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The importance of a multicultural workplace on managing Intellectual Capital in SMEs

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Resumo

O cenário de negócios globalizado exige uma compreensão do impacto do multiculturalismo na gestão do capital intelectual, especialmente para Pequenas e Médias Empresas (PMEs). Este estudo investiga a relação entre um ambiente multicultural e a gestão eficaz do capital intelectual em PMEs, abordando desafios críticos enfrentados por essas entidades. Ao avaliar a influência de um ambiente multicultural na gestão do capital intelectual e no desempenho das PMEs, a pesquisa explora os benefícios e desafios dessa diversidade. Além disso, o estudo examina a interação das diferenças culturais na gestão do capital intelectual em PMEs, na Tunísia e em Portugal.

Os resultados destacam a importância de reconhecer e aproveitar as diversas perspectivas e experiências dentro de um ambiente multicultural. Esta pesquisa contribui com recomendações práticas para as PMEs otimizarem o capital intelectual nesses ambientes. Além disso, investiga se um ambiente multicultural aprimora o desempenho inovador e os resultados organizacionais. Ao preencher uma lacuna crítica na pesquisa empírica, este estudo fornece insights valiosos, tanto para pesquisadores académicos quanto para profissionais que procuram navegar pelas complexidades da gestão do capital intelectual em PMEs.

Palavras-Chave: Ambiente Multicultural; Gestão do Capital Intelectual; Pequenas e Médias Empresas (PMEs); Diversidade Cultural; Desempenho Organizacional; Desempenho Inovador

JEL Classificação: M14 Cultura Corporativa • Diversidade • Responsabilidade Social; M16 Administração de Negócios Internacionais

Abstract

The globalized business landscape necessitates an understanding of the impact of multiculturalism on managing intellectual capital, particularly for Small and Medium-sized Enterprises (SMEs). This study investigates the relationship between a multicultural workplace and the effective management of intellectual capital in SMEs, addressing critical challenges faced by these entities. By evaluating the influence of a multicultural environment on intellectual capital management and SME performance, the research delves into the benefits and challenges of such diversity. Additionally, this study examines the interplay of cultural differences within SMEs in Tunisia and Portugal.

The findings underscore the significance of recognizing and harnessing the diverse perspectives and experiences within a multicultural workplace. This research contributes practical recommendations for SMEs to optimize intellectual capital in such environments. Furthermore, it investigates whether a multicultural workplace enhances innovation performance and organizational outcomes. By filling a critical gap in empirical research, this study provides insights valuable to both academic researchers and practitioners seeking to navigate the complexities of intellectual capital management within SMEs.

Keywords: Multicultural workplace; Intellectual Capital Management; Small and Medium-sized Enterprises (SMEs); Innovation Performance; Organizational Performance

JEL Classification: M14 Corporate Culture • Diversity • Social Responsibility; M16 International Business Administration

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Chapter 1

Introduction

1.1. Contextualization

The multicultural workplace is becoming increasingly prevalent due to globalization and increasing mobility across borders (European Commission, 2015). This shows that today's workforce is diversified, and businesses must be in tune with that reality. Companies that operate in multiple countries and have employees from diverse cultural backgrounds are facing unique challenges in terms of managing their intellectual capital. Intellectual capital refers to the intangible assets of an organization, including knowledge, patents, and innovation. These have been identified as fundamental resources of wealth and progress (Edvinsson et al., 2019). IC encompasses human capital, which includes the knowledge and skills of individual employees; structural capital, which includes the organization's systems, processes, and intellectual property, and relational capital, which includes the organization's relationships with customers, suppliers, and other stakeholders (Bontis et al., 2000). A multicultural workplace brings a range of benefits, including access to diverse perspectives, increased creativity, innovation, and enhanced problem-solving skills. However, managing Intellectual capital in such a workplace can be complex to the different values, beliefs, and communication styles of employees from diverse cultural backgrounds (European Commission, 2015).

This increasing globalization of the business world has led to a growing number of small and medium-sized enterprises (SMEs) operating in multicultural environments. The European Commission defines small and medium enterprises as companies that employ fewer than 250 people and have an annual turnover of less than 50€ million or a balance sheet total of less than 43€ million (European Commission | Internal Market, Industry, Entrepreneurship and SMEs, n.d.).

It is true that SMEs may each individually have limited staff, but together they employ 97,2 million people or around 66.8% of the active population in the EU (European Innovation Scoreboard 2022, 2022). According to the European Commission's "Annual Report on European SMEs 2020/2021", there were approximately 25,9 Million SMEs in the non-financial business sector in the EU in 2021, representing 99.8% of all European businesses. In 2020, SMEs generated €3.4 trillion in value added (Eurostat, 2022), meaning 52% of total added value created by the non-financial business sector (Eurostat, 2022) and 27.8% of EU GDP (Eurostat,

2022). SMEs are thus the backbone of EU economy. As such, they represent a powerful, determining lever for change. Without the active involvement of SMEs, the drive for diversity management in the EU will be condemned to remain marginal (European Commission, 2015).

The Small Business Administration in the United States uses similar criteria, defining s mall business as having fewer than 500 employees (Table of Size Standards, n.d.).

SMEs are considered the backbone of most economies (European Commission, 2015), providing employment opportunities, driving innovation, and contributing to economic growth. They can be found in a variety of industries and sectors, from manufacturing and retail to technology and services. They are particularly vulnerable to the challenges posed by multicultural workplace, as they often have limited resources and a small pool of employees. Furthermore, SMEs may lack the policies and practices necessary to effectively manage the intellectual capital of their diverse workforce (European Commission, 2015). SMEs frequently face obstacles when it comes to implementing effective and comprehensive diversity policies. Due to time, resource, and expertise limitations, they often prioritize more pressing operational concerns. Additionally, many SMEs view multiculturalism management policies as overly burdensome and too demanding from logistical and strategic standpoints, causing them to shy away from committing to such initiatives. In contrast, large corporations tend to be more proactive in promoting multiculturalism and inclusivity, often serving as leaders in this area making them "ahead of the curve". These companies frequently communicate their values and expectations for multiculturalism to their suppliers and subcontractors (European Commission, 2015), emphasizing the importance of inclusive practices throughout their business networks. Thus, SMEs tend to say that diversity applies only to big groups (European Commission, 2015).

It is important for SMEs to understand the impact of a multicultural workplace on their intellectual capital and to develop strategies for effectively managing it. This can include measures such as providing diversity trainings for employees, encouraging open communication, and fostering a culture of inclusiveness.

The significance of a multicultural environment on managing intellectual capital in SMEs has become increasingly important in today's globalized and highly competitive business landscape (Bontis et al., 2000). A multicultural workplace is defined as an environment in which employees from different cultural backgrounds work together to achieve common goals (Kostova & Roth, 2002). It is an organization or company that fosters an environment that embraces diversity, equity, and inclusion where employees from different backgrounds, cultures, and experiences work together harmoniously towards a common goal (The Importance of Cultural Diversity in the Workplace | Thomas.Co, n.d.). This type of workplace encourages

individuals to bring their unique perspectives, talents, and skills, creating. Appositive and productive work culture. Multicultural workplaces can benefit both employees and the organization as a whole by promoting cultural awareness, acceptance, and understanding, employees are more likely to feel valued, respected and engaged, leading to higher job satisfaction, better collaboration, and increased creativity (The Benefits Of Cultural Diversity In The Workplace, n.d.). This type of environment has been shown to foster creativity and innovation by bringing together different perspectives, knowledge, and skills (Wang & Howell, 2010). Furthermore, a multicultural workplace can enhance the flow of knowledge and information within an organization, leading to an increased ability to capitalize on intellectual capital. Considering these benefits, it is clear that a multicultural environment can play a critical role in the success and competitiveness of SMEs, by enabling them to effectively manage their intellectual capital.

SMEs tend to think that a multicultural environment is only for big companies, which is not the case. Research has shown that SMEs encounter many of the same challenges as larger companies when it comes to multiculturalism, including communication barriers, differences in work styles and values, and difficulty in understanding cultural norms (European Commission, 2020; European Commission, 2015). These challenges can lead to a decreased productivity, higher turnover rates, and difficulties in retaining talented employees (European Commission, 2020). Therefore, it is important for SMEs to acknowledge the benefits of having a multicultural workforce and take steps to effectively manage not only the cultural differences, but also the intellectual capital.

1.2. Research Problem and Objectives

Given the growing importance of intellectual capital in today's globalized business environment, it is crucial for SMEs to understand the role of a multicultural workplace in managing this valuable resource. The management of intellectual capital in SMEs continues to pose a significant challenge, particularly in today's rapidly changing and highly competitive business landscape. Moreover, SMEs face a labor shortage and must compete in an increasingly diverse and multicultural environment. Limited resources can make it difficult for SMEs to effectively manage their intellectual capital and remain innovative, which raises the question: managing IC in a multicultural environment can lead to increased innovation for SMEs? Despite recognizing the value of intellectual capital as a critical driver of organizational success, many SMEs struggle to effectively manage and utilize their intellectual capital to achieve their

strategic goals. This presents a gap in understanding the role that a multicultural workplace can play in overcoming these challenges and effectively managing intellectual capital.

