous business unit that has a management structure designed to promote efficiency, value generation, costs savings and improved service for the internal customers of the parent corporation. (Bergeron, 2003, p.3)

Likewise, the term for GBS has been used to describe a variety of models that aim to integrate service delivery across multiple functions. According to Deloitte (2013, p.3), the organizations that truly employ GBS the best, are the ones that view it as a "fundamentally different way of thinking about all support services throughout the organization, with a common leadership and governance structure tied to overall organizational objectives."

Edis (2022) defines Global Business Services as a "dedicated unit within an organization that is responsible for specific functions or processes that support the company's core business goals." The organizational unit is composed of cross-functional experts that work in a way that intends to exceed customer expectations in quality, cost, and delivery.

SSON (2022) indicates that the main difference between both models relies upon the scope and quality of the services offered. SSC intends to be a separate business within the firm to serve as a support function to the organization. Whereas GBS promotes itself as a business partner that assists the company in achieving its strategic goals by delivering support functions on a global basis, and directly to the core business.

Instead of a company relying on multiple shared services centers and managing outsourced providers individually, a "GBS provides integration of governance, locations, and business practices for all shared services and outsourcing activities in a business" (Deloitte, 2013). Thus, Global Business Services is emerging as a model that combines the

evolution of business process outsourcing and the shared services model, since in many ways the two remain siloed and poorly integrated and aligned with corporate strategies (PWC, 2011).

Continuing with the key differences, SSC usually provides support across multiple locations, but within a single functional department, many times, with non-core processes or non-customer-facing activities. Whereas GBS combines these functional shared services into a single organization, thus serving multiple locations across multiple functional departments, including both non-core and critical processes, which promotes further optimization (Edis, 2022).

Different from SSC, which can be regional, country-based, or multi-national, GBS is indeed global. GBS also offers a more holistic, flexible, and tailored solution (Edis, 2022), combining a variety of high-value and consultative services in addition to transactional needs. GBS has also adopted new tools and technologies demanded by the evolution of the industry (Chan, 2020).

Although both SSC and GBS support business functions, the quality of the delivery is distinct. Hence, the saying that GBS represents a highly developed and integrated derivative of the shared services model (SSON, 2022).

Petti (2020) defends that there is no better model, and that the decision purely depends on the situation. For example, the author states that a shared services center would be a better option for mature businesses in leveraging economies of scale, increasing customer satisfaction, and granting higher control across global business units. This is possible because the shared services model results in more control, which consequently reduces the risks. On the other hand, the Global Business Services model thrives in supporting organizational agility, creating a global visibility for stakeholders and higher employment engagement.

1.4. Outsourcing vs. Offshoring

This dissertation will have a special focus on offshoring and the ethical issues that the practice arises. For this, distinguishing offshoring from outsourcing is fundamental, as the two concepts are frequently conflated, and despite being different, they can occur simultaneously.

Outsourcing first appeared in business contexts in the 1980s, due to company demands for more specialized, quick, and efficient external suppliers. Sako (2006) identifies outsourcing as when "firms opt to 'buy' rather than 'make' things in-house". It is a strategic decision, in which the company hires another party, highly specialized, to handle operations, including tasks that were done before by workers within the company. Therefore, the practice can be carried out either locally or internationally.

Offshoring, on the other hand, is primarily a geographical activity. Offshoring focuses on the relocation of services and functions to locations remote to the business center (McKinsey&Company, 2003). According to Sako (2006) "offshoring occurs when firms move productive activities overseas, whether they are conducted by separately owned suppliers or by fully owned (captive) subsidiaries".

With the advancements in telecommunications and transportation, information can be transmitted over long distances at very low costs, without damaging the quality (McKinsey&Company, 2003), which led to the conclusion that having the work done elsewhere was quite advantageous, particularly in underdeveloped countries. Apart from that, companies can experience other factors that induces them to offshore, such as the reduction in trade barriers and regional free-trade agreements, the reduction in costs of transportation, and the technological advancements (Bottini et al., 2007).

The increasing digitization of most business services facilitated business activities to be conducted in entirely new ways, as well as across large distances. This has opened possibilities of trade in a variety of services that were traditionally non-tradable and caused a growth potential in offshoring activities facilitated by the opening of markets at both global and national levels (Olsen, 2006).

In its initial form, offshoring first appeared in customer service-related operations, but it has since expanded to a wider range of activities, including engineering, software

development and other IT-related activities, and other jobs that generally speaking, require highly qualified and specialized labor (Olsen, 2006).

In short, the main difference between outsourcing and offshoring is the location of the services being supplied. In the meantime, new outsourcing models are emerging, driven by the most recent pandemic. One of these models involves hiring workers from abroad and integrating them into a company's domestic teams. This way, the work is performed remotely (Peatman, 2022).

There is yet another term, offshore outsourcing, which is defined as "the delegation of non-core operations or jobs from internal production within a business to an external entity (such as a subcontractor) in a country other than the one where the product or service will be sold or consumed" (Herath & Kishore, 2009). In other words, is "the relocation of jobs or processes to an external and internationally located provider" (Olsen, 2006).
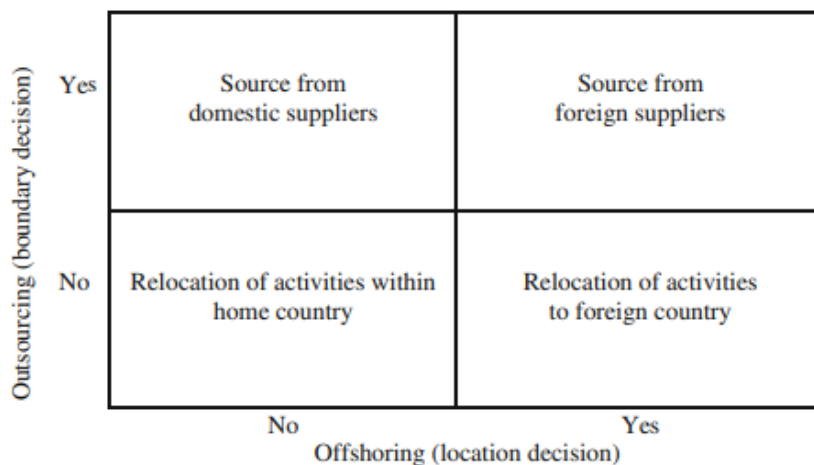
Figure 1 "Offshoring and Outsourcing framework", Source: Robertson et al., 2010

1.4.1. Advantages and disadvantages of outsourcing and offshoring

When determining whether to use offshoring, outsourcing, or both, firms should carefully assess their unique demands as both outsourcing and offshore have their own set of benefits and downsides. In this part, the advantages, disadvantages, risks, and criticisms of both strategies will be analyzed.

There are many reasons why a company chooses to outsource, the most common being the reduction in costs, namely labor costs, operational costs, and other general expenses. The practice has become natural in today's globalized world. According to Hayes and Kindness (2022), the reduction in costs may be passed on to customers and shareholders who will enjoy higher profit margins, and the effect should ultimately trickle down and benefit consumers.

Moreover, outsourcing is frequently associated with specialized jobs or services, allowing the organization to concentrate on its core capabilities and core business while letting the specialists handle the outsourced work. It not only frees up internal resources for the company but also fosters its competitive advantages and reduces risk (Peatman, 2022).

On the negative side, outsourcing may endanger sensitive data and confidentiality, and can also compromise the quality of the work delivered in order to increase profit. Moreover, businesses may lose control over the functions and procedures they outsource (Peatman, 2022).

Hayes and Kindness, (2022) state that the consequences of outsourcing also include easier access to markets that would otherwise, be incredibly expensive to enter, which will result in a major increase in competition. Outsourcing can also lead to fragmentation and disintegration of the supply chain, since every part of the business that is outsourced, can effortlessly be copied or subcontracted by a competitor. On a more personal note, outsourcing may result in employee discouragement, fear, and mistrust of their employer, as well as a lack of brand loyalty and satisfaction for the clients. The authors agree that the practice can ultimately, and unintentionally, spread to the countries to which the work is being conveyed.

Similar to outsourcing, the key objective when offshoring is the reduction of costs. For instance, the availability of employees to undertake specific tasks that can be desirable in some places and undesirable in others, and the salary discrepancies existent between countries for the same skill sets (McKinsey&Company, 2003). Research from McKinsey&Company (2003) also concludes that because of this, workers in low-wage countries are more motivated and outperform the workers from developed areas.

A benefit of offshore is not just the cost savings, but also the substantial chance it provides for generating revenue growth. The cost saving can foster an investment in other

services, processes, and ways of working that add value and revenue (McKinsey&Company, 2003).

Offshoring can also bring advantages to the offshore nations of developing countries. Peatman (2022) says that the offshoring culture of India transformed the country to be the world's third-largest economy, and in the Philippines, the industry of offshoring generates 27$ billion in revenue and supports more than a million jobs. Nowadays, both Philippines and India are in the top five of the Top 50 Digital Nations, powered by their proficiency in English, growing literacy, and work ethics (Tholons, 2019)

On the other hand, Webb (2017) says that critics can look at offshoring as a way to exploit the most vulnerable assets of the world, including human capital with no legal support and protection, which is forced to operate in hazardous conditions. Other operational risks of the practice include communication issues, legal conflicts, and possible changes in political, social, economic, and legal requirements.

1.4.2. Cultural challenges and risks of outsourcing and offshoring

The reputational risks that companies that choose this strategy face, are important to mention. In particular, the cultural-related effects of these practices and the subsequent impacts on success and customer satisfaction are key areas that this dissertation intends to highlight, especially when propelled by large corporations using a GBS model.

Every company revolves around the needs of the consumer; thus, clients are the heart of the business. The adoption of certain strategies, such as outsourcing and offshoring, has often been criticized, namely by customers who may be turned off by them. This phenomenon started when outsourcing and offshoring were highly linked to call centers and other customer support, or technical support-related activities being practiced in India. The situation led to a lack of trust in the company, especially when sensitive information is at the cause, sometimes also backed up by a lack of quality in the support delivered as well (Hayes & Kindness, 2022).

As culture is something that has existed for a very long time, globalization is something new in comparison. Cultural differences pertain to the degree of variation between members of separate groups regarding their cultural dimensions. These dimensions encompass shared values, norms, beliefs, and assumptions that aid in the organization and structuring of their world (Roberts & Wasti, 2002, as cited in Winkler et al., 2008).

According to Winkler et al. (2008), in offshoring agreements, cultural dimensions such as communication and the differences in communication styles can lead to misconceptions that impede cooperation or even result in confrontations.

Further study on the subject showed that cultural differences come up as behavioral variations among team members from various cultures, and these behavioral differences can "negatively affect relationship quality (e.g., if conflicts occur), which in turn has a negative influence on offshoring success (e.g., reduced service quality or project delays)" (Winkler et al., 2008).

However, those behavioral disparities caused by culture may be addressed by efficient management strategies (Winkler et al., 2008).

Having said that, cultural compatibility is a criterion that outsourcing and offshoring strategies have long been considering, and the choice of destination differs by country of origin (Metters & Verma, 2007). The decision was mostly influenced by language, therefore nations like the UK and the US offshored the majority of their labor to countries like India, the Philippines, Barbados, and other former British colonies. In the same way, Spain and Portugal most often offshore to South America, and other E.U. countries offshore to areas that are culturally and linguistically similar, for example, countries like Germany and Austria offshore to Eastern Europe. This makes it apparent that cultural factors and colonial history had a significant impact (Metters & Verma, 2007).

Professors Peeters, Dehon, and Garcia-Prieto (2015) conducted a study on the influence of cultural differences on the success of outsourcing and offshoring activities, measuring the success by how fast companies achieve the Service Level Agreement and if they reached the expected cost reduction. The study was performed using data from almost 1000 offshoring initiatives from the US and Western Europe, from multiple sectors and sizes. This research led to the following conclusions:

- It takes longer to reach SLA when there are more cultural differences between the home country and the offshore nations. This can be caused by a lack of understanding, coordination, and intercultural communication competence.

- A better chance of reaching the expected cost reduction is correlated with more cultural differences.

The latter finding is intriguing because it supports studies done by social psychology scholars on how emotions differ in cross-cultural contexts. This research shows that major cultural differences in business relations generate more fear and anxiety, yet these negative feelings have a positive impact on matters like improved decision-making. This means that the unpredictability of encounters boosted by cultural differences leads to more accurate cost estimation, and better chances of succeeding (Peeters et. al., 2015).

In sum, the false assumption that outsourcing to culturally similar nations is easier than shifting to culturally different countries leads managers to disregard the key planning phase of any offshore initiative, resulting in unexpected costs (Peeters et. al., 2015).

2. Interculturalism

In today's world, it is inevitable to coexist, interact, and exchange values with the several cultures in our surroundings. In this context, it is imperative to recognize and appreciate cultural diversity through means of respect and understanding. Hence, the importance of interculturalism in fostering social harmony and cohesion, which consequently and unwillingly impacts the economy and its expansion.

The term interculturalism was first introduced in the 1970s, due to the need for the inclusion of migrant children and their educational adaptation. It was introduced in France, but rapidly reached the rest of Europe. Although intercultural transits have always occurred (Sarmento, 2014), the concept has become more prevalent during the past few decades in philosophic, political, and public discussions of diversity-related issues (Loobuyck, 2016).

Old phenomena, like migration, have been even more present in the globalized and virtual world we live in, which led to the concepts of what "home" and "belonging" mean to be reconsidered. Upon this reevaluation of the concepts, it is more clear than ever that cultural identities are flexible and performed, which overcomes a major barrier of separation between society (Hall, 1994; as cited in Sarmento, 2014). Using this method, it is also possible to study multiple fields that usually are not investigated together, and according to Bhabha, "this notion of intercultural functions as a sort of third space" for hybridity (Bhabha, 1994, as cited in Sarmento, 2014).

More than just gathering preexisting cultural traits with rules and explanations, interculturalism creates everyday life culture and focuses on omissions, deceits, and

processes. It engages with reality on a deep level, shifts boundaries, and investigates transformative communication dynamics (Sarmento, 2014).

In agreement, we may state that societies have adapted to a variety of cultures and that this cultural exchange occurs much more quickly now than it did in the past. It soon becomes clear that to live the intercultural exchange, one must overcome familiar challenges with new pathways, such as the reconsideration of concepts, motivations, and rules of interaction. In particular, new intercultural ethics demands understanding and respect, dialogue, and intercultural awareness (Sarmento, 2014).