Therefore, this research aims to fill the gap in the existing literature by examining the relationship between a multicultural workplace and the effective management of intellectual capital in SMEs. Furthermore, there remains a lack of empirical research in this area, highlighting the need for a deeper exploration of the relationship between a multicultural workplace and intellectual capital management in SMEs. The study aims to provide valuable insights into the relationship between a multicultural workplace and the effective management of intellectual capital in SMEs, which will be of interest to both academic researchers and practitioners.

The main purpose of this research is to explore the relationship between a multicultural workplace and the management of intellectual capital in SMEs. More specifically, the research aims to:

1. Identify the key challenges faced by SMEs in managing their intellectual capital.
2. Evaluate the impact of a multicultural workplace on managing intellectual capital and on the overall performance of SMEs (including the challenges and benefits of a multicultural workplace in the management of IC)
3. Identify how cultural differences affect the management of intellectual capital in SMEs in Tunisia and Portugal.
4. Provide recommendations for SMEs on how to effectively manage their intellectual capital in a multicultural environment.
5. Determine whether a multicultural workplace can lead to a better innovation performance and organizational performance.

In summary, the background and context of this research are rooted in the growing importance of a multicultural workplace and the critical role that intellectual capital plays in the success of SMEs. This study aims to address the research objectives and provide practical recommendations for SMEs on effectively managing their intellectual capital in a multicultural environment. The findings of this research will contribute to the existing body of knowledge

on intellectual capital management and the role of a multicultural environment, thereby informing future research in this area.

1.3. Research structure

The research structure of this thesis is divided into five chapters. The 1st chapter introduces the research topic and includes background information, the significance of a multicultural environment on managing intellectual capital in SMEs, key terms definitions, the research problem, and research objectives, and how this document is structured. The 2nd chapter is a comprehensive literature review of the existing research on intellectual capital and the impact of a multicultural environment on managing intellectual capital in SMEs. The review includes discussions of cultural dimensions, previous research in this area and relevant theories like the cultural intelligence theory and the diversity management theory. The 3rd chapter outlines the methodology used in the study to gather data, including the research design, data collection methods, sample selection and data analysis techniques. The 4th chapter presents the discussion and analysis of the results obtained and includes a comparison of results from Tunisia and Portugal. At last, the 5th chapter summarizes the research and provides conclusions, implications for SMEs and future research, limitations, and recommendations.

Chapter 2

Literature review

2.1. Literature research

In order to investigate the research scope and address the research questions, a comprehensive literature review was conducted using various reputable databases such as Scopus, Web of Science, and Research Gate. These databases were chosen for their extensive and up-to-date collection of high-quality academic publications. The search was carried out in 2023, using different combinations of keywords including “Intellectual Management”, “Multiculturalism”, “Multicultural Workplace”, “Innovation”, and “SMEs” to search for relevant papers in the titles, abstracts, and full texts. Only English documents were considered during the search process.

2.2. Overview of Intellectual Capital

Intellectual capital is a term that refers to the knowledge and skills of an organization’s employees and the value of its intangible assets, such as patents, trademarks, and copyrights. It is an essential component of an organization’s overall value and competitiveness in today’s knowledge-based economy (Sveiby, 1997). Intellectual capital has become increasingly important in recent years as organizations are recognizing the value of their intangible assets and are seeking to leverage these assets to gain a competitive advantage.

The concept of intellectual capital was first in traduced by Edvin Stewart in 1991 and has since gained widespread recognition and application in various fields such as finance, management, and strategy (Stewart Thomas, 1991).

IC comprises three primary components: structural, relational, and human capital. Structural capital includes the knowledge embedded in an organization’s systems, processes, and structures such as patents, trademarks, and databases (Bontis, 1998). Relational capital refers to the value derived from an organization’s external relationships, including customers, suppliers, and partners, and encompasses aspects such as brand reputation and customer loyalty (Nahapiet & Ghoshal, 2009). Finally, human capital encompasses the knowledge, skills, and abilities of an organization’s employees and includes aspects such as education, experience, and expertise (Edvinsson et al., 2019). While these three components are widely accepted as the primary components of IC, some studies have identified additional components such as

organizational culture and leadership. In this thesis, we will focus on the three primary components of IC: structural, relational, and human.

Intellectual capital has been the subject of numerous studies and is seen as a key factor in determining an organization's success and competitiveness. For example, a study by Edvinsson and Malone (1997) found that intellectual capital is a significant driver of financial performance, with companies with strong intellectual capital outperforming those with weaker intellectual capital. Another study found that intellectual capital is a critical factor in innovation and competitiveness, with organizations that invest in intellectual capital being more likely to succeed in the market (Marr et al., 2003).

Intellectual capital is also an important factor in SMEs. SMEs are often facing intense competition and are seeking ways to leverage their intangible assets to gain a competitive advantage. A recent study found that intellectual capital is a critical factor in the success of SMEs, with SMEs that invest in intellectual capital being more likely to achieve high levels of performance (Muda et al., 2020).

In brief, understanding the role and importance of intellectual capital is essential for organizations seeking to leverage their intangible assets to gain a competitive advantage. Intellectual capital is a crucial component of an organization's overall value and competitiveness, comprising three primary components: structural, relational, and human capital. Through investing in intellectual capital, organizations can drive financial performance, innovation, and competitiveness, as well as achieve high levels of performance in SMEs.

2.3. Overview of challenges faced by SMEs in managing their intellectual capital

Small and medium-sized enterprises (SMEs) face significant challenges in managing their intellectual capital, as they may lack the resources, skills, and technology necessary to capture and share valuable knowledge and expertise. According to Abernathy and Clark (1985), a lack of resources is one of the most significant challenges faced by SMEs in managing intellectual capital (Abernathy & Clark, 1985). SMEs may not have the financial resources or manpower to fully develop and manage their IC, which can hinder their competitiveness against larger companies. Additionally, SMEs may struggle to identify and capture valuable knowledge and expertise, as this often requires specialized skills and technology (Sveiby, 1997).

Another significant challenge faced by SMEs is a lack of diversity in the workplace. A lack of diversity can lead to a narrow perspective on problem-solving, which can hinder the development and management of intellectual capital (T. H. Cox & Blake, 1991). Conversely, a

multicultural workplace can offer a broader range of perspectives, knowledge, and expertise, which can help SMEs effectively manage their intellectual capital (Tung, 1998). Multiculturalism is a concept that refers to the coexistence of multiple cultural traditions within a society. It is characterized by the recognition, respect, and accommodation of diverse cultural beliefs, practices, and values, as well as the promotion of equality and social justice for all individuals regardless of their cultural backgrounds (Kymlicka, 2012). One commonly cited definition of multiculturalism comes from the Canadian philosopher Charles Taylor, who describes it as "the ideal of civic recognition of diversity within a democratic framework"(C. Taylor, 1994). Another definition from the UNESCO Universal Declaration on Cultural Diversity defines multiculturalism as "the cultural interactions and creations resulting from the coexistence of diverse cultural traditions" (UNESCO Universal Declaration on Cultural Diversity | UNESCO, 2001). Ultimately, multiculturalism seeks to foster social harmony, promote diversity and inclusivity, and ensure equal opportunities and social justice for individuals from all cultural backgrounds. Considering this, a lack of diversity and multiculturalism may lead to a loss of valuable perspectives and expertise, ultimately hindering SMEs' ability to effectively manage their intellectual capital.

Furthermore, SMEs may struggle to implement effective knowledge management strategies. SMEs often lack the formal processes and systems required to effectively capture and share knowledge and expertise (Sveiby, 1997). Lack of technology, managerial capabilities, productivity, and social and professional business network are also major challenges faced by SMEs in intellectual capital management (Bharti, 2019).

For entrepreneurs, it can be particularly challenging to manage personality and traits while implementing change management and legal protection of intellectual property rights, creating a business culture, and fostering research and development (R&D) and innovation. These challenges are major problems for intellectual capital development (Abosede & Onakoya, 2013).

Several studies have identified human capital management as a significant challenge faced by SMEs in managing their intellectual capital (Bharti, 2019). Bably also found that lack of entrepreneurial traits and training and development being considered as an expense in the organization were major challenges faced by SMEs in intellectual capital management (Bharti, 2019). In addition, SMEs may have a deficiency in resources that restrict their target opportunities (Bharti, 2019).

In conclusion, managing intellectual capital is crucial for the success of SMEs in today's competitive global market. However, SMEs face several challenges in developing and

managing their intellectual capital. One of the most significant obstacles is the lack of resources, diversity in the workplace, and effective knowledge management strategies. To overcome these challenges, SMEs must embrace diversity, multiculturalism, and inclusion in their workforce, and focus on developing formal processes and systems to capture and share knowledge and expertise. Additionally, entrepreneurs should consider implementing change management strategies, legal protection of intellectual property rights, creating. A business culture and fostering R&D and innovation to effectively manage their intellectual capital. By doing so, SMEs can improve their competitiveness and maintain a sustainable advantage in the market. The importance of a multicultural workplace in managing capital cannot be overlooked, and further research is needed to explore the impact of multiculturalism and inclusion on intellectual capital development and management.

2.4. Overview of multicultural workplace and its impact on managing intellectual capital

Recent studies have attributed workforce diversity to the increased globalization of the twenty-first century, which has increased the mobility of people across nations as well as the interdependence of organization (Okoro, 2012). For example, Martin and Nakayama (2007) note that communication encounters with diverse people from different ethnic, race, and national backgrounds occur most frequently in the workplace (Nakayama & Martin, 2007). Clive (2007) argued that workplaces are the only sites at which individuals from diverse cultures convene and collaborate, and thus refreshes and broadens the relevancy of an organization (Muir, 2007). Culture is a multifaced concept that encompasses the shared values, beliefs, behaviors, and artifacts that characterize a group or society. As defined by Tylor (1871), it is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society (Burnett Tylor, 1871). Geertz (1973) viewed culture as a system of inherited conceptions expressed in symbolic forms by means of which individuals communicate, perpetuate, and develop their knowledge and attitudes towards life (Geertz, 1973). Berger and Luckmann (1967) argue that an individual's value frame is greatly influenced by the regional culture that is passed from generation to generation, shaping individuals' habits and behaviors, and controlling actions, speech, thinking patterns, and rituals in society (Berger & Luckmann, 1991). Mahadevan's definition for culture "how we normally do things around here," (Jasmin Mahadevan, 2017) underscores culture as a social phenomenon enacted by collectives at different levels, including the group,

organizational, societal, and global levels, and can include both material and non-material aspects such language, customs, traditions, art, music, food, clothing, and architecture.

A multicultural workplace can bring together people from diverse background, including different cultures, nationalities, and languages, which can positively affect the intellectual capital of an organization (Jackson & Ruderman, 2004). Intellectual capital refers to the intangible assets of an organization, including knowledge, skills, and experience (Bontis, 1998). When a multicultural environment is well-managed, it can foster knowledge exchange and sharing among employees with different perspectives and experiences (Chua et al., 2012). For instance, a study by Li, Oljaca, Fridousi, and Akram, found that diversity in employees' national and educational backgrounds positively influenced knowledge sharing in Chinese SMEs (Li et al., 2021). Similarly, Cardoso and colleagues (2017) found that multicultural teams in Brazilian SMEs had higher levels of innovation (Cardoso Hugo et al., 2017).

The potential benefits of a multicultural workplace on intellectual capital can be attributed to social capital, which is the value derived from relationships between individuals or groups, (Bourdieu, 1986). Social capital in multicultural workplaces can be developed through the exchange of ideas and perspectives among individuals from diverse backgrounds (Marschlich & Ingenhoff, 2021). The result can be more innovative, creative, and competitive. Social capital theory also suggests that trust, shared values, and norms can be developed among individuals from diverse backgrounds in multicultural workplaces, which can further enhance knowledge sharing and innovation (Lin, 2001).

However, managing a multicultural environment can also pose challenges to SMEs in terms of communication, coordination, and conflict resolution (Taras et al., 2010). For example, cultural differences in communication styles and norms can lead to misunderstandings and misinterpretations (Sue & Sue, 2016). Okoro and Washington (2012) also acknowledge that managing workforce diversity can be challenging, particularly when it comes to communication. They suggest that organizations need to recognize and address communication barriers that may arise due to cultural differences (Okoro & Washington, 2012). Researchers have noted that ignoring the implications of workforce diversity can affect productivity and performance as well as undermine the overall goal business performance. For example, Kanu (2008) reported that Goldman Sachs has experienced financial losses due to the lack of diversity in its workforce (Okoro & Washington, 2012). Therefore, it is important for SMEs to recognize the potential benefits of a multicultural workplace and to develop strategies to effectively manage multiculturalism. One strategy is to invest in cultural intelligence (CQ), which is the ability to adapt to and work effectively with people from different cultural background (T. H.

Cox & Blake, 1991; Earley & Ang, 2003; Okoro & Washington, 2012). Another strategy is to adopt a diversity management approach, which involves recognizing and valuing differences among employees and promoting inclusive practices in the workplace (T. H. Cox & Blake, 1991). Additionally, Okoro and Washington (2012) highlight the potential benefits of workforce diversity, including enhanced creativity and innovation, increased problem-solving capacity, and improved decision-making (Okoro & Washington, 2012). They argue that a diverse workforce can bring different perspectives and experiences, which can lead to a wider range of ideas and solutions to problems (Okoro & Washington, 2012). This is consistent with the idea that a well-managed multicultural environment can foster knowledge exchange and sharing among employees with different perspectives and experiences, which can positively affect intellectual capital (Tarique & Schuler, 2010).

In brief, according to the literature, having a multicultural workplace in SMEs can greatly affect their intellectual capital. However, the impact of multiculturalism largely depends on how well SMEs can manage the cultural differences within their workplace. A multicultural workplace has the potential to increase creativity, innovation, and organization performance. Nevertheless, effectively managing multiculturalism can also present difficulties, especially in communication. Therefore, SMEs must establish effective strategies to capitalize the potential advantages of a multicultural workplace for their intellectual capital.

2.5. Communication challenges in a multicultural workplace

In a multicultural workplace, effective communication is crucial for the efficient functioning of the organization, but it can also pose challenges for leaders. Arun (2020) pointed out that leaders in multicultural workplace face difficulties in managing proper communication with diverse workforces (Arun et al., 2020). Communication challenges can arise due to differences in language, culture, values, and beliefs among employees. These challenges can result in misunderstandings, conflicts, and barriers to effective collaboration, which can hinder the organization's ability to manage intellectual capital effectively.

One of the primary communication challenges in a multicultural workplace is the language barrier. Employees who do not share a common language may find it difficult to communicate effectively, which can result in misunderstandings and errors. To overcome this challenge, organizations can provide language training to employees or hire multilingual staff who can act as interpreters and bridge the language gap (Pless & Maak, 2012).

Another challenge is cultural differences. Cultural norms and values can affect how employees perceive and respond to communication. For instance, direct communication is preferred, while in others, indirect communication is preferred. Moreover, nonverbal cues such as facial expressions, tone of voice, and body language may be interpreted differently across cultures, leading to miscommunication (Hofstede, 2001).

In addition, stereotyping and prejudice can also affect communication in a multicultural workplace. Stereotyping involves making assumptions about individuals based on their cultural backgrounds, while prejudice involves holding negative attitudes towards individuals based on their cultural background. These attitudes can lead to communication breakdowns and conflicts (Taylor. Cox, 2000).

To address these challenges, organizations need to establish effective communication strategies that are inclusive and culturally sensitive. This may include creating a communication policy that encourages open communication, establishing regular communication channels, and promoting cultural awareness and sensitivity among employees (Usmanova et al., 2021). Moreover, organizations need to foster a culture of inclusivity and diversity that values and respects employees from different cultural backgrounds (Chrobot-Mason & Aramovich, 2013).

In conclusion, effective communication in a multicultural workplace is crucial for managing intellectual capital in SMEs. Addressing the challenges mentioned in this section requires the implementation of effective communication strategies that are inclusive and culturally sensitive. Organizations that can successfully manage communication in a multicultural workplace are likely to experience improved collaboration, enhanced innovation, better organizational performance, and increased competitive advantage in the global marketplace.

2.6. Hofstede's cultural Dimensions

Hofstede's cultural dimensions are a widely used framework for understanding cultural differences between nations (National Culture, 2023). Hofstede identified six dimensions of culture that he argued could be used to predict differences in behavior between people from different countries (National Culture, 2023). These dimensions include:

1. Power distance: the extent to which people in a culture accept and expect unequal distribution of power and authority (National Culture, 2023).

2. Individualism VS collectivism: the degree to which people in a culture prioritize individual versus group goals and values (National Culture, 2023).
3. Masculinity VS femininity: the extent to which a culture values traditional masculine traits (such as competitiveness and ambition) versus feminine traits (such as collaboration and nurturing) (National Culture, 2023).
4. Uncertainty avoidance: the extent to which people in a culture are comfortable with ambiguity and uncertainty (National Culture, 2023).
5. Long-term VS short-term orientation: the degree to which a culture values long-term planning and investment versus short-term goals and immediate gratification (National Culture, 2023).
6. Indulgence VS restraint: the extent to which a culture encourages and rewards self-indulgent behaviors versus restraint and self-control (National Culture, 2023).

Hofstede's dimensions have been used to explain differences in work-related behaviors, such as leadership style, decision-making processes, and communication styles. When applied to the context of intellectual capital management in multicultural SMEs, these dimensions can help explain how cultural differences may affect the sharing and creation of knowledge within the organization specifically in the two countries Tunisia and Portugal.

In this study, we will use Hofstede's dimensions to compare the cultural differences between Portugal and Tunisia and explore how these differences may impact intellectual capital management in multicultural SMEs in each country. Specifically, we will examine how cultural differences may affect the following aspects of intellectual capital management: cultural intelligence management, diversity management, innovation performance, and knowledge management.