2.1. Multiculturalism and Interculturalism

The distinction between interculturalism and multiculturalism is a hot topic in the social and political sciences. Although there is no right or wrong, better, or worse, there are advocates and critics of both terminologies.

Verkuyten et al., (2018) state that multiculturalism "tends to preserve cultural heritages and promotes the recognition and accommodation of existing minority identities for a group-based just society". Even though the recognition and affirmation of different cultures and their heritage is crucial for their preservation and harmonious relations, interculturalism's purpose is to go beyond the recognition and the avoidance of conflict.

In the words of Booth (2003) interculturalism's purpose is to:

> Developing cohesive civil societies by turning notions of singular identities into those of multiple ones, and by developing a shared and common value system and public culture. Building from a deep sharing of differences in culture and experience it encourages the formation of interdependencies that structure personal identities that go beyond nations or simplified ethnicities. (Booth 2003, p.432; as cited in Sarmento, 2014)

The key distinctive factors of interculturalism are the belief that dialogue, and interaction are essential for fostering harmonious intergroup relations in a plural society (Verkuyten et al., 2018), and the underlying sense of consciousness and awareness (Sarmento, 2016). Thus, most of the defendants of interculturalism state that according to psychological research, the interaction and cooperation between groups lessen bias and encourage tolerance (Verkuyten et al., 2018).

On the contrary, multiculturalism tends to place higher importance on the recognition of singular identities, division, and what separates one from the other, ignoring what unites them (Verkuyten et al., 2018). As Sarmento (2016) remarked, multiculturalism has been subjected to a political-ideological prism, as a desired reality of a limited space where diverse cultures cohabit. The concept also presupposes the right to live in a common space in accordance with the distinct cultures of those communities, which can easily become unrealistic, and in the best-case scenario, result in segregation.

According to Meer and Modood (2012), interculturalism is not drastically different from multiculturalism, but the former emphasizes the three interrelated elements of dialogue, identity flexibility, and the sense of unity across diverse cultures. Also, a few critics convey that the difference between both is exaggerated and that interculturalism is a modification of multiculturalism (Verkuyten et al., 2018).

Nevertheless, interculturalism has been receiving more positive attention, particularly in response to the alleged failures of multiculturalism. In 2008, the Council of Europe even considered the latter as inadequate, arguing that the term considered society in opposition, endorsing the separation of majorities from minorities, instead of considering the assimilation of both. Having said that, the Council of Europe preferred to adopt the term interculturalism and employed it in several European countries and several educational programs. UNESCO and the European Commission also adopted the term (Verkuyten et al., 2018).

In sum, whilst multiculturalism prioritizes tolerance and conflict avoidance, interculturalism prioritizes dialogue. Whereas interculturalism focuses on the self and makes comments about one's identity in relation to others, multiculturalism is concerned with others and what one needs to know about them (Kromidas, 2011; as cited in Sarmento, 2014).

2.2. Intercultural competence

The word competence in the work environment relates to the ability to have the expected performance (Matveev & Nelson, 2004). Thus, in the intercultural setting, competence describes the ability to "understand the close relationship between language, culture, arts, conventions, and discourses, in a constant process of problem-solving and anticipation, adaptation and awareness" (Sarmento, 2014). More simply, intercultural

competence is the act of understanding and respecting one another despite various cultural boundaries, using a set of knowledge and abilities to do so (Council of Europe, 2012).

Throughout the years, researchers have advanced a myriad of models of intercultural competence from several areas and disciplines, to explain what it takes to be interculturally competent. Thus, according to the different areas and disciplines, intercultural competence can also be known as intercultural communicative competence, cultural intelligence, global citizenship, and more. Consequently, this generated a plethora of models of intercultural competence (Leung et al., 2014).

According to Matveev (2017), the fundamental key dimensions that are commonly used to describe intercultural competence are awareness; knowledge; motivation and attitudes; and adopted skills.
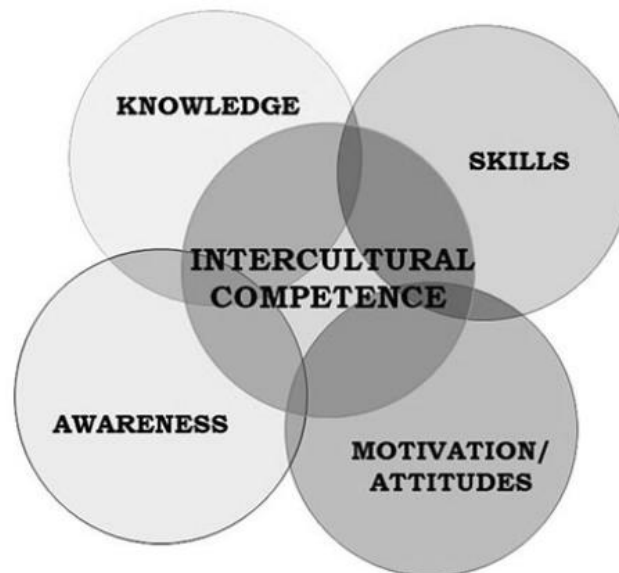
Figure 2 "Key Dimensions of Intercultural Competence", Source: Matveev, 2017

Awareness is a well-known dimension of intercultural competence. It originates from the word "conscientização" which signifies critical thinking, or a deeper introspection, reflection, and attitude about the self in relation to the other. Awareness is thus a key dimension of interculturalism, that entails the acceptance and recognition of the other and must be trained and enhanced by educational activities (Fantini, 2000; as cited in Matveev, 2017).

Motivation/attitudes, another key dimension, refers to the willingness of an individual to engage with diverse cultures, usually because they have a flexible and open-minded attitude (Matveev, 2017).

The skills dimension is regarding the so-called aptitudes, or talents, that an individual must develop to be a good intercultural communicator. Namely, the skills to adapt and alter their speech according to the circumstance. Similarly, the knowledge dimension refers to the expertise of "appropriate self-disclosure, behavioral flexibility, interaction management, and social skills" (Matveev, 2017).

When intercultural competence is accomplished, emergent narratives appear and those who never had a voice, begin to tell their story. This new source of information grants us valuable knowledge that supplements official history, with its underlying language of power (Santos, 2008; as cited in Sarmento, 2016).

2.3. Cross-cultural communication

It is quite common for humans to spend a lot of their time engaging with people and organizations from several countries and cultures. Therefore, having or developing intercultural communication skills is crucial for everyone, but notably for professionals who constantly interact with people from different cultural backgrounds.

Intercultural communication occurs every time individuals who speak different languages engage with each other. Despite words and speeches having different meanings for individuals, the attempt of communicating with each other creates a sense of awareness and openness (Sarmento, 2014). This intercultural communication influences how people handle change, communicate across borders and cultures, and reconsider the basic concepts of time and space (Matveev, 2017).

Following the idea of self and hetero analysis, a trait of intercultural competence, communicative competence develops at the intracultural and intercultural levels in the same way (Sarmento, 2016). Cross-cultural communication competence requires linguistic and cultural proficiency, affective and behavioral abilities such as charisma, empathy, and the capacity to control fear and uncertainty (Matveev & Nelson, 2004). Additionally, one must be able to recognize multiple languages that others can use, as well as their hidden dimensions (Hall, 1992, as cited in Sarmento, 2016).

Despite the importance of cross-cultural communication, it is a complex and challenging process that requires a nuanced understanding of cultural differences and the ability to navigate them effectively. Cross-cultural communication, when done well, fosters ties, trust, and cooperation. And yet, when intercultural communication fails, it causes misconceptions, worry, and even anxiety.

Barna (1998) identified six stumbling blocks of cross-cultural communication in their foundational study on the subject, which can hamper successful communication between persons from various cultures. The first one is the assumption of similarities, which briefly refers to our predisposition to believe that the way we act and think, is the widely acknowledged code of behavior, and when someone disagrees, we evaluate them negatively. The second is language differences, which can easily be understood as poor communication due to a lack of knowledge of the different languages being used. Following that, the author identified nonverbal misinterpretation, which is related to the unconscious bias that clothes, gestures, or expressions can create. The fourth stumbling block is preconceptions and stereotypes, which the way they can harm intercultural communication is self-explanatory. Following that, the tendency to evaluate describes the urge to "evaluate, to approve or disapprove, the statements and actions of the other person or group rather than to try to comprehend completely the thoughts and feelings expressed from the world view of the other." Lastly, high anxiety often triggers and compounds the other five stumbling blocks. It refers to the anxiety felt by individuals confronted with cultural differences.

Becoming aware of these blocks is the first step toward avoiding them, but realistically, most people require a change in long-held behaviors or thought patterns. The growing need for global understanding, on the other hand, places obligation on all of us to learn how to achieve intercultural communication competence (Barna, 1998).

Matveev and Nelson (2004) further identified four dimensions of cross-cultural communication competence, with a special focus on a business setting. The first one is interpersonal skills, in which a person is capable of identifying different combination styles from different cultures and is somehow flexible and confident when communicating with people with distinct cultural backgrounds. The second dimension is team effectiveness, which includes communication within a team, especially the ability to communicate goals, roles, and rules to the rest of the intercultural team. The third dimension, cultural uncertainty,

refers to the aptitude of remaining calm, tolerant, and patient amidst uncertainty in intercultural settings. Lastly, cultural empathy is the dimension related to the capability of being curious, appreciative, behaved, and empathic when encountering other cultures and their communication pattern.

3. GBS as intercultural settings

Outsourcing and offshoring have become important tools to accelerate and complement shared services as more organizations leverage GBS strategies to match their objectives and achieve economies of scale. GBS represents a new approach to managing global sourcing (PWC, 2011).

That is why companies must pay attention to the cultural risks in the practices of offshoring and outsourcing, which often are practiced by large companies in GBS environments. These GBS environments not only provide and control global business but usually are particularly diverse in their employee's cultural backgrounds, benefiting most of the time of multilingual staff.

In 2018 the OECD stated that to succeed, individuals not only need the ability to be competitive, but they also need to gain the ability to analyze and comprehend intercultural challenges. Likewise, the capacity to navigate and produce in different cultural environments is said as one of the most relevant skills in 2020 and for the future (Institute for the Future, 2011)

As Matveev (2017) reinforces, intercultural competence has been the core emphasis of multicultural organizations in all forms. Workers in these firms must grasp how to lead and manage a global workforce, as well as how to collaborate with colleagues from diverse cultural backgrounds. Furthermore, research shows that the tendency to work abroad is not something that will come to an end soon, in fact, it is being even more leveraged by trends of globalization, digitalization, and remote work. According to recent statistics, more than 59% of millennials are eager to relocate abroad for work, whilst forecasts indicate that the millennial generation will account for 75% of the global workforce by 2025 (Deloitte, 2014), undoubtedly increasing cultural diversity in the workplace.

Regarding the location of the GBS organizations, India continues to be a top location for many industries, followed by the USA, Poland, the Philippines, and China. Recently,

Hungary has entered the list of the top 10 locations. Honorable to mention is also Portugal and Lithuania, which have been receiving more attention and GBS investment (Deloitte, 2021).

3.1. Intercultural teams

It is commonplace that global business environments demand high levels of professional expertise and cultural knowledge. Most of the time, the work environment of a GBS involves constantly working with people from all over the world, including working in multicultural teams – "task-oriented groups consisting of people of different national cultures" (Marquardt & Horvath, 2001; as cited in Matveev & Nelson, 2004).

The advantage of exploring new markets globally is not solely economic, but also productivity-wise since multicultural teams are flexible, and the variety of points of view and skills adds value to the work (Matveev & Nelson, 2004). Research from 1993 shows that culturally diverse teams outperform homogenous ones when identifying problems and solutions, and generally have a more creative approach (Watson et al., 1993; as cited in Matveev & Nelson, 2004).

These performative advantages of a multicultural team are partly due to the lack of pre-existing commonalities among team members, so they develop simplified rules and a set of team expectations and perceptions. It is the perceived understanding that fosters positivity, team efficacy, and trust, as well as effective communication that consequently helps to generate an emergent team culture (Pearson & Nelson, 2003; as cited in Matveev & Nelson, 2004). Nonetheless, teams whose members have diverse cultural backgrounds are especially vulnerable in terms of cohesion, usually because they do not share a common meaning of motivations, intents, stereotypes, and other aspects of their own cultures. Therefore, it is possible to experience a lack of cohesion. Having low levels of cohesion can lead the teams to react poorly against challenges and affect productivity (Matveev & Nelson, 2004).

According to Matveev (2017), the most common challenges that intercultural teams face are cultural imperialism, which revolves around the concept of assumption of similarities explained earlier; context-focused thinking, which entails connecting with team members all over the world based on a centralized command view from one corporate office, which can create issues when scheduling meetings and sessions; and cultural, communication, and linguistic differences.

Research by Matveev and Nelson (2004) on multicultural teams shows that the performance of a multicultural team is determined by how well team members collaborate with one another and whether they build synergy in their working relationships. Additionally, not only did the authors find that cross-cultural communication competence helps in overcoming many of the natural challenges they face, but it actually accounts for 20% of the variable in team performance level. This study leads to assuming that "competence and multicultural team performance are significantly connected" (Matveev & Nelson, 2004).

3.2. Managing cultural differences

As explained earlier, culturally diverse teams reveal many positive characteristics. Despite that, managing cultural diversity and conflict amidst cultural differences is yet the most challenging part of intercultural teams.

According to Marquardt and Horvarth (2001), as cited in Matveev and Nelson (2004), the most common difficulties of intercultural teams include "managing cultural diversity, differences, and conflicts; handling geographic distances and dispersion of team members; dealing with coordination and control issues; maintaining communication richness; and developing and maintaining team cohesiveness" (Marquardt & Horvath, 2001; as cited in Matveev & Nelson, 2004).

Likewise, conflicts are more likely to occur in an intercultural setting due to the ambiguity of relationships between people from various cultures. Individuals in international interactions express and interpret the same symbolic action in different ways (Matveev, 2017). While the conflict occurs, it usually generates management dilemmas. The problem in effectively managing multicultural teams is identifying underlying cultural causes of conflict and intervening in ways that both bring the team back and empower its members to cope with future challenges on their own (Brett, 2023).

To manage cultural differences there are some strategies that can be adopted, but the foremost important step is the company becoming aware of the cultural differences and actively preparing a plan for their staff to be trained and learn how to be aware, and how to develop intercultural competence. Thus, promoting cultural engagement competencies and

increasing cultural awareness can be effective instruments in establishing a harmonious and productive environment (Chebium, 2015).