Research has shown that Portugal and Tunisia have significantly similar cultural profiles. Based on the Hofstede dimensions, both countries have a relatively high-power distance, 70 for Tunisia (Tunisia - Hofstede Insights, 2023) and 63 for Portugal (Country Comparison - Hofstede Insights, 2023), which means that hierarchies are accepted and respected in society. However, Tunisia scores higher on this dimension than Portugal, which indicates that Tunisians are more comfortable with hierarchical structures and have a greater acceptance of inherent inequalities in society (National Culture, 2023).

In terms of collectivism, Tunisia scores 40 (Tunisia - Hofstede Insights, 2023) and Portugal scores 27 (Country Comparison - Hofstede Insights, 2023). Both countries tend towards a collectivist culture. These two countries are characterized by an early integration, and close, long-term commitment to a strong, cohesive 'in-group'. These two societies foster strong relationships where everyone takes responsibility for and protects fellow members of their group. loyalty is paramount and overrides most other societal rules. in addition, in Portugal and Tunisia employer/employee relationships are perceived in moral terms (like a family link), hiring and promotion decisions take account of the employees in group, management is the management of groups (National Culture, 2023). Nevertheless, we must mention that Portugal tends to be less collectivist than Tunisia, and Portuguese people place a greater value on individual achievement and independence.

Both countries have a moderate level of masculinity, with a preference for modesty and fairness. Tunisia scores 40 (Tunisia - Hofstede Insights, 2023), and Portugal 31(National Culture, 2023). In these two moderately feminine societies, quality in working lives is highly values, incentives such as free time and flexibility are favored (National Culture, 2023).

Furthermore, Tunisia (75) (Tunisia - Hofstede Insights, 2023) and Portugal (99) (Country Comparison - Hofstede Insights, 2023) score higher than average on uncertainty avoidance meaning that they are risk-averse societies that prefer strict rules and regulations and do not readily accept change. In Portugal and Tunisia there is an emotional need for rules, even if the rules never seem to work. Both Portuguese and Tunisians have an inner urge to be busy and work hard, innovation may be resisted, and security is an important element in individual motivation (National Culture, 2023). However, Portugal scores much higher than Tunisia on this dimension, indicating a greater preference for avoiding uncertainty and maintaining the status quo.

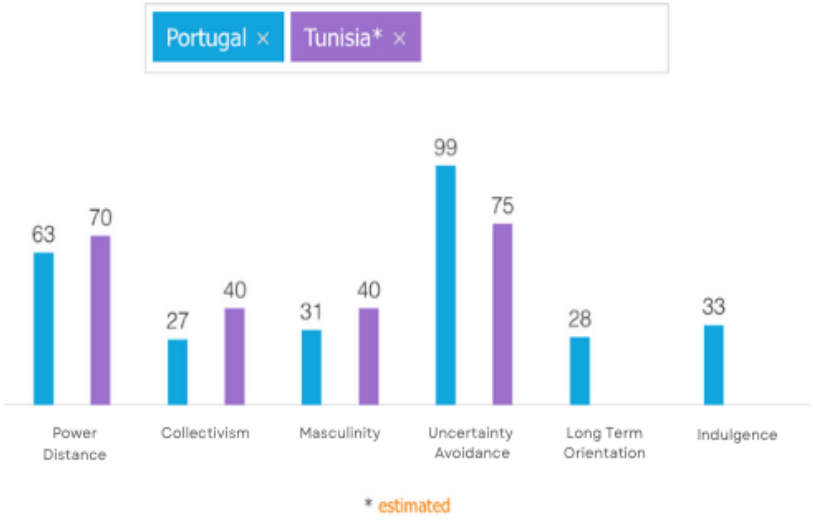
There is no data available for Tunisia on the long-term orientation and indulgence dimensions, thus we will not be analyzing these two factors.

It is important to note that cultural dimensions are not deterministic, and individuals may not be necessary conform to the cultural norms of their country. However, understanding these cultural dimensions can help SMEs to develop strategies for managing intellectual capital that are sensitive to the cultural context in which they operate.

In terms of managing intellectual capital in multicultural SMEs, these cultural characteristics may have important implications. For example, a manager from Tunisia may be more comfortable with a hierarchical structure and may prefer a more centralized decision-making process. In contrast, a manager from Portugal may value more individual initiative and

prefer a more decentralized approach. In addition, according to the uncertainty of avoidance indexes for Portugal and Tunisia, it seems that it may be difficult to introduce new ideas and processes in these two countries.

In conclusion, Hofstede's dimensions reveal that Tunisia and Portugal have significant similarities in terms of cultural values. However, there are notable differences, particularly related to their economic and political conditions. Additionally, Portugal's recent emergence as a popular destination for expats has likely increased its exposure to global influences, making it more internationally oriented than Tunisia. These differences are relevant to the importance of a multicultural workplace on managing intellectual capital in SMEs operating in both countries and should be considered when analyzing our data.



Graphic 2.1. Hofstede's Cultural Dimensions: A Comparison Between Tunisia and Portugal

Source: Hofstede Insights. 2023. Country Comparison Tool.

2.7. Theoretical Framework

2.7.1. Cultural Intelligence (CQ) theory

Today's Workplaces are more multicultural than ever (Cultural Intelligence - Working Confidently in Different Cultures, 2022). While this diversity brings new opportunities, it can also lead to challenges. Therefore, it is important for individuals to develop Cultural Intelligence (CQ) which means understanding and operating in different cultures effectively. This skill is crucial in today's multigenerational and multicultural workplaces.

Cultural Intelligence (CQ) theory is a relatively new framework that aims to describe an individual's ability to adapt and function effectively in culturally diverse settings. Developed by Earley and Ang in 2003, CQ is defined as "an individual's capability to function effectively in situation characterized by cultural diversity" (Earley & Ang, 2003). According to the theory, individuals with higher levels of CQ are better equipped to navigate cross-cultural interactions and work collaboratively with people from diverse backgrounds.

CQ consists of four distinct components: cognitive, physical, emotional, and behavioral. Cognitive CQ refers to an individual's knowledge and understanding of other cultures, including their values, beliefs, customs, and communication styles. Physical CQ, on the other hand, relates to an individual's ability to adjust to different physical environments, such as climate, food, and housing. Emotional CQ refers to an individual's capacity to manage and regulate their emotions in cross-cultural situations, while behavioral CQ relates to an individual's ability to adapt their behavioral to suit cultural norms and expectations.

Recent research has highlighted the importance of CQ in various contexts, including business, education, and healthcare. For example, studies have shown that individuals with higher CQ are more likely to be successful in international business ventures (Thomas & Inkson, 2007) and are better to work effectively in multicultural teams (Ang & Van Dyne, 2015).

In conclusion, Cultural Intelligence theory is a valuable framework for understanding an individual's ability to function effectively in cross-cultural settings. The four components of CQ – cognitive, physical, emotional, and behavioral – provide a comprehensive understanding of an individual's capacity to navigate cultural diversity. The importance of CQ in various contexts underscores the need for further research and development of this theory.

2.7.2. Diversity management theory

Diversity management is a critical concept in today's business world, particularly for small and medium-sized enterprises (SMEs) operating in multicultural settings. It refers to the implementation of policies and practices that foster an inclusive workplace where employees of different background, experiences, and perspectives can work together productively (T. H. Cox & Blake, 1991). Such an approach is increasingly recognized as essential for enhancing organizational performance, promoting innovation, increasing creativity, improving problem-solving capabilities, and thus better managing intellectual capital (Beril et al., 2017). Several theories have been developed to explain the benefits of diversity management in organizations. In the 1990s, the authors Cox, Blake, Roosevelt, Loden, Rosener, Jackson, Gardenswartz, Rowe, and Thomas were the first to write about diversity management (Beril et al., 2017). Therefore, no uniform definition exits for diversity management.

The model of the dimensions of diversity by Gardenswartz and Rowe is about the "Four Layers of Diversity" between the personality, which is at the center of the model and highlights individuality of people as well as an inner, external, and organizational dimension (Beril et al., 2017; Why Gardenswartz & Rowe, n.d.). The inner dimensions describe features that may not be affecting through the individual, such as, inter alia, age, gender, ethnicity, physical abilities. The external dimension refers to basically influenceable features that characterize an individual, such as education, work experience, marital status, leisure behavior, residence, income, habits, leisure activities, religion, or belief. The organizational dimension refers to features that put the individual in relation to professional activities, such as function, job content, department, seniority, status (Beril et al., 2017).

One of the most prominent diversity management theories in the social identity theory, which posits that people from social identities based on group membership and use these identities to define themselves and others (Hogg, 2021). This theory suggests that managing diversity requires recognizing and valuing differences among individuals and building a workplace culture that supports inclusivity (Hogg, 2021).

Other related theories include the contact hypothesis, which suggests that intergroup contact can reduce prejudice and discrimination, and the self-categorization theory, which proposes that individuals categorize themselves and other into groups based on shared characteristics (Madhani, 2010).

Another important diversity management theory is the resource-based view, which focuses on the role of diversity in creating a competitive advantage for organizations (Madhani, 2010).

According to this theory, diversity can enhance an organization's capacity to generate new ideas, solutions, and perspectives, thus increasing innovation and improving performance (Madhani, 2010).

Additionally, the knowledge-based view of diversity management emphasizes the role of knowledge sharing and knowledge creation in promoting diversity (Lauring & Selmer, 2012). This view suggests that diverse employees bring different perspectives and knowledge to the workplace, and that this knowledge can be leveraged to enhance organizational learning and knowledge management (Lauring & Selmer, 2012).

In conclusion, diversity management is a critical concept for SMEs operating in multicultural settings. Several theories including social identity theory, resource-based view, and knowledge-based view have been developed to explain the benefits of diversity management in organizations. Thus, to effectively manage intellectual capital in multicultural workplaces, SMEs need to implement effective diversity management practices that promote inclusivity, knowledge sharing, and collaboration among employees.

2.7.3. Innovation performance theory

Innovation performance is a concept that refers to the ability of a firm, organization, or industry to generate, develop, and implement new ideas, products, services, and processes that create economic and social value. According to Joe Tidd and john Bessant, innovation performance involves "the ability to translate knowledge and ideas into new products, services, or processes and to successfully bring these to market or put them into use in the organization," (Tidd & Bessant, 2009). Innovation performance can be measured through a range of indicators, including patents, R&D investment, product launches, and market share. According to the Oslo manual, innovation performance can be assessed by examining "the introduction of new or significantly improved products (goods or services), processes, marketing methods, organizational structures, or management practices" that are new to the firm or the market, (Oecd, 2005). Innovation performance is seen as a critical driver of economic growth and competitiveness, as well as a means of addressing global challenges such as climate change and social inequality. As such, it has become a key focus of policy and research in fields such as management, economics, science, and technology studies.

A multicultural workplace can have significant impact on innovation performance in SMEs. Research has shown that a diverse workforce can bring a range of perspectives and experiences that can lead to more creative and effective problem-solving (Herring, 2009). Moreover, a

multicultural workplace can facilitate the transfer of knowledge and ideas across different cultural and linguistic boundaries, which can be especially valuable for SMEs operating in global markets (Beugelsdijk & Mudambi, 2013).

However, the relationship between multiculturalism and innovation performance is complex and dependent on a range of factors, such as the size of the firm, the nature of the industry, and the level of diversity within the workforce (Ozgen et al., 2011). For example, research has shown that a moderate level of cultural diversity may be more beneficial for innovation performance than either very low or very high levels (Harrison & Klein, 2007).

Recent research has shown that a multicultural workplace can help to enhance to management of intellectual capital, leading to improved innovation performance. For example, a study by Ahuja, Lampert, and Tandon (2008) found that the transfer of knowledge across cultural and linguistic boundaries can lead to the creation of new ideas and the development of innovative solutions to complex problems (Ahuja et al., 2008). Similarly, a recent study found that transformational leadership, which emphasizes vision, inspiration, and individualized consideration, can facilitate knowledge sharing and collaboration among diverse team members, leading to improved innovative performance (Yin et al., 2020).

In conclusion, innovation performance theory is highly relevant to the importance of a multicultural workplace in managing intellectual capital in SMEs. While the relationship between multiculturalism, intellectual capital management, and innovation performance is complex and dependent on a range of factors, recent research suggests that a diverse and inclusive workplace culture that supports knowledge sharing, and collaboration can lead to improved innovation performance in SMEs.

2.7.4. Knowledge management (KM) theory

Knowledge management theory is a multidisciplinary field that seeks to understand how organizations can create, capture, share, and use knowledge to achieve their goals (Davenport & Prusak, 1998). In the context of SMEs, knowledge management is crucial as it enables them to effectively leverage their intellectual capital, which includes their employees' knowledge, skills, and abilities, to achieve sustainable competitive advantage in a dynamic business environment (Durst & Edvardsson, 2012).

Several studies have demonstrated the positive impact of a multicultural workplace on knowledge management. For instance, Simon Rafaqat, Sahil Rafaqat, Saoul Rafaqat & Dawood Rafaqat (2022) found that diversity in the workplace enhances the sharing and integration of

knowledge, which improves decision-making, innovation, and overall organizational performance.

Moreover, knowledge management practices such as knowledge sharing, knowledge creation, and knowledge transfer are critical for SMEs to effectively manage their intellectual capital (Jordão & Novas, 2022). For example, Yin et al. (2020) found that knowledge sharing among employees in SMEs positively impacts the firm's innovation and competitive advantage (Zhang et al., 2022). Similarly, the knowledge transfer among different departments in SMEs leads to better decision-making and overall performance (Anand et al., 2020).

However, effective knowledge management in a multicultural workplace requires the development of a culture of trust, open communication, and collaboration. This is because cultural differences can create communication barriers that hinder knowledge sharing and integration (Anantatmula, 2010). Therefore, SMEs need to implement appropriate knowledge management strategies, such as cross-cultural training and mentoring, to overcome these barriers and enhance knowledge management in a multicultural environment.

In conclusion, knowledge management is critical for SMEs to effectively manage their intellectual capital and achieve sustainable competitive advantage. A multicultural workplace enhances knowledge management by promoting knowledge sharing, learning, and creativity. However, SMEs need to develop a culture of trust and collaboration to overcome communication barriers arising from cultural differences. Therefore, SMEs should implement appropriate knowledge management strategies to enhance their intellectual capital management in a multicultural environment.

2.8. Definitions of Important Concepts

2.8.1. Innovation Performance

Innovation performance is a concept that refers to the ability of a firm, organization, or industry to generate, develop, and implement new ideas, products, services, and processes that create economic and social value. According to Joe Tidd and john Bessant, innovation performance involves "the ability to translate knowledge and ideas into new products, services, or processes and to successfully bring these to market or put them into use in the organization," (Tidd & Bessant, 2009).

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Innovation performance is seen as a critical driver of economic growth and competitiveness, as well as a means of addressing global challenges such as climate change and social inequality. As such, it has become a key focus of policy and research in fields such as management, economics, science, and technology studies.

2.8.2. Organizational Performance

Organizational performance refers to the extent to which an organization is meeting its goals and objectives. It is a multidimensional construct that includes a range of performance indicators such as financial performance, customer satisfaction, employee engagement, and innovation, (Richard et al., 2009).

It can be evaluated using various methods, such as financial rations, customer surveys, employee feedback, and benchmarking against industry standards. It encompasses three specific areas of firm outcomes:

- Financial performance: profits, return on assets, return on investment, etc.
- Product market performance: sales, market share, etc.
- Shareholder return: total shareholder return, economic value added, etc.

High organizational performance is typically associated with increased profitability, growth, and sustainability.

Chapter 3

Methodology

3.1. Research Context

The globalized business landscape has witnessed a rapid increase in the importance of SMEs as key contributors to economic growth. With the growing globalization of markets, SMEs are expanding their operations and engaging with diverse cultures and nationalities. This trend highlights the significance of understanding how a multicultural workplace influences the management of intellectual capital within SMEs.

Despite the recognized importance of intellectual capital for organizational success, there is a notable research gap concerning the important of a multicultural workplace on intellectual within SMEs.

Furthermore, limited attention has been given to exploring this relationship such as Portugal and Tunisia. Hence, it is crucial to investigate the role of a multicultural workplace in the management of intellectual capital in SMEs, particularly in these two countries, especially after covid, which was a big event for both countries to attract more international people, due to their beautiful similar weather.

The primary objective of this research is to provide insights into the factors that contribute to the development of a multicultural workplaces, and how such diversity influences the management of intellectual capital. By examining the similarities and differences between Portugal and Tunisia using the Hofstede's dimensions, this study aims to contribute to the existing body of knowledge and enhance the understanding of multicultural workplace dynamics in the context of intellectual capital management within SMEs.