Cross-cultural training is a widely used tool by many companies that want to prepare their workers in accordance with their real needs. The aim to avoid misconceptions and increase corporate competitiveness in the global marketplace has fueled the demand for these cross-cultural communications and sensitivity training programs. Even though there is no agreement on how to make these trainings more successful, there is agreement on what makes them obsolete. Etiquette training, for example, is antiquated and almost falls into the multiculturalism fallacy. Training that addresses fundamental issues affecting communication and is applicable to everyone in the organization is thought to be more effective (Chebium, 2015).

Nevertheless, many cultural trainings fall short by not addressing the challenges that develop as a result of cultural incompatibilities. A good training program tackles the invisible and subtle distinctions that exist between people from other cultures. (Chebium, 2015).

Increasing cultural knowledge and awareness among employees will automatically improve communication, productivity, and workplace unity. Employees that are culturally competent can work effectively with international customers and colleagues, resulting in fewer misunderstandings and errors and, ultimately, better job outcomes. It is critical to provide learning opportunities that help employees manage cultural differences in the workplace in order to enhance cultural literacy and awareness, including education on cultural norms, language training, and cross-cultural communication skills (Chebium, 2015).

4 The future of global business services

A lot must be said regarding the future of global business services. As the world is constantly changing, GBS has undergone significant transformation in recent years, largely driven by the increasing digitalization of business processes and the growing demand for sustainable practices. In a world where customers and stakeholders demand higher accountability and transparency, it is essential for GBS to reevaluate its supply chains and operations. This reevaluation includes the practices of outsourcing and offshoring. Once a core strategy for many GBS operations, the practice has undergone scrutiny. It will be crucial in the next years for GBS organizations to explore new ways to balance the benefits of offshoring with the need for

sustainability and customer satisfaction. As customer expectations continue to evolve, GBS providers will need to adapt and innovate to remain competitive in the global marketplace.

The COVID-19 pandemic provided much of the drive towards digitization in GBS companies, in which GBS solidified its position as a critical pillar of organizational resilience. Research from SSON, the Boston Consulting Group, and Ernst & Young with more than 140 organizations revealed that only 1% of GBS organizations reported having found major issues with managing the impact of the pandemic, versus 13% of organizations with no GBS. In fact, "for nearly 50% of the survey respondents, productivity was unaffected, and for 38% productivity increased" (Saggese & Bachinger, 2022). The reasons behind this show the core benefits and potential of GBS as a truly globalized company. On the one hand, processes did not fail despite being run remotely since they are standardized, but also, several GBS sites took over duties from sites that were severely disrupted by COVID-19.

Undoubtedly customer expectations of GBS businesses keep increasing, with stakeholders seeking better efficiency and continuous quality improvement. They anticipate that GBS firms will employ automation to speed up manual labor, use technology to reduce potentially redundant processes and develop self-service options for users to receive what they need faster. According to McKinsey Global Institute research, automation will disrupt almost 60% of all professions by 2030, however, many of the automatable functions are now conducted within a GBS. This provides an excellent platform for GBS enterprises to deliver value by lowering ownership costs while fueling innovation (McKinsey&Company, 2021).

Now investigating the enablers for the future, in their report, Saggese and Bachinger (2022) found five major topics that GBS firms are emphasizing as they improve their position in the marketplace, mostly related to technology and better services, yet throughout the respondents, there was one recurring theme: digitalization. According to EY "digital disruption threatens traditional business models with extinction. But GBS can become more specialist, skilled and technology-savvy, and move up the value curve to help the wider organization transform" (EY, 2018). In SSON's survey on the state of the shared services and outsourcing industry in 2023, 85% of respondents state that GBS is playing an important role in supporting the enterprise's digital agenda.

Thus, in the future, companies will reach out to automation, but also to intelligent automation, and artificial intelligence. GBS companies will become GVO (global value

organization), a globally integrated business service, improving customer satisfaction and managing end-to-end global processes (EY, 2018).

One thing the pandemic brought was the mentality of working remotely and working from anywhere. This trend seems to continue strongly, also boosted by digitalization. So, considering this trend came to stay, GBS companies will continue to recruit globally and use the strategy of remote work when considering their location (SSON, 2023).

According to the SSON analysis on GBS future sites, 45% of companies looking to expand want to expand to a new region, and most of them want to add this new region rather than relocate an existing location. While assessing the new region, India is appealing in terms of costs, skills, productivity, and workforce availability, but it falls short in terms of customer centricity. On the other side, the United Kingdom and Western Europe are appealing places in terms of innovation and consumer centricity, but they are not cost-effective. In short, and as previously stated, India remains the most appealing place, followed by Central and Eastern Europe and Asia (SSON, 2023).

Furthermore, when it comes to companies' plans to offshore or outsource, the overall trend appears to be toward a multicountry/multifunctional organization with a growing number of locations, preferably in offshore locations, adopting a hybrid sourcing mix. Also, while costs are the most important component to consider throughout the selection process of the location, easy access to skills and languages was the second most important factor for 61% of the organizations evaluated (SSON, 2023).

Continuing with the thought that more than ever customers and stakeholders want transparency and demand for sustainable practices, as global business services acquire a more significant role in global operations, ESG is becoming an increasingly critical factor and must be integrated into service delivery. Not only does ESG compliance contribute to environmental sustainability and social responsibility, but it also has a direct impact on financial success. Environmental, social, and governance concerns are extremely important for GBS since these organizations are responsible for providing efficient and effective business operational support (Bangemann, 2022).

According to Bangemann (2022), ESG has to be incorporated both internally and externally. Internally, the operations must comply with the ESG guidelines, specifically when it comes to operational facilities, equity, diversity, and inclusion within the employment policy, and

with its stakeholders. Externally, through assisting the entire organization in accomplishing environmental, social, and governance goals.

As GBS organizations take on greater strategic roles, they must advance in becoming ESG enablers, by supporting sustainable practices, developing new sustainable products, and actively monitoring, tracking, and reporting social, governance, and environmental compliance (Everest Group, 2022).

The ideal situation is when ESG goals are connected to the future digitalization that GBS is facing. For instance, a GBS organization can reduce its waste by moving from paper to digital processes, and by migrating core service management automation to cloud-based solutions, this way, optimizing technological resources (Bangemann, 2022).

Ultimately, the intricate interplay of digitalization, sustainability, sourcing choices, and customer satisfaction shapes the future of GBS. When process-based work is automated, GBS must prepare for the changing labor market situation (EY, 2019). Companies will need to be agile and adaptable as these trends evolve to stay ahead of the curve and give value to their stakeholders.

1. The research problem

Research is an academic practice that can be defined as a "systematized effort to gain new knowledge" (Redman & Mory, 1923, as cited in Kothari, 2008). As such, it is a critical step of the dissertation since it helps the researcher to get new insights into the phenomena, and, more importantly, it allows the researcher to discover new information that will add value to the literature. Similarly, the goal of this dissertation is to highlight and integrate two concepts that have been disregarded together in the literature - interculturalism and business practices.

The first step is to identify the research problem. The research problem is the obstacles encountered, for which we seek a solution. In the words of Kothari (2008), "refers to some difficulty which a researcher experiences in the context of either a theoretical or practical situation and wants to obtain a solution for the same". Hence, the research problem is the main incentive for the researcher.

In the case of this dissertation, the objective is to underline the intercultural implications of the practices of offshoring used by companies that adopt a shared services model, and their influence on the success of the operations. As explained in the literature review, sourcing practices have grown in favor of effective methods of lowering costs and enhancing efficiency. However, they have not only economic but also intercultural effects that have received less attention in the literature.

The significance of this study stems from the fact that the actions mentioned above have various intercultural repercussions that can and will have a negative influence on the business, if not evaluated. Part of the issue arises from the fact that these companies are clearly intercultural environments, yet they neglect the impact of intercultural awareness, cross-cultural communication skills, and intercultural competence. When implementing offshoring operations, this ignorance becomes more apparent, affecting the relationships between different stakeholders, including the employees, customers, and suppliers, from different cultural backgrounds.

When businesses are deciding where to move or expand their operations, it is common practice for them to develop a comprehensive financial strategy. In general, they carefully consider the advantages and disadvantages, the resources' availability, and other financial considerations. What is often neglected is the intercultural implications of that move, including

for example language and availability of workforce, time zone differences, legal and regulatory frameworks, and the transfer of knowledge.

When we consider the evolution of the research issue and its scope, the significance and even urgency of this study become evident. Deloitte (2013) reports that shared services and outsourcing have been used by businesses all around the world for more than 20 years to improve service delivery and reduce costs. In the literature review, it was also stated that most companies listed in Fortune 500 companies are using a GBS organization. Additionally, given that work could be accomplished anywhere, it is expected that sourcing techniques would rise as globalization and digitalization for companies' progress. It is quite difficult to measure the number of companies operating a GBS since the number is constantly changing due to companies entering, merging, and leaving the market. Still, a few examples of successful companies operating in a GBS model are Unilever, P&G, Shell, Nestle, Coca-Cola, Johnson & Johnson, Siemens, Amazon, Walmart, and many more.

Therefore, assessing the intercultural impact of offshore in GBS and how addressing these factors might accelerate a company's performance is critical for organizations looking to flourish in the global market. The study's goal is to show that by recognizing cultural differences that affect communication, service quality, employee satisfaction, and compliance with legal and regulatory requirements, businesses can develop successful methods to handle these difficulties and achieve their business goals.

Returning to the earlier discussion about the centrality of the research problem as the main motivation for the researcher, it is worth noting that the research problem in question has a high degree of personal significance. This is because I have a very personal stake in the outcome of the case, and I regularly observe firsthand how the problem affects both me and my coworkers who share the same circumstances.

In short, this research aims to show that interculturalism can have a positive impact on offshoring and in GBS by promoting a more inclusive and collaborative work environment that leverages the strengths of diverse teams.

2. Research methodology

The methodology research is an essential component of any dissertation and should be chosen based on the research questions and objectives, as well as the sort of data needed to answer those questions. The methodology used in this dissertation is a combination of

qualitative and observational research. This chapter discusses the different types of research, as well as the motivations and procedures that led to this selection.

Qualitative research is linked to the qualitative phenomenon and seeks to understand the meaning and experiences of individuals through their perspectives (Cohen et al., 2018). This type of research tries to explain human behavior by investigating motivations and desires. It can also reveal what motivates people to behave in a certain way or what makes them like or dislike something. Hence, the qualitative research approach is concerned with the subjective evaluation of attitudes, views, and behavior (Kothari, 2008).

Interviews, word association tests, sentence and story completion tests, and opinion research are all frequent methods of qualitative research. Such a study approach produces outcomes that are either non-quantitative or have not been submitted to rigorous quantitative examination (Kothari, 2008) since it entails gathering and evaluating non-quantifiable data such as ideas, feelings, and beliefs (Creswell, 2014).

One of the positives of qualitative research is the capacity of collecting firsthand data and evidence that can lead to new themes and hypotheses. However, the drawbacks include the possibility of bias, and the limited sample size (Cohen et al., 2018).

In this case, qualitative research is believed to be the most effective method. This is owing to its ability to collect varied perspectives and thoughts among numerous individuals, which is an important part of the research. The gathering of respondents' ideas, thoughts, feelings, and personal experiences related to the subjects provided in the dissertation is crucial to the success and delivery of this research. All the information gathered from primary sources, with respondents sharing their outlooks, struggles, and motivations, will further enrich the research.

Observational research collects data by observing and recording the behavior of individuals in their natural environment (Cohen et al., 2018). This form of research is useful for gathering data in natural settings without interfering with the participant's behavior, providing a complete insight into the context and complexities of human behavior (Hammersley & Atkinson, 2007).

Observational research can be done in two ways: structured or unstructured. Structured observation entails identifying and documenting certain occurrences of interest, which result in more precise results. Unstructured observation, on the other hand, entails

observing behavior without a specific goal or checklist, which allows for capturing unexpected behaviors (Hammersley & Atkinson, 2007).

On a positive note, observational research captures the behavior in the real world, in a natural way that can increase the validity of the finding. Furthermore, this type of research might be a good solution to study behaviors difficult to measure. On the other hand, observation research can be subjected to the researcher's own bias, judgment, and expectations which can influence the interpretation of the results (Creswell, 2014).

In this dissertation, the inclusion of observational research as a supplement to qualitative research is deemed advantageous. The potential for observational research arises from the high level of personal engagement with the research topic. As someone who works in a Global Business Services setting, working alongside individuals from diverse geographical and cultural backgrounds, and regularly witnessing offshore projects, I have ample opportunities to observe the impact of interculturalism, as well as the repercussions of its neglect.

Additionally, the observational research will be primarily unstructured research, since it will involve a flexible and open-ended method, and does not involve a strict process. Unstructured research will be better for this case since the observations will be the ones guiding the research.

3. Methods of data collection

Having found the research problem and determined the accurate methodology, the data collection begins. For this dissertation, I collected primary data using the personal interview method of data collection. The interview method of data collection entails presenting oral-verbal information and responding in terms of oral-verbal responses. Through personal interviews, the researcher follows a strict protocol and seeks answers to a series of pre-conceived questions (Kothari, 2008).

I believe that interviews were the right option for this case, since by engaging in an open and flexible dialogue, it is possible to gain insight into the nuances and complexities of the participants' experiences. Since the focus is the intercultural complexities of offshoring activities in Global Business Services, personal interviews can uncover the challenges and opportunities, as well as the social and emotional aspects of that setting.

For the interview, I prepared a set of open-ended and close-ended questions related to interculturalism and sourcing in a GBS, to ensure that the key topics were covered. The close-ended questions were chosen to find common ground and ensure consistency in responses since the answer only demanded selecting from a set of predefined answers. The use of scales in those questions can enable the measurement of attitudes and perceptions towards interculturalism, offshoring, and related issues. Furthermore, the close-ended questions were utilized in this research to collect demographic information about the participants, and their work experience in the shared services model. The open-ended questions were used to retrieve the best possible information and opinion from participants, exploring their perspectives in detail, more freely, and from their own words. The main goal of this part of the interview was to retrieve information about the intercultural challenges and opportunities that participants faced in the offshoring projects while being employed in a GBS. The interview structure can be found in section 3.1 of this chapter, whilst the interview transcripts can be found in Appendix 1.