3.2. Research Design

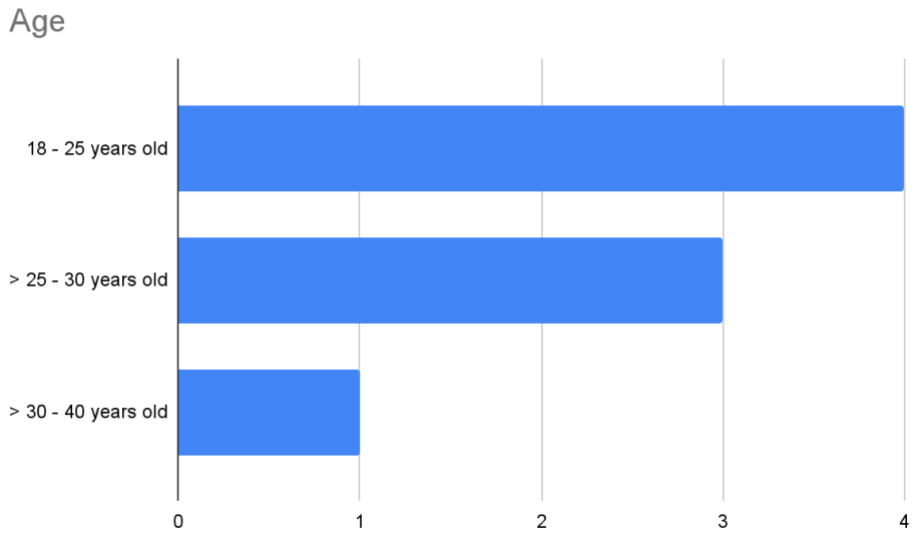
To fulfill the aim of this dissertation, which is to understand the importance of a multicultural workplace on managing intellectual capital in SMEs, a qualitative method of research was conducted. Qualitative research aims to explore and understand complex phenomena in-depth, focusing on subjective experiences, perspectives, and practices of individuals or groups. In line with this approach, case study research design was adopted, as outlined by Robert K. Yin in his book, 'Case Study Research Design and Methods' (2014). A case study involves an in-depth investigation of a specific phenomenon or situation, allowing researchers to gain a comprehensive understanding of the subject within its real-life context. In this study, the case

refers to the SMEs operating in Portugal and Tunisia. By conducting interviews with decision-makers in these SMEs, the research seeks to capture their perspectives and experiences regarding the importance of a multicultural workplace on managing intellectual capital in SMEs. Through the case study approach, this research design enables a detailed examination of the research problem by exploring the specific context, dynamics, and complexities surrounding the interaction between a multicultural workplace and the management of intellectual capital. The qualitative nature of this design allows for a rich and nuanced exploration of decision-makers' perspectives and practices, providing. Valuable insights into the research questions at hand.

3.3. Sample

The sample for this study consists of 8 participants, all of whom are employed in Small and Medium Enterprises (SMEs). The sample is intentionally diverse, comprising individuals from both Portugal and Tunisia to capture a range of perspectives from different cultural and professional backgrounds.
The participants were selected based on the following criteria:

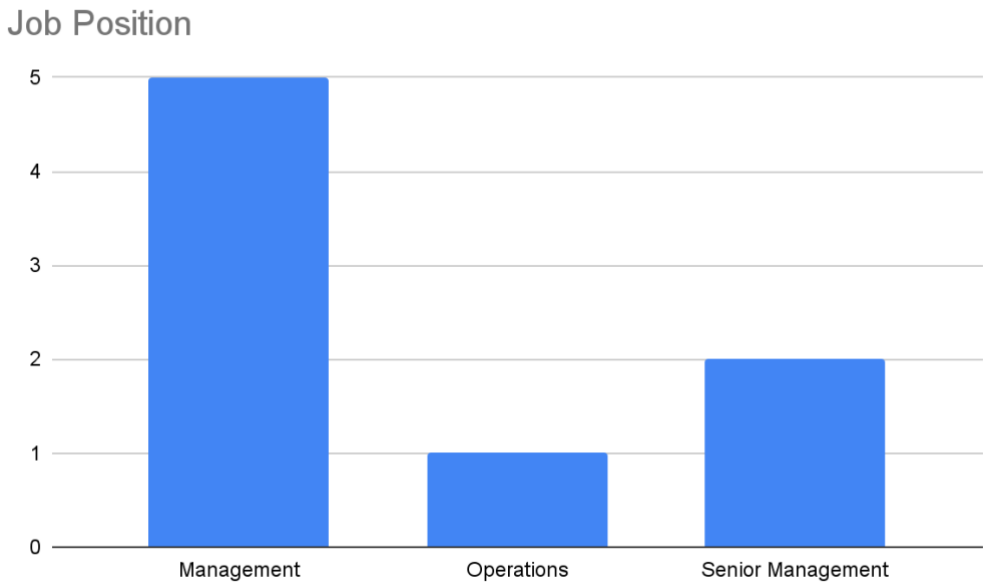
1. Nationality: The sample includes individuals from 4 distinct backgrounds - two Portuguese individuals based in Portugal, two foreign individuals based in Portugal (1 Ukranian and 1 Morroccan), two Tunisian individuals based in Tunisia, and two foreign individuals based in Tunisia (1 Portuguese and 1 French).
2. Age Range: The participants' ages span a broad range, with an average age of approximately 28,5 years, contributing a spectrum of experience and view points to the study.



Graphic 3.1. Participants Age

Source: self-elaboration

3. Job Positions: The participants hold various job positions within their respective SMEs. 5 of them are in management roles, 2 in senior management, and 1 in operations.

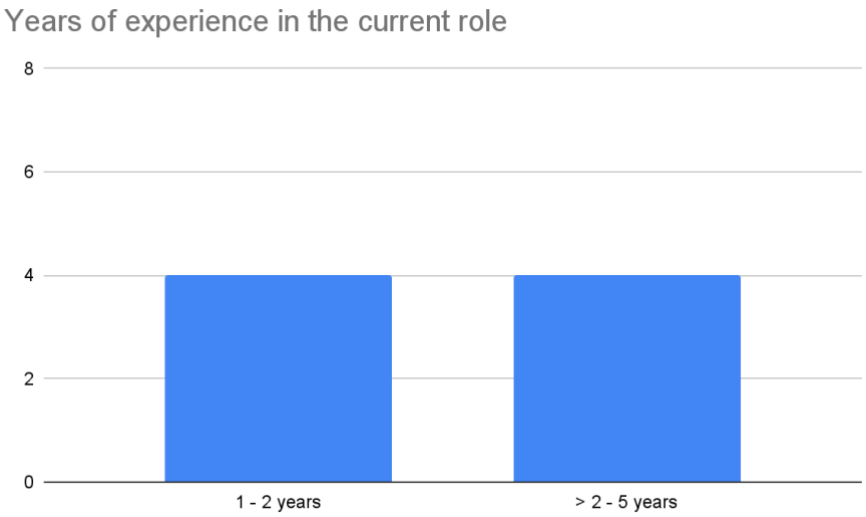


Graphic 3.2. Distribution of Participants by Job Positions

Source: self-elaboration

4. Experience: Participants have varying years of experience in their current roles, ranging from 1 to 5 years, resulting in average of approximately 2,5 years of experience in their

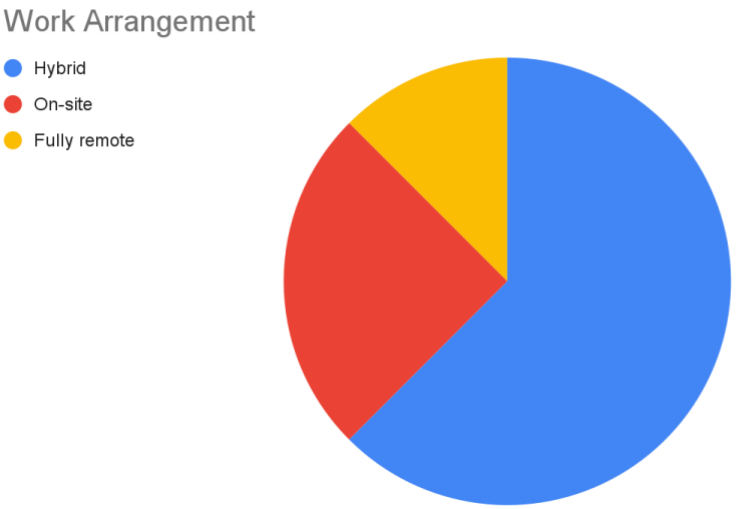
current positions. This diversity in experience facilitates comprehensive exploration of their perspectives, especially that they have been working in their current companies for a good time.



Graphic 3.3. Years of Experience in Current Roles Among Participants

Source: self-elaboration

5. Work Arrangement: Participants also vary in their work arrangement with 5 of them working in hybrid model, 1 of them working fully-remote, and the 2 others working on-site.



Graphic 3.4. Work Arrangements Among Participants

Source: self-elaboration

This diverse sample was selected to ensure a rich and comprehensive understanding of the influence of a multicultural workplace on the management of intellectual capital in SMEs.

3.4. Data Collection & Analysis

The primary data collection method for this research will involve conducting structured interviews with decision-makers in SMEs operating in Portugal and Tunisia. Purposive sampling will be utilized to ensure that participants possess relevant experience and knowledge regarding multicultural workplaces and intellectual capital management. Interviews were conducted remotely, between July and August of 2023.

A carefully developed interview protocol guided the data collection process. The protocol consisted of open-ended questions that explore participants' perceptions, and practices related to multicultural workplaces and intellectual capital management in SMEs. The interview questions (see interview guide on Appendix A) were designed to elicit detailed and rich responses, allowing for an in-depth exploration of the research topic. Prior to conducting the interviews, the interview protocol was subjected to a pilot test. This involved administering the interview questions to a small sample of participants who shared similar characteristics with the main study participants. The aim of this pilot test was to evaluate the clarity, relevance, and comprehensiveness of the questions. Feedback from the pilot test participants was then used to refine and finalize the interview protocol, ensuring that it effectively captured the necessary insights related to multicultural workplaces and intellectual capital management in SMEs.

3.5. Ethical considerations

Ethical guidelines were strictly followed throughout the research process. Informed consent was obtained from all participants, and their confidentiality and anonymity was ensured. The data was securely stored and used solely for research purposes. Any potential ethical issues that may arise during the research will be addressed promptly and appropriately.

By utilizing a mixed-methods approach and collecting data through interviews with decision makers, this research aims to provide valuable insights into the importance of a multicultural workplace in the management of intellectual capital with SMEs. The findings will contribute

to both theoretical knowledge and practical implications for organizations operating in multicultural contexts.

Chapter 4

Results and Discussion

4.1. Results

The results obtained through the analysis of the data gathered will be described in the following sub-chapters. They are divided by the proposed objectives that the author mentioned in the previous parts of the research.

- Multicultural Population Perception

All interviewees acknowledge the multicultural nature of their respective countries, Portugal and Tunisia. This consensus indicates that both nations have experienced an influx of individuals from diverse cultural, ethnic, and geographical backgrounds. These multicultural dynamics are attributed to factors such as historical ties, recent immigration trends, and economic opportunities.

In Portugal, interviewees highlight the presence of immigrants from various regions, including Eastern Europe, Africa, Asia, and South America. This suggests a contemporary multiculturalism shaped by globalization and migration patterns. The acknowledgement of digital nomads and migrants from diverse cultures underscores Portugal's attractiveness to a global audience.

In Tunisia, Participants draw attention to a diverse population coalescing around Arab-Berber heritage, Berber, Jewish, and other ethnic groups. This fusion of cultures is reflected in various aspects of Tunisian society, including art, cuisine, and urban centers. The presence of a substantial non-Tunisian population further emphasizes the multicultural nature of the country. Some Participants note variations in multicultural representation within their workplaces. While some have a more diverse workforce, others mention a limited number of non-national colleagues. This variance underscores that the extent of multiculturalism may differ across sectors and organization. The recognition of multicultural populations is vital in the context of managing intellectual capital. Diverse perspectives, experiences, and knowledge contribute to a rich intellectual capital pool within SMEs. Understanding the multicultural backdrop allow for the development of strategies that harness this diversity for organizational success.

- Workplace Diversity

The responses indicate varying degrees of workplace diversity across the interviews. Participants provide insights into the multicultural backgrounds, genders, religions, and nationalities represented in their respective workplaces.

Several interviewees, such as Marta, Wajdi, Mokhles, Ana Clara, and Maria, report a high level of diversity in their workplaces. This diversity encompasses a wide range of nationalities, religions, genderism, and sexual orientations. For instance, Marta highlights the presence of individuals from Ukraine, Portugal, Brazil, Russia and Bangladesh in her workplace. This rich mosaic of backgrounds contributes to a multicultural work environment.

Employees in these diverse workplaces appreciate the exposure to different perspectives and cultures. They value the opportunity to collaborate with colleagues from various countries and regions, which enriches their professional experience.

Some participants, like Laura, suggest that their companies may not be as diverse in terms of nationalities. This indicates that diversity levels can vary depending on the industry, location or other organization factors. Laura's response highlights that achieving a high level of diversity may pose challenges in certain contexts.

Responses from Maria and Fran, emphasize a proactive approach to diversity and inclusivity. Companies are described as places where discrimination is minimized, and efforts are made to support diverse teams in terms of gender, ethnicity, and sexual orientation. Most of the interviewees express that their companies actively promote a multicultural workplace and highlight initiatives like hiring employees from diverse background, respecting cultural practices, and recognizing special holidays like Ramadan and Christmas. This demonstrates a conscious effort to create an inclusive workplace. For Laura, she suggests that her company may not be a significant emphasis on the inclusion of different cultures, except in cases involving French companies. This indicates that the level of emphasis on multiculturalism may vary based on specific circumstances or projects.

Ana Clara points out that while her workplace is diverse, there is room for improvement in terms of representation from African countries. This suggests that organizations may need to focus on targeted initiatives to enhance diversity in specific areas.

Overall, the responses indicate that workplace diversity is valued, and in many cases, actively promoted. Most of the companies represented in the interviews exhibit a proactive

approach towards promoting a multicultural workplace. They implement policies and practices that foster inclusion, celebrate diversity, and accommodate various cultural needs.

- Multicultural Workplace and Professional Development

All interviewees expressed a positive belief in the contribution of a multicultural workplace to the professional development and growth of employees. Marta highlights that a multicultural workplace brings different perspectives, leading to more creative problem-solving. This exposure to diverse ways of thinking fosters learning and development. Wajdi emphasizes the importance of knowledge-sharing in a diverse workplace. He believes that the presence of a variety of experiences and ways of doing things provides more opportunities for learning and growth. Mokhles sees a multicultural workplace as a rich learning environment that nurtures essential skills. This environment prepares individuals to thrive in an interconnected world. Amir points out that exposure to various experiences and perspectives in a multicultural workplace is valuable for professional development and growth. Laura stresses that exposure to diverse perspectives challenges individuals to adapt, learn, and broaden their skill sets. This includes developing adaptability and cross-cultural communication skills, which are crucial for career development. Maria highlights the opportunity to learn about different cultures in a multicultural workplace. Understanding different viewpoints and approaches to situations can lead to personal growth. And finally, Fran draws a parallel between early childhood socialization and multicultural work environments. They suggest that being in an environment with others who share common interests or backgrounds can be highly beneficial for communication and relating with others.

Overall, the interviewees unanimously agree that a multicultural workplace significantly contributes to the professional development and growth of employees. They highlight the value of exposure to diverse perspectives, knowledge sharing, skill development, and cross-cultural communication. They also emphasize the importance of learning about different cultures as a means of personal and professional enrichment.

- Multicultural Workplace and Intellectual Capital

The respondents unanimously agree that a multicultural workplace significantly enhances intellectual capital. They highlight diverse perspectives, innovative problem-solving, and a broader skill set as key benefits. The cross-cultural communication skills and global market insights fostered in such environments contribute to effective collaboration, conflict resolution, and employee engagement. In addition, exposure to a variety of experiences and perspectives in a multicultural workplace is seen as a catalyst for creativity, innovation, and professional development.

When it comes to strategies for effective management, based on the responses, it is evident that there is a range of approaches to managing intellectual capital within these organizations. Some organizations have well-defined strategies in place, including knowledge management systems, collaboration promotion, innovation programs, and structured training initiatives. These measures demonstrate a concerted effort to collect, organize, and utilize knowledge effectively. However, there are also instances where respondents indicate a less formalized approach, with no specific strategies mentioned. This may suggest a potential gap in formalized intellectual capital management processes. Encouragingly, several respondents highlight the importance of collaboration and the recognition of employee contribution, which are essential elements for nurturing intellectual capital. Overall, while some organizations have established systematic methods for managing intellectual capital, there is room for improvement in others to ensure the full potential of intellectual capital is harnessed and utilized effectively.

The interviews have also revealed several key insights regarding the benefits and drawback of having a multicultural workplace in terms of intellectual capital. On the positive side, a multicultural workforce brings diverse perspectives, creativity, and a broader skill set on the table. This can lead to enhanced problem-solving and innovation, as well as better understanding of the global markets. Additionally, exposure to different cultural background fosters adaptability and conflict resolution skills. However, the respondents mention that there are also potential challenges. Communication barriers, cultural misalignments, and social cohesion issues may arise. Resistance to change, bias, and stereotyping could also present hurdles. it is important to address these challenges proactively to ensure that the benefits of a multicultural workplace are fully realized. The advantages of a diverse workplace significantly outweigh the potential disadvantages, provided that efforts are made to foster understanding, inclusion, and effective communication among team members.

The respondents recognize that a multicultural workplace brings immense value in terms of intellectual capital, but they emphasize the need for thoughtful management and an inclusive approach to fully harness its potential. They acknowledge that while there are significant benefits, there are also challenges that must be navigated to ensure a harmonious and productive work environment.

- Preferences for Internationalization

Majority of the interviewees express a preference for their company to be more international. They acknowledge the benefits of a diverse and globalized work environment, including opportunities for market growth, access to diverse talent, and enhanced global reputation. They recognize that an international presence can lead to enriching work environment and can contribute to innovation. Wajdi emphasizes the importance of balance in Internationalization. he suggests that extremes, either overly local or overly international, can be detrimental. he advocates for a harmonious integration of local and international perspectives to maintain the company's identity while benefiting from the enriching aspects of a multinational environment.

Some respondents, like Laura, acknowledge that while expanding internationally may not be a current priority, they recognize the importance of adapting to different client needs and preferences. Amir points out that along with the benefits of internationalization, challenges may arise, including legal and regulatory hurdles and the need to adapt to different market dynamics.

Overall, the majority of the interviewees express a preference for their company to be more international. They recognize the advantages of a diverse, globalized workplace. However, they also acknowledge that internationalization comes with its own set of challenges, including adapting to different cultures, regulations, and market dynamics. There is an emphisis the importance of striking a balance to avoid extremes and maintain the company's identity while benefiting from international perspectives.