Important to mention that the respondents for this research were carefully chosen and are part of a singular GBS in which the research will focus. The participants are workers of a GBS that operates in the north of Portugal and employs over forty nationalities. This company with businesses in the sportswear industry, is headquartered in Germany and possesses numerous GBS organizations throughout the world, including Europe, Asia-Pacific, North America and Latin America, Africa, and the Middle East. Similarly, as what was previously discussed in the literature review, the GBS under consideration functions as a provider of back-office support services for a diverse range of operations, including Human Resources, Finance, Procurement, and IT.

During the concluding period of 2022, the GBS in question experienced two offshoring endeavors. The primary project involved a considerable number of positions in Finance and Procurement being relocated to an alternative GBS organization situated in the Asia-Pacific region. The secondary project entailed the transfer of a department from a distinct GBS organization in Europe to the GBS organization located in Portugal. However, the latter will not be mentioned in this study, since the training and transfer of knowledge will be happening later in the year 2023. Important to remark that the offshoring project that will serve as case study for this research began at the end of 2022 and is now in its final and concluding stage.

To conduct the thorough analysis of the intercultural implications arising from the aforementioned offshoring project, interviews with five individuals who held key positions within the affected areas of the GBS organization were performed. The sample group was selected from a pool of thirty workers who belong to the onshore team and are actively involved in facilitating the transition process by engaging in daily communication with their colleagues from the relocated location and transferring knowledge and expertise. The decision to focus on this group of workers was based on their unique point of view and firsthand experience of the intercultural dynamics that arose from the initiative. Moreover, the diverse range of positions, grades, and levels of experience held by the selected employees ensured more comprehensive and nuanced data and subsequent conclusions.

As previously explained, this study considers personal and professional involvement with the case, which led to the use of a methodology that includes informal conversations with the group of thirty workers, that will be integrated into the observational research.

Furthermore, the participant's agreement to contribute was thoroughly addressed and ensured, as was their anonymity. Each interview took about 25 minutes to be conducted.

This study aims to develop a flexible methodology that enables the construction of theories and the elaboration of conclusions based on the interpretation of data and the context from which the data is collected. It aims to prove some of the questions defined at the beginning, related to the extent to which interculturalism affects the offshoring projects conducted by global business services.

3.1. Interview's Structure

Part I – Demographic data

1. Age

2. Gender

Part II – Close-ended questions

1. How many years have you been working in Shared Services/similar models?

2. GBS organizations are highly intercultural settings.

Scale: (a) Strongly disagree – (e) Strongly agree

3. Offshoring practices negatively impact job security and motivation.

　　　Scale: (a) Strongly disagree – (e) Strongly agree

4. Cultural differences impact the performance and outcomes of offshoring/outsourcing projects.

　　　Scale: (a) Strongly disagree – (e) Strongly agree

5. What is the most challenging aspect of offshoring?

　　　Options: (1) Differences in language; (2) Differences in time zones; (3) Legal and regulatory frameworks; (4) The transfer of knowledge; (5) Other

6. I am familiar with terms such as intercultural awareness, intercultural competence, and cross-cultural communication competence.

　　　Scale: (a) Strongly disagree – (e) Strongly agree

7. I am confident and skilled in adapting to different cultural contexts and interacting with people from various backgrounds.

　　　Scale: Scale: (a) Strongly disagree – (e) Strongly agree

8. Companies should prioritize providing intercultural training as a resource to enhance intercultural awareness.

　　　Scale: Scale: (a) Strongly disagree – (e) Strongly agree

Part III – Open-ended questions

1. How do you think interculturalism can impact business outcomes?

2. In your opinion, what are some of the opportunities and downsides of offshoring from a cultural perspective?

3. In your opinion, should the analysis of intercultural impacts be given the same level of importance as the analysis of economic factors when a company is planning an offshoring project?

4. What are the biggest difficulties you ever experienced in working with people from a different culture, and what could help you overcome those difficulties?

5. What strategies does the company you work for use to manage intercultural differences, and how effective are these strategies?

6. Do you think it is possible for companies to foster cultural sensitivity and awareness in their teams, without falling into the fallacy of stereotypes and prejudice?

7. In your opinion, what role do language and cultural proficiency/competence play in the success of intercultural relationships in business?

8. Do you think that the increase in digitalization, globalization, and remote work is correlated to the increase in practices of offshoring and outsourcing?

In this chapter, the findings of the research will be exposed and discussed. The research aimed to explore the impact of intercultural differences on offshoring projects in global business services, as explained earlier. For this purpose, personal interviews were conducted with employees of a GBS, who are active in an offshoring activity that began at the end of 2022 and was at the final stage by the time the interviews were completed.

The interviews were successfully conducted with a subgroup of five of the employees who are involved in the offshoring project, which represents 16.7% of the total employee population. Given the nature of the research question and the characteristics of the population, the sample size is deemed adequate to draw meaningful conclusions. As such, the sample is considered representative of the broader population and the results can be generalized with a reasonable degree of confidence. The conclusions reported in this chapter are the outcome of a detailed investigation of the interview data and the patterns observed.

The chapter begins with a description of the demographic data of the participants, followed by graphical representations of the data from the close-ended queries. For this function, I used SPSS Statistics, a statistical software in which is possible to create reports, graphs, and statistical analyses.

The findings from the open-ended questions are then presented. The purpose of these questions was to gather qualitative information on the participants' perceptions and experiences on the effects of intercultural differences on offshoring projects. A thematic analysis method was used to display the results from the open-ended questions, which made it possible to uncover important themes and trends.

Overall, the research results in this chapter offer insightful information about how cultural distinctions affect offshoring initiatives in GBS companies. The chapter adds to the existing knowledge on the subject by offering a thorough analysis of the participants' experiences and perspectives and by identifying the crucial elements that can affect the success of cross-cultural relationships in the workplace. The results may also suggest further steps that should be taken to address the research problem, which will surely improve the existing literature.

An important aspect to highlight is that the questions were made clear to the respondents. All the existent doubts were cleared in the beginning, this way creating unambiguous, and unbiased responses.

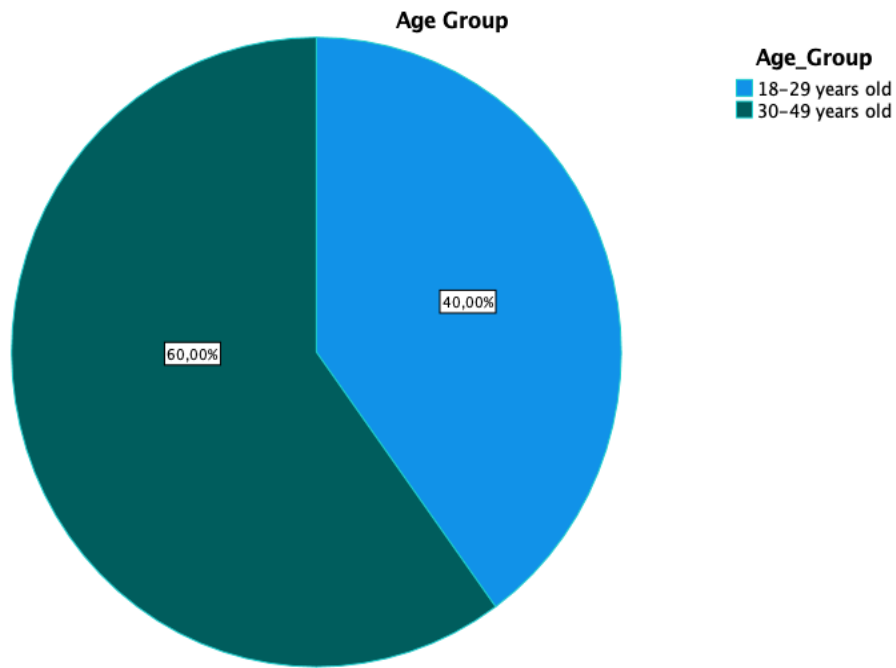Regarding the demographical data, Figure 3 shows the age group of the respondents.

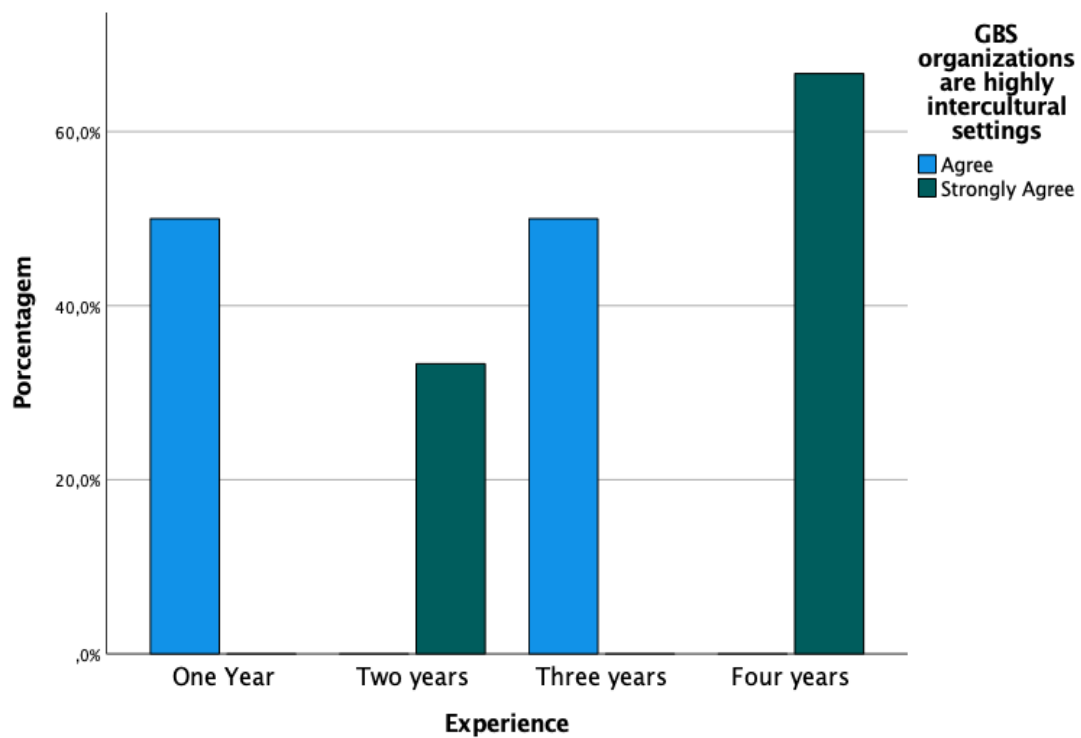Figure 3 "Age Group", Source: Own elaboration - SPSS Statistics

Figure 4 "GBS organizations are highly intercultural settings", Source: Own elaboration - SPSS Statistics

Figure 4 shows the relationship between respondents' perceptions of GBS organizations as highly intercultural workplaces and their years of shared services experience. The significance of this relationship lies in the fact that if the respondents perceive GBS as less intercultural, the findings of this dissertation would have a reduced impact. The graph shows that regardless of the years of experience, the respondents agree that GBS organizations are highly intercultural settings.
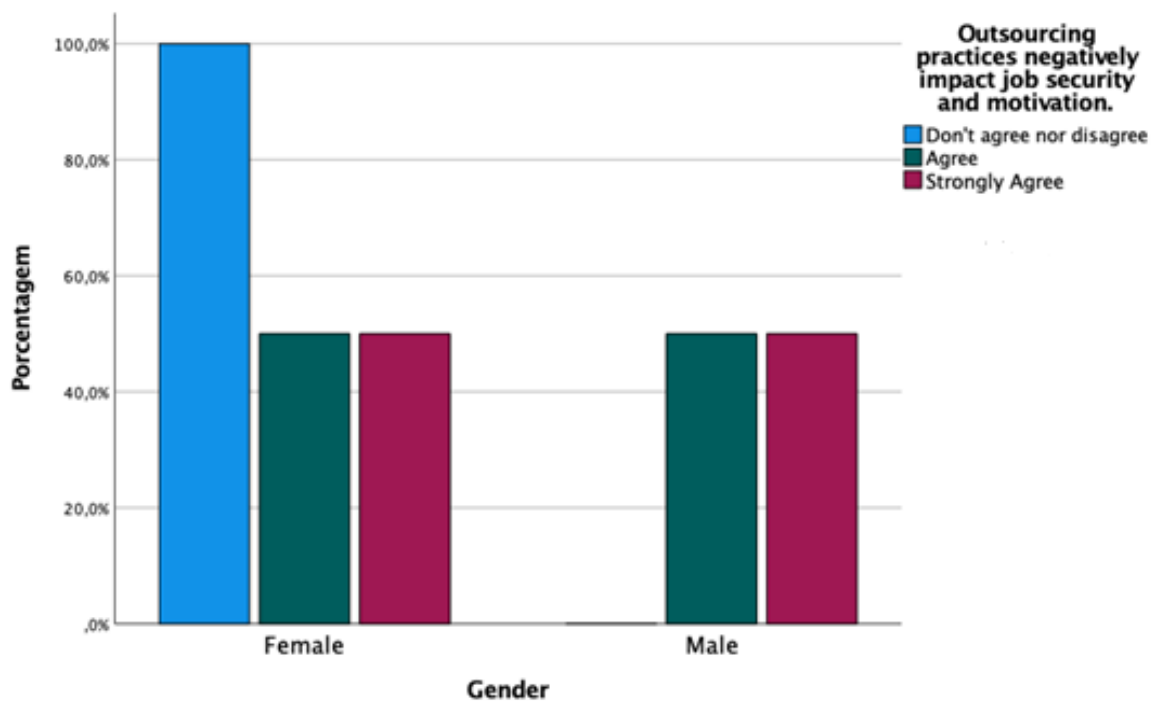

Figure 5 "Outsourcing practices negatively impact job security and motivation", Source: Own elaboration - SPSS Statistics

The above graph, in Figure 5, shows the relationship between the gender of the respondents and the opinion on whether offshoring practices negatively impact job security and performance. By analyzing the graph, it is possible to retrieve that one respondent neither agreed nor disagreed with the affirmation, and then the remaining respondents agreed or strongly agreed with the sentence. It was not possible to retrieve any gender-based variation in the attitudes towards the impact of offshoring. This positive response towards the affirmation demonstrates that the majority believe that sourcing practices negatively impact job security and motivation, mostly caused by the fear of seeing their positions being relocated as well. This data is compliant with my observations during the observational

research, but also with a study performed on the survivors of layoffs, offshoring, and outsourcing, which discovered that the survivors of offshoring practices perceived lower organizational performance, job security, fairness, and attachment (Maertz et al., 2010). These negative emotions can impact how the worker deals with the transfer of knowledge and their relationship with the offshoring team, which I also observed in my coworkers.

The graphs presented in Figures 6 and 7 focus on showing the impact of interculturalism in the success of offshoring practices. According to the data in Figure 6, 80% of the respondents strongly agree that cultural differences impact the performances and outcomes of offshoring/outsourcing projects, with the remaining 20% also agreeing.
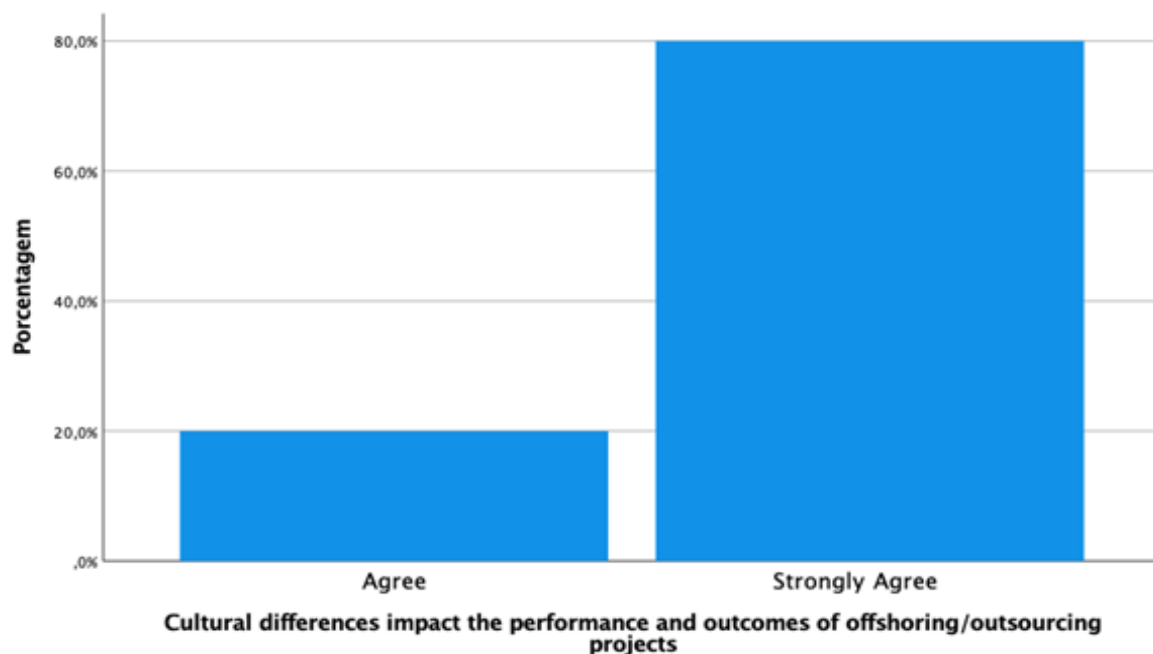
Figure 6 "Cultural differences impact the performance and outcomes of offshoring/outsourcing projects", Source: Own elaboration - SPSS Statistics

According to the data of Figure 7, the respondents' most chosen options on the most challenging aspects of offshoring from a cultural perspective were the language, the legal and regulatory frameworks, and the transfer of knowledge. An interesting observation is that language was chosen by relatively younger respondents, whilst the transfer of knowledge was chosen by relatively older respondents, which suggests a potential generational gap in their perceptions and experiences.

The fact that younger people regard language disparities as the most problematic factor suggests that they may confront communication barriers more intensely and place a greater focus on them. This could be because of their exposure to different languages and cultures in a worldwide environment.

On the other hand, older people's preference for knowledge transfer as the most difficult aspect implies that they possibly regard the preservation and effective transmission of organizational knowledge as vital. This may be caused by the significant expertise and experience they gained over the course of their careers, making them more concerned about the potential loss of local knowledge or misunderstanding of critical knowledge during the offshoring project.
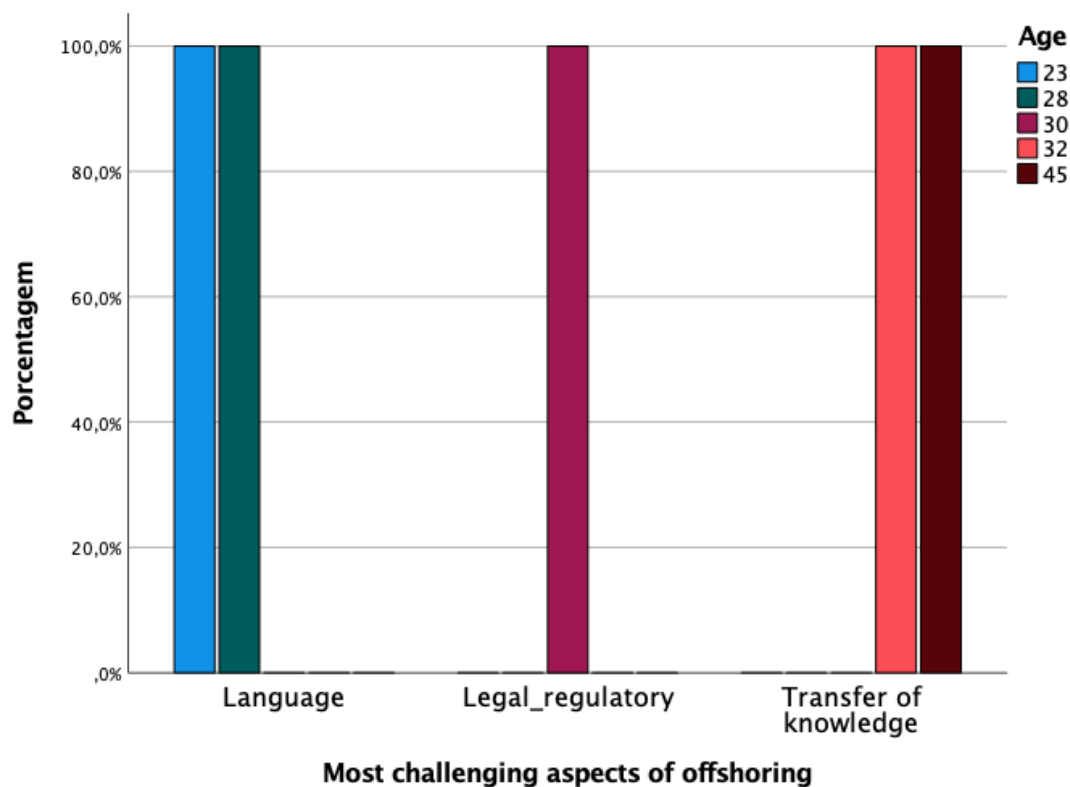

Figure 7 "Most challenging aspects of offshoring", Source: Own elaboration - SPSS Statistics

The graph of Figure 8 could also suggest a generational gap. The records state whether the respondent is familiar with several intercultural-related terms like intercultural awareness, intercultural competence, and cross-cultural communication competence, and its

relationship with the respondent's age. The older respondents were relatively less familiar with such terms, whilst the younger respondents were relatively more familiar with the terms.

This indicates that, hypothetically, younger people may have been more exposed to several intercultural experiences and been more aware of intercultural matters, since globalization and intercultural education have been more present recently. On the other hand, relatively older people live throughout different historical contexts which might have contributed to a lack of emphasis on intercultural competence. Another theory could also be just a simple difference in the nomenclature used to explain such concepts.
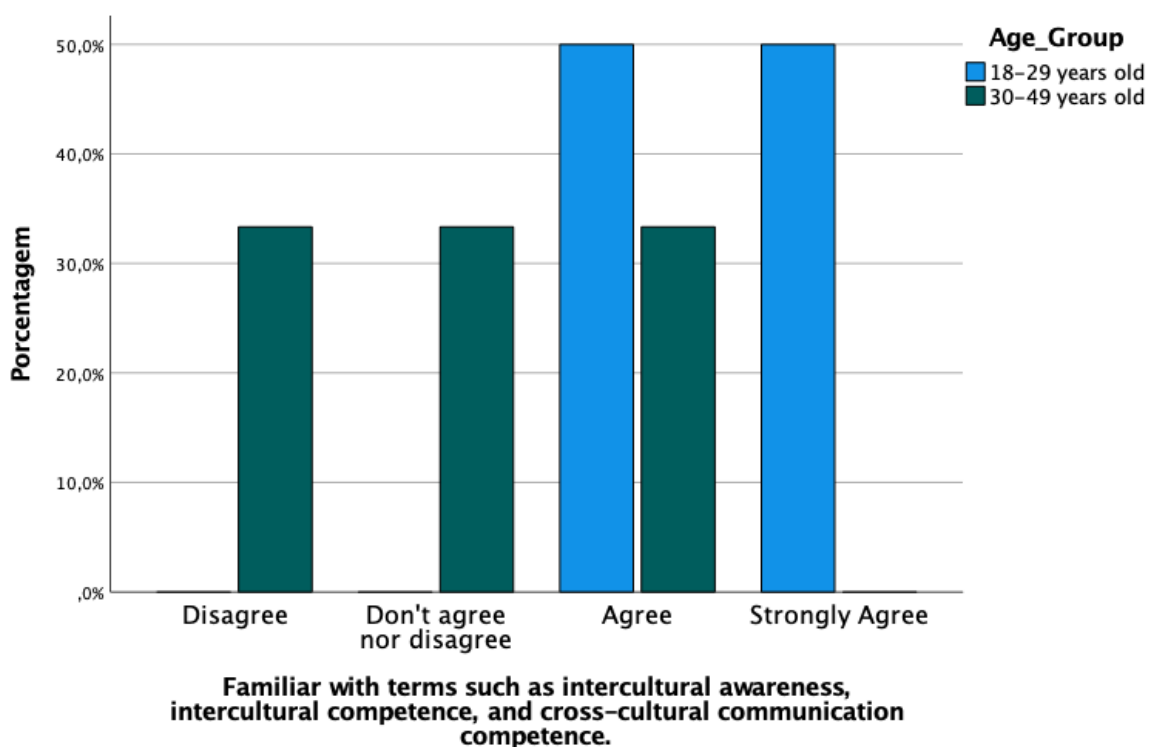
Figure 8 "Familiar with terms such as intercultural awareness, intercultural competence, and cross-cultural communication competence", Source: Own elaboration - SPSS Statistics

The graph presentend on Figure 9 also reafirms the theories presented above. This graph shows the relationship between the age of the respondent, and whether the respondent feels confident and skilled in adapting to different cultural contexts. Once again, the relatively older respondents disagreed or neither agreed nor disagreed, whilst the relatively younger respondents agreed that they felt confident and skilled.

Similarly, the difference could rely on the fact that younger generations have known a more globalized world, and were more exposed to cultural differences at a younger age. Also, the younger respondents may have had a greater access to information at a younger age.
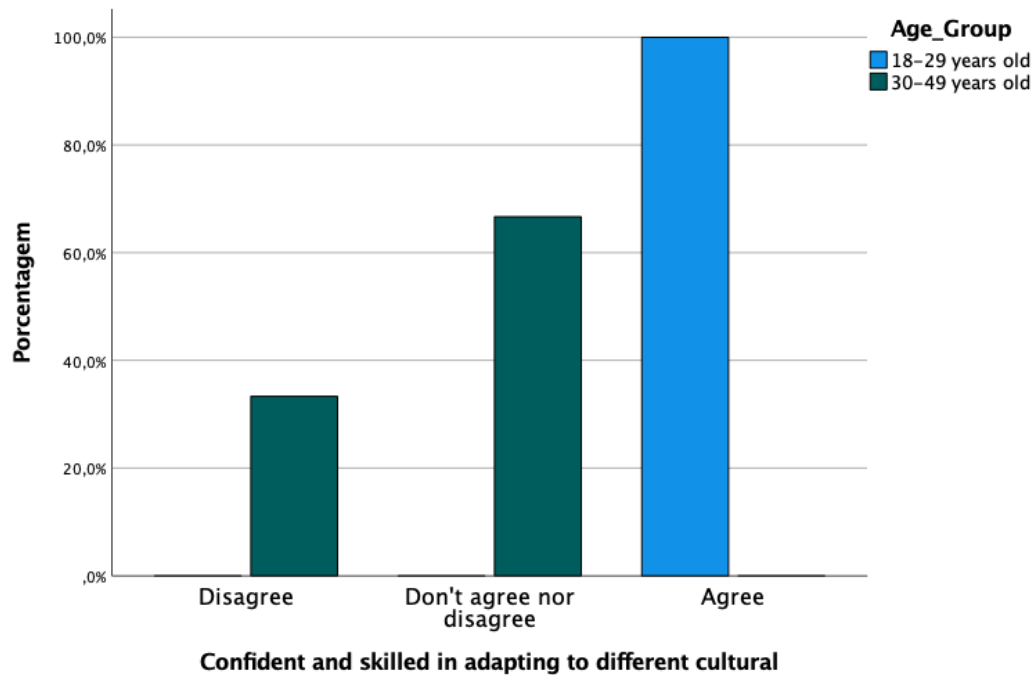
Figure 9 "Confident and skilled in adapting to different cultural contexts", Source: Own elaboration - SPSS Statistics

Figure 10 shows the relationship between the respondents' age and to what extent they agree that companies should prioritize providing intercultural training. As Washington et al. (2012) discovered in their research about the benefits and challenges of intercultural communication in global business, "building global business relationships depends on the innate ability to learn about other cultures and proper training to help a person adjust". Hence, appropriate training sessions can assist in better communication and in managing cultural differences effectively, which is crucial to the overall success of the offshoring project.

According to the graph in Figure 10, the respondents of the older age group relatively agree more with the statement than the respondents belonging to the younger age group. This also reflects a continuation of the mindset that was investigated in the previous graphs. Since the older people showed to be relatively less familiar with intercultural-related terms and relatively less confident and skilled in adapting to different cultural contexts, this age group would then benefit more of the training than the younger age group. Once again, showing a possible generational gap.

It is important to mention that despite the age group, there was not a single respondent who disagreed that companies should prioritize intercultural training, thus showing openness to the matter.
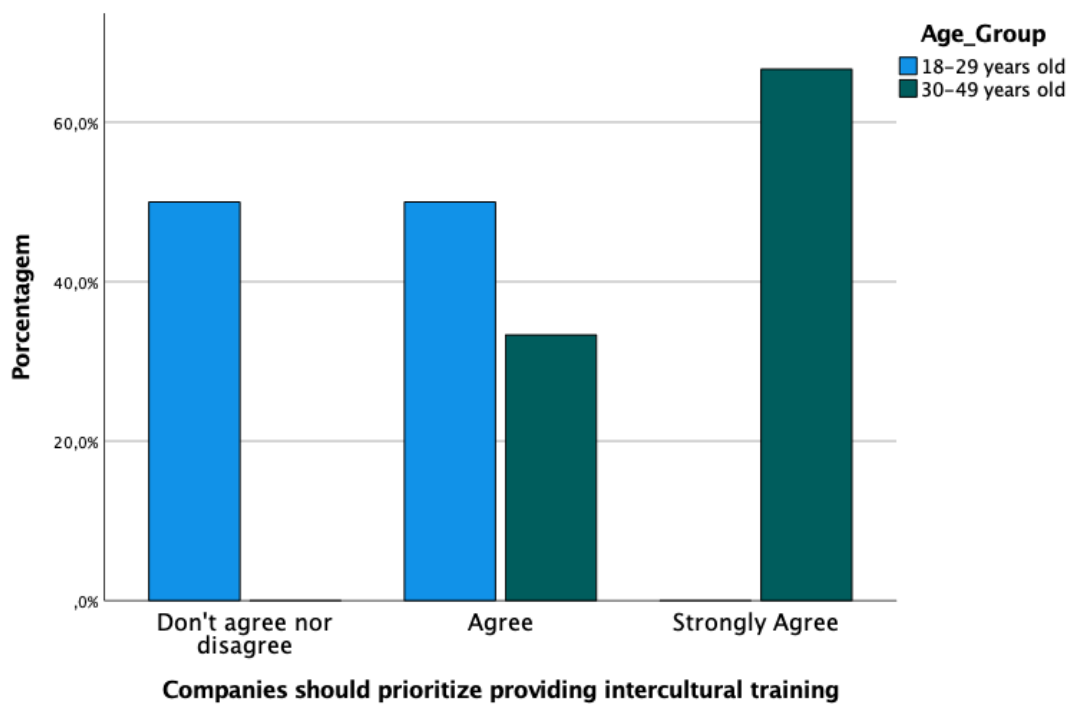

Figure 10 "Companies should prioritize providing intercultural training", Source: Own elaboration - SPSS Statistics

The first open-ended question was meant for the respondent to give their opinion on how interculturalism can impact business outcomes. This question had a more generalist character, as it did not mention offshoring activities, but rather business activity in general. Eventually, almost all respondents ended up listing how interculturalism can have a positive and negative impact on the company, even though the question did not specifically indicate to do so.

One respondent noted that interculturalism can impact in several ways, citing the potential for innovation when people with different backgrounds and perspectives come together. Almost every person stated the potential for new ideas and perspectives, and how these can lead to better problem-solving and creativity. Another answer worth mentioning is the learning experiences that it provides, empowering the employee with new interpersonal skills.

However, they also acknowledged that interculturalism can create misunderstandings and challenges, such as language barriers, differences in work styles, communication styles, and cultural norms, the lack of initiative in intercultural groups, and how all these factors can lead to conflicts. Conflicts will end up impacting the business outcome, certainly in a damaging way.

One of the responders skipped listing both the positive and negative factors as their interpretation of the question led them to different conclusions. The respondent emphasized the value of understanding how interculturalism might affect business outcomes based on the extent of individual differences. They underlined that although the world might appear to be identical, businesses are ultimately created by individuals with different priorities, and these distinctions can have an impact on the success of the company.

The answers to these questions were not original, but rather a statement of what already common knowledge is and confirmed by the literature review. However, it was extremely useful to understand how most people interpreted the answer, and how within the same type of answer most people leaned towards one or two intercultural factors, probably the one or two that in their belief most impacted business. Furthermore, this question was advantageous for obtaining suggestions from the respondents regarding how they think businesses may handle these issues. Overall, across all interviews, the proposals were reliable and appropriate. They advised businesses to invest in intercultural training, establish clear communication lines, define expectations early on, and foster a culture of inclusion in order to overcome these issues.

The summary table below (Table 1) was reproduced to highlight the commonality of the answers.

How do you think interculturalism can impact business outcomes?	
Positives	
	New ideas and perspectives
	Diverse perspectives, creativity, innovation
	Diverse background of people to have new ideas
	New learning experiences
Negatives	
	Misunderstandings
	Language barriers
	Differences in work styles
	Differences in communication styles
	Communication barrier
	Difficulty in communicating
	Different priorities

Table 1 – Impact of interculturalism on business

The second question is somewhat comparable to the previous one. Nonetheless, this question is more specific, as it clearly aims to gather the opportunities and downsides of offshoring, but from an intercultural lens. The five responses provide intriguing insights into the perspectives and experiences of those who have taken part in offshore activities.

For this question, some expectable answers would be the ones related to exposure to new cultures and markets. On the negative side, some expectable answers would be related to the cultural and communication barriers, the loss of knowledge and expertise, especially related to local knowledge and ethical concerns.

Reaching a larger pool of potential employees and luring the greatest talent available are two of the most often highlighted opportunities in the responses. Since offshoring enables businesses to access the expertise of people from many cultures and nations, it can result in a more inventive and diversified workforce. One of the responders added that collaborating with people from different backgrounds helps broaden horizons and stimulates creative thinking. These comments imply that offshore can enhance an organizational culture by fostering an atmosphere that is more varied and inclusive.

Regarding the downsides of offshoring from an intercultural perspective, two of the respondents addressed ethical concerns. One respondent added that offshoring can lead to unhappiness and insecurity, and the other stated that is a sensitive topic, despite happening frequently in a shared services environment. The other responses state the difficulty of adapting and changing habits and routines, which may be different in the offshoring country, and the difficulty in potential misunderstandings. These observations underscore the importance of cultural sensitivity and training for both the parent organization, the onshore and the offshoring teams, and the need for clear communication channels in order to address the differences and prevent conflicts.

In conclusion, the data examined above shows that, from a cultural standpoint, offshore can have both benefits and drawbacks. To maximize the advantages of offshore while reducing the possible drawbacks, organizations need to be aware of cultural differences, invest in intercultural training, and build effective communication channels. Offshoring can also improve an organization's culture by developing a more inclusive and diverse staff, but it is important to manage this well to avoid conflicts and misunderstandings.

The summary table below (Table 2) was reproduced to gather similar answers.

In your opinion, what are some of the opportunities and downsides of offshoring from a cultural perspective?	
Opportunities	
	New ideas and horizons
	Reach a bigger talent market
	Work with culturally diverse people
	Different visions
	Attract new talent
Downsides	
	The process of transfer knowledge
	Unhappiness and insecurity
	The process of adaptation
	Lack of receptiveness
	Cultural shock
	Differences in knowledge

Table 2 – Opportunities and downsides of offshoring from a cultural perspective

The third question aims to discover if the inquired employees believe that the analysis of intercultural impacts should be given the same level of importance as the analysis of economic factors when planning an offshoring project. This question has great importance since it will reveal the level of importance that respondents give to intercultural implications. It was not anticipated that this specific question would elicit consistent answers or unanimous points of view.

The answers collected reveal a range of perspectives on the issue, as well as remarkable and relevant statements. Most of the respondents suggested that the analysis of intercultural impacts should be given equal weight as economic factors. Yet there is a consensus that both financial and intercultural concerns are important, but finances are usually analyzed meticulously. One respondent stated that even though offshoring to a specific location would save money if the intercultural implications are not carefully considered the project may not work as efficiently as it could. A different contributor supports this idea, arguing that the long-term effects of intercultural interactions may be more important than short-term financial gains. These comments imply that the possible difficulties of working with persons from different cultural origins should be seriously considered in the decision-making processes.

On the other hand, another answer stated that although important, the intercultural impacts should not have the same level of importance as economic considerations. This person suggests that if a project is financially viable, the costs of intercultural training could be reimbursed. Another respondent adds that, while intercultural factors are important, they may not contribute to project success in the same way that economic considerations do.

An intriguing conclusion that could be drawn from the collected responses was that the respondents who attributed the most credit to interculturalism in the success of the initiatives were the younger people interviewed. The elder respondents of this research, on the other hand, were the two answers studied in the previous paragraph, which mostly claimed that both intercultural and financial implications should not be given the same degree of importance.

The following question seeks information about the challenges encountered when working with people from other cultures as well as strategies for overcoming them. Specifically, the question was posed with the intention of generating comparable responses or identifying common problems or solutions that might occur in cross-cultural settings. A

few of the expected answers include communication barriers, general cultural differences, differences in time zones, and a lack of trust and biases.

Three respondents highlighted the challenges of the communication barrier, either in terms of language differences or in communication styles. Although this is a common issue, it remains a topic of interest because effective communication is challenging even though everyone is speaking the same language, such as English. The fact can occur not only because not everyone has the same level of proficiency, which is something the organization should assess, but also due to cultural backgrounds leading to different communication styles. According to the respondents, a non-judgmental attitude and the use of written communication may be more effective, and help overcoming these difficulties.

A female responder also stated that when dealing with persons from diverse cultural backgrounds, cultural norms and prejudices might provide difficulties, particularly when it comes to gender roles. Finally, the fifth response emphasizes the difficulties of adjusting to new habits and routines and emphasizes the importance of creating clear expectations and regulations for both parties, which should be handled by the company in question.

The summary Table 3 gives a brief overview of the difficulties and possible solutions.

What are the biggest difficulties you ever experienced in working with people from a different culture, and what could help you overcome those difficulties?	
Difficulties	
	Underlying differences
	Language barrier
	Different values namely in gender roles
	Communication barrier
	Adaptation to the differences
To overcome the difficulties	
	Using text instead of speech
	Set clear expectations on both sides
	Use manuals to teach, relying less on speech
	Use a clear communication channel
	Having patience and respect

Table 3 – Difficulties experienced in working with people from a different culture, and how to overcome them.

The fifth question provides insights into the strategies the company uses to manage intercultural differences and the effectiveness of the strategies. This question aimed to assess whether the respondents identified certain strategies as strategies meant to manage intercultural differences, and if there was a consensus in responses. Since all the inquiries are active in the same company, it was expectable to gather similar answers, or for the respondents to mention the same strategies. However, such similarity was not discovered.

The first respondent assumed that the company provides some training for communication techniques, such as assertive and effective communication, which can help in dealing and working with people despite their cultural backgrounds. Furthermore, the respondent assumed that they were unsure whether this was an intended approach for managing intercultural differences, and that more tools and information are required for that goal.

Another respondent emphasized the company's attempts to honor international and national days from different nations, which are seen by the respondent as moderately effective depending on individuals' openness and willingness to learn about their colleagues' cultures. Such types of gatherings and initiatives can be efficient for employees to understand and appreciate cultural differences and promote a culture of inclusion for all employees regardless of their cultural background.

Two employees reported they had team meetings before the offshoring projects to discuss several features of the project. One responder stated that they discussed cultural differences, but the emphasis was on detecting potential concerns rather than providing adequate answers. The other respondent stated that the team meetings focused on more practical matters such as the differences in time zones.

Lastly, one respondent described that by working in multicultural teams, the members have the chance to better understand each other's cultures and forge stronger professional bonds. The respondent further stated that this is a natural result of working in a company that hires people from all over the world, so this ends up being a strategy that the company uses unintentionally.

In general, the respondents suggest that the strategies are not effective, and there is a demand for more tools and training to better manage intercultural differences. It is also noteworthy that all workers should have access to the same strategies since they work in the same business, but not all of them recognize certain initiatives and efforts of the company as a strategy

that can help to manage intercultural differences. This can imply that the strategy the company is taking to deal with cultural diversity in offshoring projects may not be consistent or clear.

In order to beat this lack of clarity, it could be interesting if the company invested in a more structured approach to this matter, such as cultural training and diversity, equity, and inclusion programs. As important as the latter is the clear communication the company has to follow to guarantee there are no obstacles and that all the employees have a shared understanding of the company's beliefs and goals regarding intercultural differences.

The summary table below (Table 4) gives a brief overview of all the different strategies the respondents stated.

What strategies does the company you work for use to manage intercultural differences, and how effective do you think these strategies are?	
Strategies	
	Trainings related to effective communication
	Trainings about the offshoring project overall
	Working in diverse teams
	Celebrating holidays to honor other cultures

Table 4 – Strategies to manage intercultural differences.

The sixth open-ended question included in the interviews focuses on whether companies can foster cultural sensitivity and awareness within their employees, two personal characteristics of intercultural competent individuals, without falling into the fallacy of stereotypes and individuals. This question was included since stereotyping and prejudice are potentially damaging in intercultural environments, namely in the workplace.

The answers aimed to provide insights into the respondent's understanding of cultural differences and their intercultural communication competence. Furthermore, the question at hand was included to challenge and address the erroneous perceptions of interculturalism that were explored in the literature review and have become outdated and archaic. These outdated ideas of interculturalism rely on conventional and stereotypical notions of a given culture, such as predefined sets of personality traits and habits, that only provide a shallow awareness of how intricate and diverse cultures are. The objective of this question was to

highlight the inadequacy of such assumptions and the demand for a more complex and broad method of intercultural competence training and dialogue. The answers gathered offer some opinions on how companies can achieve this.

All the respondents answered positively. One respondent emphasized the importance of avoiding assumptions but rather asking questions to understand the other person, using humor as an ally to bridge cultural differences. This way, individuals can have a better perception of other cultures without trusting in stereotypes. Furthermore, humor can bring people together and flourish relationships, when used respectfully.

Another interesting answer suggested that having a trainer of the culture in question, who is knowledgeable enough or has a diverse cultural background to serve as an ambassador and advocate of that culture can foster awareness and sensitivity and defeat some common stereotypes. Following the same line, another respondent suggested that exposure plays an important role since meeting and interacting with people who are different from the said norm can also create awareness and sensitivity. In addition, a different answer pointed out the importance of education and training within the organization to foster cultural sensitivity and help the employees to avoid generalizations and misconceptions.

Finally, a slightly different answer admitted that stereotypes are not entirely injurious since they can have some basis in truth, but also cautioned against using them as a universal truth. The respondent noticed that stereotypes do not apply to everyone from a particular culture, so instead, people should focus on understanding the uniqueness of each culture.

In conclusion, the results indicate that it is possible for companies to cultivate cultural sensitivity and awareness without falling into preconceptions. Avoiding assumptions, using humor, exposing people to diverse cultures, and offering education and training with cultural ambassadors are the ideas gathered to achieve this goal.

The following question, regarding the role of language and cultural competence in the success of intercultural relationships in business, bears a consensus between the respondents. This question was envisioned to allow respondents to share their opinions and experiences regarding the topic, since language proficiency is crucial for effective communication, and enables individuals to express their ideas clearly. In a business setting,

the existence of different accents and expressions, and a lack of cultural competence can compromise the business relationship and create harmful miscommunications.

All the respondents agreed on the value of language and cultural proficiency in business relationships. One respondent stressed the importance of developing effective acquaintances in the business world and added that language and culture are connected on a deeper level. Hence, many translators study the language and the cultural aspects. Another respondent sustained that idea, emphasizing that once the language barrier is conquered, communication and cultural interchange will improve.

An additional answer is that the language barrier can be a deal breaker and can even cause entire projects to fail. The person even spoke about a personal experience on the matter. Despite everyone speaking the same language, effective communication goes much beyond, such as an understanding of cultural norms and customs. Communication also goes smoother if both parties have the intention to be respectful and open-minded about each other's culture.

In general, the perspectives of the respondents support the assumption that language and cultural competence is key to successful intercultural relations in companies. This leads to the conclusion that companies with intercultural environments that are leading large-scale projects should emphasize language and cultural training for their employees. The aim is to establish successful intercultural relations and generate overall positive business results.

The last question included in the set of open-ended questions regarded the future of the practices of sourcing, and whether if the increase in globalization, digitalization and remote work is correlated to the increase of such practices. For this question, it was expected to have affirmative answers, since these changes referred earlier have enabled businesses to work across borders and tap into a global talent pool, lowering costs and increasing efficiency.

The respondents offered a consensus, stating that there is indeed a correlation between the increase in digitalization, globalization, and remote work, and the increase in practices of offshoring.

Overall, the answers state that the simplicity and accessibility of digital technology serves as an enabler for business to rely on offshoring and outsourcing as an efficient

business strategy. According to one participant of this research, remote work allowed organizations to access talent from around the world, limiting the need of physical migration.

The majority of respondents predicted that offshoring techniques would expand in the future years. While organizations are increasingly attracted to the financial benefits of offshoring, it is critical that they recognize the accompanying threats. As a result, the decision to engage in offshore initiatives must be carefully considered, since it may result in negative repercussions such as job relocation, difficulties managing offshore intercultural teams, and the potential loss of local knowledge. As the primary focus and driving force of the research, the dissertation focuses on the examination of potential concerns related to interculturalism.

In our digital age, numerous thriving businesses are increasingly adopting global business services as a means to enhance efficiency, streamline operations, and meet the evolving needs of employees and consumers. Furthermore, offshoring practices have been used by GBS all around the world to improve service delivery and reduce costs. In the future, these practices will continue stronger, with companies looking towards a growing number of offshore locations.

Amidst these developments, the recognition of intercultural transits emerges as a crucial factor influencing communication, service quality, employee satisfaction, and compliance with legal and regulatory requirements. This dissertation aimed to explore the intercultural implications of offshoring practices, particularly within companies employing a shared services model, and their influence on operational success.

An in-depth analysis of the research findings reveals that cultural differences indeed exert a considerable influence on the performance and outcomes of offshoring endeavors. Among the most challenging aspects identified are communication and language barriers, knowledge transfer, and disparities in legal and regulatory frameworks. Additionally, the research indicates a potential generational gap, whereby younger individuals generally exhibit greater confidence and proficiency in navigating diverse cultural contexts compared to their older counterparts. Similarly, variations are observed in the awareness and understanding of intercultural terms, such as intercultural competence, intercultural awareness, and cross-cultural communication competence.

Another key finding pertains to the demand for intercultural training programs. The respondents widely acknowledged the importance of such training, particularly when conducted without recourse to stereotypes or prejudices. Cross-cultural training plays a vital role in preparing employees for the challenges inherent in a global marketplace, fostering improved communication and sensitivity across cultures, and enhancing corporate competitiveness. An effective training program should address the nuanced and imperceptible distinctions that exist between cultures, equipping individuals with the requisite skills to navigate cultural diversity accurately.

Moreover, the research identifies a need for clearer communication and strategic alignment within organizations regarding intercultural training initiatives. Respondents expressed the feeling of uncertainty regarding the provision and effectiveness of the said intercultural training that the GBS in question provided, highlighting the necessity for improved communication channels and a well-structured plan to foster a culture of inclusion.

Hence, organizations aspiring to thrive in the global market must critically evaluate the intercultural impact of offshoring, namely regarding the differences in values, language, time zones, and regulations, and proactively establishing comprehensive training programs that promote effective intercultural communication and competency, cultural awareness, and the ability to work effectively in intercultural teams.

Some of the limitations of this dissertation are over the methodology chosen. Despite the qualitative research being fundamental in assessing the respondents' perceptions, feelings, and experiences, completing the study with a more extensive and standardized dataset would have yielded additional insights. Moreover, the constraint imposed by the limited timeframe represents another notable limitation. The inclusion of pre-offshoring, transitional, and post-offshoring evaluation periods within the same respondents might have significantly enriched the literature by allowing the analysis of potential shifts in perceptions over time. This way, possible changes in perceptions and dynamics could have been tracked and researched. An additional limitation pertains to the lack of point of view by the offshoring teams. Thus, instead of the research focusing on the onshore team that is enabling the offshoring projects, it would focus on the offshoring team, which is receiving the relocated functions. It could have been enriching to understand if the teams that are on the other side of the spectrum felt similarly in relation to the identified topics.

Some of the hints for future research include the investigation of how intercultural aspects are included in the decision-making processes of several companies that have undergone offshoring activities. Also, the comparison of the success of a company that performed intercultural training, and others that did not assess the intercultural aspects could be relevant to review. Furthermore, future research could look at the efficacy of this intercultural training in diverse contexts and uncover more strategies for dealing with intercultural differences.

In conclusion, this dissertation can contribute to the literature since the intercultural features of offshore have received less attention in academic research than the financial and operational aspects. Additionally, the dissertation can contribute to practical insights for businesses engaged in offshoring activities, by giving the chance to anticipate and mitigate potential pain points and improve communication and strategy and contribute to the overall success of an organization.

Bibliographic references

Bangemann, T. (2022, October 5). Environmental, social, and governance: GBS's new responsibility. The Shared Services & Outsourcing Network. Retrieved April 2, 2023, from https://www.ssonetwork.com/global-business-services/articles/environmental-social-and-governance-gbss-new-responsibility.

Barna, L. (1998). Stumbling blocks in intercultural communication. *Communicating Interculturally*.

Bergeron, B. (2003). *Essentials of shared services*. John Wiley & Sons.

Bondarouk, T. (2011). A framework for the comparative analysis of HR shared services models. *Advanced Series in Management*, *8*, 83–104. https://doi.org/10.1108/S1877-6361(2011)0000008009

Booth, T. (2003). Interculturalism, education and inclusion. *British Journal of Educational Studies*, *51*(4), 432–433. https://doi.org/10.4135/9781446219843

Bottini, N., Ernst, C., & Luebker, M. (2007). Offshoring and the labour market: What are the issues? *Economic and Labour Market Paper 2007/11*.

Brett, J. M. (2023, March 28). *Managing multicultural teams*. Harvard Business Review. Retrieved April 1, 2023, from https://hbr.org/2006/11/managing-multicultural-teams?registration=success.

Cecil, B., & Goldstein, J. (2021, February 15). *The GBS paradox: Single vs. Multi-Functional 'Global' business services*. SSON. Retrieved March 4, 2023, from https://www.ssonetwork.com/global-business-services/columns/the-gbs-paradox-single-vs-multi-functional-global-business-services.

Chan, S. (2020, January 5). *Global business services & solutions explained*. TradeBeyond. https://tradebeyond.com/blog/global-business-services/

Chebium, R. (2015, August 16). *How to create an effective cross-cultural training program*. SHRM. Retrieved April 2, 2023, from https://www.shrm.org/hr-today/news/hr-magazine/pages/010215-cross-cultural-training.aspx

Cohen, L. A., Manion, L., & Morrison, K. (2018). Research methods in education. In

    Routledge eBooks. Informa. https://doi.org/10.4324/9780203029053

Council of Europe. (2012, June). *Intercultural competence for all* [Press release].

Creswell, J. W. (2014). Research design: Qualitative, quantitative, and mixed methods

    approaches, 3rd ed. *SAGE Publications*.

Deloitte. (2013). Global business services better together. In *Deloitte*. Retrieved March 9,

    2023, from https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/finance-

    transformation/deloitte-uk-global-business-services.pdf

Deloitte. (2014). *Global human capital trends* [Press release].

    https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/human-

    capital/arg_hc_global-human-capital-trends-2014_09062014%20(1).pdf

Deloitte. (2021). 2021 global shared services and outsourcing survey report. In *Deloitte*.

Edis, N. (2022, July 24). *Global business services (GBS): What are they?* Day.io. Retrieved

    February 8, 2023, from https://day.io/blog/global-business-services-gbs-what-are-

    they/#define-global-business-services

Everest Group. (2022, November 16). Integrate sustainability into GBS: Help BFS firms

    realize ESG goals. Retrieved from https://www.everestgrp.com/banking-financial-

    services-insurance/integrate-sustainability-into-gbs-help-bfs-firms-realize-esg-

    goals-blog.html

EY [EY Global]. (2018, June 1). *How global business services is key to survival*. EY -

    Global. Retrieved April 2, 2023, from https://www.ey.com/en_gl/consulting/how-

    global-business-services-is-key-to-survival

EY [EY Global]. (2019, May 1). *Is talent redefining GBS, or is GBS transforming talent?*

    EY - Global. Retrieved April 2, 2023, from https://www.ey.com/en_gl/consulting/is-

    talent-redefining-gbs-or-is-gbs-transforming-talent

Hammersley, M., & Atkinson, P. (2007). Ethnography: Principles in practice. Routledge

Hayes, A., & Kindness, D. (2022, May 21). *The unintended consequences of outsourcing*.

    Investopedia. Retrieved March 11, 2023, from

https://www.investopedia.com/articles/personal-finance/082815/unintended-consequences-outsourcing.asp

Herath, T. C., & Kishore, R. (2009). Offshore outsourcing: Risks, challenges, and potential solutions. *Information Systems Management*, *26*(4), 312–326. https://doi.org/10.1080/10580530903245549

Kothari, C. (2008). Research Methodology: Methods and Techniques. New Age International.

Institute for the Future. (2011). *Future work skills 2020*. Retrieved March 21, 2023, from https://www.iftf.org/projects/future-work-skills-2020/

Leung, K., Ang, S., & Tan, M. C. (2014). Intercultural competence. *Annual Review of Organizational Psychology and Organizational Behavior*, *1*, 489–519. https://doi.org/10.1146/annurev-orgpsych-031413-091229

Loobuyck, P. (2016). Towards an intercultural sense of belonging together: Reflections on the theoretical and political level. *Edinburgh University Press EBooks*, *10*, 225–245. https://doi.org/10.3366/edinburgh/9781474407083.003.0010

Maertz, C. P., Wiley, J. W., LeRouge, C., & Campion, M. A. (2010). Downsizing effects on survivors: Layoffs, offshoring, and outsourcing. *Industrial Relations*, *49*(2),

Matveev, A. (2017). *Intercultural competence in organizations*. https://doi.org/10.1007/978-3-319-45701-7

Matveev, A. V., & Nelson, P. (2004). Cross cultural communication competence and multicultural team performance: Perceptions of american and russian managers. *International Journal of Cross Cultural Management*, *4*(2), 253–270. https://doi.org/10.1177/1470595804044752

McKinsey & Company. (2003). Offshoring: Is it a Win-Win game? In *McKinsey&Company*. Retrieved February 14, 2023, from https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Employment%20and%20Growth/Offshoring%20Is%20it%20a%20win%20win%20game/MGI_Is_offshoring_a_win_win_game_perspective.ashx

McKinsey & Company. (2021). Preparing global business services for the next normal. Retrieved from https://www.mckinsey.com/capabilities/operations/our-insights/preparing-global-business-services-for-the-next-normal#/

Meer, N., & Modood, T. (2012). How does interculturalism contrast with multiculturalism? *Journal of Intercultural Studies*, *33*(2), 175–196. https://doi.org/10.1080/07256868.2011.618266

Metters, R., & Verma, R. (2007). History of offshoring knowledge services. *Journal of Operations Management*, *26*, 141–147. https://doi.org/10.1016/j.jom.2007.02.012

Olsen, K. (2006). Productivity impacts of offshoring and outsourcing. *OECD*. https://doi.org/10.1787/685237388034

Peatman, B. (2022). *Offshoring vs. Outsourcing: Here's what to know*. Retrieved February 25, 2023, from https://www.prialto.com/blog/offshoring-vs-outsourcing

Peeters, C., Dehon, & Garcia-Prieto. (2015, August 16). *Impact of cultural differences on offshoring*. Vlerick Business School. Retrieved March 6, 2023, from https://www.vlerick.com/en/insights/how-cultural-differences-can-have-a-positive-impact-on-the-success-of-offshoring-initiatives/

Petti, P. (2020, September 14). *Outsourcing vs. Shared services vs. Global business services: What would work for your order to cash process*. HighRadius Resource Center. https://www.highradius.com/resources/Blog/gbs-vs-shared-services-outsourcing/

PWC. (2011). *The evolution of global business services: Enhancing the benefits of shared services and outsourcing*. HfS Research.

Quinn, B., Cooke, R. S., & Kris, A. (2000). *Shared services: Mining for corporate gold* (2nd ed.). Financial Times Prentice Hall.

Ramphal, R. (2012). A literature review on shared services. *African Journal of Business Management*, *7*(1), 1–7. https://doi.org/10.5897/ajbm12.1202sson

Redman, T., Snape, E., Wass, J., & Hamilton, P. W. (2007). Evaluating the human resource shared services model: Evidence from the NHS. *The International Journal of Human*

Resource   Management,   *18*(8),   1486–1506.
https://doi.org/10.1080/09585190701502612

Richter, P., & Brühl, R. (2019). Ahead of the game: Antecedents for the success of shared
service centers. *European Management Journal*, *38*(3), 477–488.
https://doi.org/10.1016/j.emj.2019.10.006

Robertson, C. J., Lamin, A., & Livanis, G. (2010). Stakeholder Perceptions of Offshoring
and Outsourcing: The role of embedded issues [Diagram]. Journal of Business
Ethics, 92, 167-189. https://doi.org/10.1007/s10551-009-0353-0

Saggese, M., & Bachinger, R. (2022, October 3). *Why the future of GBS is digital*. EY -
Global. https://www.ey.com/en_gl/consulting/why-the-future-of-gbs-is-digital

Sako, M. (2006). Outsourcing and offshoring: Implications for productivity of business
services. *Oxford Review of Economic Policy*, *22*(4), 499–512.
https://doi.org/10.1093/oxrep/grj029

Sarmento, C. (2014). Interculturalism, multiculturalism, and intercultural studies:
Questioning definitions and repositioning strategies. *Intercultural Pragmatics*, *11*(4),
603–618. https://doi.org/10.1515/ip-2014-0026

Sarmento, C. (2016). Intercultural polyphonies against the 'Death of multiculturalism':
Concepts, practices and dialogues. *Intercultural Competence in Education*.
https://doi.org/10.1057/978-1-137-58733-6_7

Schulman, D. S., Harmer, M. J., Dunleavy, J. R., & Lusk, J. S. (1999). *Shared services:
Adding value to the business units*. Wiley.

Schulz, V., & Brenner, W. (2010). Characteristics of shared service centers. *Transforming
Government: People, Process and Policy*, *4*(3), 210–219.
https://doi.org/10.1108/17506161011065190

Silitschanu, P. (2019, June 24). *The evolution of global business services*. American Express.
Retrieved February 2, 2023, from https://www.americanexpress.com/en-
gb/business/trends-and-insights/articles/evolution-of-global-business-services/

Soalheira, J., & Timbrell, G. (2014). What is shared services? In J. S. K. Loon (Ed.), Shared Services as a New Organizational Form (Vol. 13, pp. 67-84). Emerald Group Publishing. https://doi.org/10.1108/S1877-636120140000013004

SSON. (2022, February 9). *A beginner's guide to global business services (GBS)*. Shared Services & Outsourcing Network. Retrieved March 2, 2023, from https://www.ssonetwork.com/global-business-services/articles/a-beginners-guide-to-global-business-services-gbs

SSON. (2023, March 8). *Shared services & outsourcing industry report 2023*. Shared Services & Outsourcing Network. Retrieved April 1, 2023, from https://www.ssonetwork.com/global-business-services/reports/the-state-of-the-shared-services-and-outsourcing-industry-global-market-report-2023?ty-ur

Strikwerda, J. (2014). Shared service centers: From cost savings to new ways of value creation and business administration. *Advanced Series in Management*, *13*, 1–15. https://doi.org/10.1108/s1877-636120140000013000

Tholons. (2019). *Tholons services globalization index* [Press release].

Verkuyten, M., Yogeeswaran, K., Mepham, K., & Sprong, S. (2018). Interculturalism: A new diversity ideology with interrelated components of dialogue, unity, and identity flexibility. *European Journal of Social Psychology*. https://doi.org/10.1002/ejsp.2628

Washington, M. C., Okoro, E., & Thomas, O. (2012). Intercultural communication in global business: An analysis of benefits and challenges. *International Business & Economics Research Journal*, *11*(2), 217. https://doi.org/10.19030/iber.v11i2.6776

Webb, J. (2017, July 28). *What is offshoring? What is outsourcing? Are they different?* Forbes. Retrieved March 1, 2023, from https://www.forbes.com/sites/jwebb/2017/07/28/what-is-offshoring-what-is-outsourcing-are-they-different/?sh=10e70bac2a2e

Winkler, J. K., Dibbern, J., & Heinzl, A. (2008). The impact of cultural differences in offshore outsourcing—Case study results from German–Indian application

development projects. *Information Systems Frontiers*, *10*(2), 243–258.

https://doi.org/10.1007/s10796-008-9068-5

Appendix 1 – Interview Transcripts

Part I – Demographic data

1. Age:

- 32 years

- 30 years

- 23 years

- 45 years

- 28 years

2. Gender:

- Feminine

- Masculine

- Masculine

- Feminine

- Feminine

Part II – Close-ended questions

1. How many years have you been working in Shared Services/similar models?

- 3 years

- 4 years

- 1 year

- 6 years

- 2 years

2. GBS organizations are highly intercultural settings.

- d) agree

- e) fully agree

- d) agree

- e) fully agree

- e) fully agree

3. Offshoring practices negatively impact job security and motivation.

- c) neither agree nor disagree

- d) agree

- e) fully agree

- e) fully agree

- d) agree

4. Cultural differences impact the performance and outcomes of offshoring/outsourcing projects.

- d) agree

- e) fully agree

- e) fully agree

- e) fully agree

- e) fully agree

5. What is the most challenging aspect of offshoring?

- (4) The transfer of knowledge

- (3) Legal and regulatory frameworks

- (1) Differences in language

- (4) The transfer of knowledge

- (1) Differences in language

6. I am familiar with terms such as intercultural awareness, intercultural competence, and cross-cultural communication competence.

- d) agree

- c) neither agree nor disagree

- e) fully agree

- b) disagree

- d) agree

7. I am confident and skilled in adapting to different cultural contexts and interacting with people from various backgrounds.

- c) neither agree nor disagree

- c) neither agree nor disagree

- d) agree

- b) disagree

- d) agree

8. Companies should prioritize providing intercultural training as a resource to enhance intercultural awareness.

- e) fully agree

- d) agree

- c) neither agree nor disagree

- e) fully agree

- d) agree

Part III – Open-ended questions

1. How do you think interculturalism can impact business outcomes?

- Interculturalism can impact in several ways. In my understanding of the meaning of interculturalism, people with different backgrounds have different ideas and perspectives, and when multiple people with different visions get together it can create a lot of innovation. Of course, the other side also exists, and it can create misunderstandings.

- Interculturalism can impact the business positively by bringing diverse perspectives, experiences, and ideas that can lead to better problem-solving, creativity, innovation, and collaboration. However, it can also present challenges such as language barriers, differences in work styles, communication styles, and cultural norms. To maximize the benefits of interculturalism, organizations need to invest in intercultural training, establish clear communication channels, set expectations early on, and promote a culture of respect, understanding, and inclusivity.

- Interculturalism can impact businesses in a positive and negative way, an example of the positive starts with having a more diverse background of people to have new ideas and come up with strategies that you wouldn't come up with, the negatives can be a communication barrier followed by a lack of initiative to talk in a very intercultural group.

- It can be very interesting because it gives everyone new learning experiences that will allow for new connections in the future. On the other hand, if this knowledge is lacking, it can make communication difficult and in the utmost case, lead to conflicts.

- Interculturalism can impact depending on how big the difference is. Nowadays the world is so globalized it seems everyone speaks the same way, likes the same things, and everything is standardized. But the truth is that business is made by people, and everyone needs to be headed in the same direction for the business to work out. With people from different backgrounds, not always the priority is the same.

2. In your opinion, what are some of the opportunities and downsides of offshoring from a cultural perspective?

- There are opportunities, although, in my opinion, it is a sensitive topic because a lot of people end up losing their jobs. But that is normal, working in shared services is quite a common thing to happen. In my personal experience, it is great to see all the new ideas and the shift in mindset that working with other people with different

backgrounds can give you. It is great to broaden the horizons. On the negative side, the transfer of knowledge can be quite difficult when several people have different goals, and the message is not well received by the recipient.

- The opportunities are the ability to get reach a bigger job market and getting the best people for the job to complement your own, but unfortunately, this is not always followed and when you transfer a whole department or team to outsource it leads to unhappiness in the company and a feeling of insecurity.

- An opportunity may be the possibility to work in a team and eliminate stereotypes. A difficulty may be the impossibility of adapting and changing habits and routines, and the lack of receptiveness that there is often on the part of the main company in helping and training new colleagues.

- The opportunities are related to the advantages of working with people that do not see things the same way you do, it is enriching and can create new opportunities. The downsides are more related to the cultural shock.

- By offshoring you can work with talented people that otherwise you would not have the opportunity to work with. The talent you can attract is on another level. I believe our differences can bring something to the table. On the other side, it isn't easy to work with people based on the other side of the world, especially when the difference in time zone is significant. Sometimes you must work on a strange schedule to meet them. There are nuances that take more knowledge to navigate and be successful.

3. In your opinion, should the analysis of intercultural impacts be given the same level of importance as the analysis of economic factors when a company is planning an offshoring project?

- Yes, it should be given the same importance despite the financial aspect being the principal motive for offshoring if the intercultural implications were not thought through it may not work as well as it could. It does not matter if offshoring to China will save more money, if the teams cannot communicate, it will not be an efficient project and causes insecurity and frustration.

- In my opinion, it really should, these things can impact more than money in the long term.

- I don't think so, although they are both important, if a project is well-analyzed and financially viable for the company, it can compensate for other costs related to interculturality, for example, training costs.

- In my opinion, they should be given the same importance because they truly contribute to the success of the company in equal parts.

- I think so, yes, to some extent. I can recognize that these intercultural differences can have an impact, so it is better to have it sorted out and recognized in the beginning, other than having problems when the project began, and the costs are in place.

4. What are the biggest difficulties you ever experienced in working with people from a different culture, and what could help you overcome those difficulties?

- I think this is the most basic answer but also the truth, the underlying feeling that we might be different, and something may not be well received. The opposite is also a problem, when we ignore the differences and assume that we are all equal and the same. As a specific example, I can tell you that Romanians are brutally honest and extremely direct. It takes time and a nonjudgmental attitude until you realize that they don't mean harm – it is just how they are with everyone and everything.

- The biggest difficulty was the language barrier the only thing that helped was using text instead of speech.

- Different mentalities/prejudices/values. For example, in some cultures, women are seen as inferior and less capable, and this is reflected in the way I was treated, although sometimes it was not expressed in words, there were looks and nonverbal language. Even when we have events related to inclusion and equality in the workplace, unfortunately, they do not reach everyone due to culture and other rooted causes.

- There are several things in the last project that I felt were complicated to deal with, but I would say the most outstanding was the language barrier. You can have good intentions, and the other person can be heavily interested in talking, but when you don't understand each other, it is desperate. Despite everyone speaking English since it is the most common second language and the language we use in business, even

that is not enough to have efficient communication. Sometimes it helps to write down the key concepts you want to pass to the other person and rely more on manuals to teach the offshoring teams.

- Maybe the most difficult thing is adapting to certain habits and routines that are not so common for us. In these situations, you have to be respectful and open-minded. It should mandatory also for the company to set expectations on both sides, so everyone knows the goals and what is expected in terms of work. This way it's just following the rules, the decision is not yours to say and explain why certain things must be done in a certain way that may be different from what the other person is expecting.

5. What strategies does the company you work for use to manage intercultural differences, and how effective are these strategies?

- We have some training related to effective and assertive communication, which of course, helps to deal with people, regardless of their cultural background. However, I would say we need more tools and information to manage intercultural differences.

- The strategy the company I work for use to manage intercultural differences is doing training before meeting the new people in their culture, this is not effective because it will only warn us of the difficulties and not solve them.

- Yes, it holds gatherings and celebrates international and national days from different countries that we usually deal with, there is a lot of exposure to different cultures. To a certain extent, they are effective, but it also depends on your openness and willingness to deal with and learn about other things.

- I don't know if these are strategies, but sometimes we have meetings before the training where we talk about the differences and what could go wrong, but I would say that most of the time the meetings are meant to deal with more concrete matters such as the differences in time zones and how we will deal with that.

- I believe this ends up being a strategy but not on purpose. We work in teams and the only requirement is to speak English, so we have people from all over the world working here. This brings together people from different cultures and this way the

team members can develop a better understanding of each other's cultures and build stronger working relationships.

6. Do you think it is possible for companies to foster cultural sensitivity and awareness in their teams, without falling into the fallacy of stereotypes and prejudice?

- Yes, I do. In an intercultural meeting, for instance, I believe it is important that people don't make assumptions but ask instead. I cannot assume that because you are Indian you are vegetarian, but I can ask if you eat meat or not. I also see humor as an ally in these situations - when you bring humor to the table and as long as you are making fun of your own culture/nationality, even if you are using stereotypes people tend to be more understanding and laugh about it.

- I think it is, by having a trainer of the culture he is presenting.

- Yes, I think it is possible, especially when you get to know certain parts of the culture or people who are very different from the norm.

- I think it is possible, but I also do not see the stereotypes as an enemy, because most of the time there are some true themes. The enemy is when we think they represent a universal truth and that it is all we need to know about the other person or culture.

- Yes, it is possible and in fact, it's essential that companies avoid stereotyping and instead focus on understanding and respecting the unique characteristics of different cultures. One way to avoid stereotypes is to provide education and training that emphasizes the diversity and complexity of different cultures, and the importance of avoiding those stereotypes and generalizations.

7. In your opinion, what role do language and cultural proficiency/competence play in the success of intercultural relationships in business?

- An immense role without any doubt. That's the reason why translators and interpreters not only study the language but also both culture and cultural differences. A lack of knowledge about the culture can be a deal breaker – you can use an expression when dealing with someone from a different culture that is not well

accepted and for that reason the relationship does not evolve. Of course, in the end, business goes smoothly if there is a relationship involved.

- One of the biggest roles, the language barrier is the hardest to crush but if it is crushed leads to better communication and culture exchange.

- Language and communication are perhaps one of the most important things. I've seen projects end because despite everyone speaking the same second language, no one understood each other, so it may well dictate the success or lack of it at work.

- As I said it is one of the most important things. If we can communicate efficiently, we will have the ability to understand the intentions of the other, and if we have the intention to be sensitive and respectful to the other person, we can create lasting relationships, I mean in business of course.

- Language and cultural proficiency/competence play a crucial role in the success of intercultural relationships in business. When individuals have a strong understanding of another culture's language, customs, and values, they are better equipped to communicate effectively and build strong relationships with people from that culture.

8. Do you think that the increase in digitalization, globalization, and remote work is correlated to the increase in practices of offshoring and outsourcing?

- Definitely! With remote working and the spread of the internet globally, offshore and outsourcing were made possible and easy.

- Yes, very much so. These technologies enabled the companies to rely on outsourcing companies to do the work as it was being made in the country of origin.

- Yes, it definitely makes it easier.

- Yes, in the same way that as the world evolved the business world changed. With globalization it's not only goods that we exchange between countries, now you can be based in a country and work for a company located on the other side of the world. And I think this tendency will continue in the future.

- Yes, because with the rise of digital technologies and the global economy, it has become easier and more cost-effective for companies to outsource certain tasks or

functions to other countries. Now with remote work, companies can access talent from around the world without the need for employees to physically relocate.