- Challenges in a Multicultural Workplace

The majority of participants acknowledge that communication challenges exist in multicultural workplaces. These challenges stem from differences in communication styles, language barriers, and varying levels of directness in conveying feedback and ideas.

Several interviewees emphasize the significant impact of cultural differences on communication styles. These differences encompass various aspects, such as direct vs. indirect communication, the emphasis on positive feedback, and the approach to addressing concerns. Mokhles and Fran provide contrasting perspectives by stating that they do not face significant communication challenges in their multicultural workplaces. This suggests that the nature and intensity of challenges can vary depending on the specific workplace dynamics, including the company's culture and the extent of diversity.

While language barriers are mentioned as a potential challenge, they are not perceived as a significant hindrance. Most interviewees note that their workplaces have taken measures to ensure a common language is used such as English or French. This helps in facilitating communication.

Despite acknowledging communication challenges, interviewees generally express a positive outlook. They indicate that the company's emphasis on diversity and inclusion, as well as shared efforts to understand and appreciate each other's perspectives, has contributed to overcoming these challenges.

All interviewees affirm that their respective companies actively promote open communication. They mention various strategies such as regular meeting, calls, flexible spaces, live talks, newsletters, and inclusive activities.

Inclusivity is key element in fostering knowledge sharing, and the interviewees recognize its importance. They mention activities and efforts aimed at creating an inclusive environment where employees feel comfortable sharing their knowledge and experiences.

Several interviewees, like Laura, highlight the importance of cross-cultural learning. They emphasize the value of understanding different cultures and languages to facilitate communication and integration into multicultural workplaces.

- General Comparison between Tunisia and Portugal

The responses highlight both shared cultural elements and distinctive characteristics between Portugal and Tunisia. Multiple respondents noted the Mediterranean influence as a common

thread between the two cultures. This encompasses aspects like cuisine, lifestyle, and the influence of the coastal environment. There is also a consensus among the respondents that both cultures are known for their warmth and hospitality. This implies a strong emphasis on welcoming and helping others. In addition, the significance of building and maintaining relationships is seen as a common value in both Portugal and Tunisia according to my interviewees.

When it comes to distinctive cultural characteristics, Portugal and Tunisia differ significantly in terms of religion. Tunisia is predominantly Muslim, while Portugal is predominantly Catholic. This religious contrast influences various aspects of daily life and societal norms. Furthermore, the respondents have mentioned the difference in the language since Portugal and Tunisia have distinct linguistic elements: Portuguese and Arabic. This language difference plays a pivotal role in shaping communication and cultural identity. Diversity in lifestyles, and traditions is also mentioned.

The respondents display a nuanced understanding of the cultural dynamics between Portugal and Tunisia. While recognizing shared Mediterranean roots, they also acknowledge fundamental differences in religion, language, and societal norms. The warmth, hospitality, and emphasis on relationships are valued characteristics in both cultures. This collective insight offers a comprehensive view of the intricate interplay between these two distinct yet interconnected societies.

- Comparison between Tunisia and Portugal using Hofstede's dimensions

- Power Distance:

In Portuguese SMEs, there's a mixed approach to hierarchies. While there is a recognition of hierarchies, the communication style tends to be informal, and it is common for employees to interact directly with higher-ups, including the CEO, as Marta mentioned during her interview. The hierarchical structure is described as having almost no levels of command resembling a flatter structure, according to Ana Clara. However, there's still a clear organizational structure with manager, team leaders and employees, as Amir mentioned.

In Tunisian SMEs, the attitude toward hierarchies is somewhat different. Respect is emphasized more in a vertical sense, meaning that respect is expected both upwards and downward in the hierarchy, as Wajdi mentioned in his interview. There is a recognition of

hierarchies and respect for them, but efforts are made to create an environment where all employees feel empowered to share ideas regardless of their position (Mokhles interview).

The impact of hierarchical versus flat workplaces on knowledge sharing and collaboration is viewed differently. In Portugal, it is acknowledged that a hierarchical structure may not necessarily hinder knowledge sharing if other policies promote it. However, it is noted that a hierarchical workplace can sometimes affect knowledge sharing and collaboration, as employees may feel hesitant to share ideas or concerns with higher-ups (Amir interview). In Tunisia, there is an understanding that the impact depends on how companies implement its structure. Both flat and hierarchical structures can support knowledge-sharing and collaboration if implemented correctly (Mokhles interview).

Overall, it appears that Portugal leans towards a less hierarchical approach with a focus on informal communication and flatter structures. In Tunisia, there's a recognition of hierarchies, but efforts are made to balance it with open communication and empowerment of all employees. The impact on knowledge sharing and collaboration depends on how the hierarchical structure is implemented, regardless of the country.

- Individualism VS Collectivism

In Portugal, there is a perception of a shift towards individualism in recent years (Marta Interview). However, there is also acknowledgment that the country tends to be more collectivist, emphasizing community and relationships (Amir Interview). In contrast, Tunisia is viewed as more collectivist, with an emphasis on community and strong social connections.

In the workplace, there's a mixed perspective. In Tunisia, where respondents are based, there is a prevalent sense of collectivism. Employees tend to work together for the collective good and are open to asking for help and learning from each other. In Portugal, opinions vary. Some consider the workplace to be more individualistic, with a focus on personal goals, while other believe the prevailing culture leans more toward collectivism.

Individualistic values are seen as promoting ownership, competition, and innovation, while collectivistic values encourage group cohesion, collaboration, and consensus in decision-making. In the Tunisian context, collectivist values positively impact knowledge sharing by fostering an environment of collaboration, openness, and mutual learning. In Portugal, where the workplace culture is perceived as leaning towards collectivism, it is noted that this promotes ease in asking questions and sharing best practices.

Some responses highlight the importance of striking a balance between individualism and collectivism. For instance, in Laura's interview, it is mentioned that the balance between individualistic and collectivist values enriches the workplace culture, fostering both innovation and collaboration.

In conclusion, there is recognition of both individualistic and collectivistic values in the workplace, with the prevailing culture influenced by factors including country culture, organizational policies, and individual beliefs. The impact on knowledge sharing is generally positive, with the understanding that a balanced approach can lead to a dynamic and innovative work environment.

- Masculinity VS Femininity:

There is a consensus that both Portugal and Tunisia exhibit a mix of traditional masculine and feminine traits. In Portugal, respondents note a balance between the two, emphasizing both competitiveness and ambition as well as collaboration and nurturing. In Tunisia, there is also a recognition of a blend of these traits, with an acknowledgment of both competitiveness and collaboration.

The preference for specific traits in the workplace varies based on the department and the company's culture. In both countries, there is an attempt to strike a balance between masculine and feminine traits. For instance, while some departments may lean towards competitiveness and ambition, others emphasize collaboration and nurturing.

Gender-related challenges in knowledge sharing and innovation appear to be minimal or non-existent in the workplaces described. Respondents generally indicate the gender does not significantly affect knowledge sharing or innovation within their companies. In some cases, there's even an acknowledgment of advantages, particularly when women hold leadership positions.

In summary, the workplaces described in both Portugal and Tunisia exhibit a blend of traditional masculine and feminine traits. While competitiveness and ambition are valued, there is an emphasis on collaboration and nurturing as well. Additionally, gender-related challenges in knowledge sharing and innovation appear to be minimal, and in some cases, there are perceived advantages associated with gender diversity in leadership positions.

- Uncertainty Avoidance:

In Portugal, there is a sense the country is relatively open to change. However, there's also an acknowledgment that as companies grow, there might be a future need for more structures rules and regulations. In Tunisia, respondents generally indicate a preference for habits and routine, with a tendency to be more risk-averse and resistant to chance. However, there is also an acknowledgment that attitudes toward change can vary based on individual experiences and generational differences.

In both Portugal and Tunisia, there is an effort to create an environment that encourages employees to share new ideas and take risks. However, some respondents mentioned that the willingness to take risks and share innovative ideas can be influenced by factors such as position withing the company and individual comfort levels.

Respondents generally agree that employees who are more risk-averse are less inclined to share innovative ideas. The fear of failure, uncertainty, and leaving once's comfort zone can hinder the willingness to share. However, some companies, especially those in Portugal, aim to mitigate this by promoting a culture of experimentation and learning from failures.

To conclude, there is an acknowledgment of the varying attitudes towards change and risk-taking in both Portugal and Tunisia. While Portugal lends more towards openness to chance, Tunisia tends to exhibit a preference for stability and routine. Companies in both countries make efforts to foster an environment that encourages idea sharing and risk-taking, but individual factors and positions within the company can still influence these behaviors. Additionally, there is an understanding that risk-averse employees may face challenges in sharing innovative ideas.

To conclude the comparison between Tunisia and Portugal based on our interview 'responses, both countries demonstrate a shared emphasis on collaboration, teamwork, and open communication, fostering inclusive work environments. Portugal exhibits a greater openness to chance, contrasting Tunisia's preference for stability and routine, which may shape their approaches to risk-taking and innovation. In both nations, there is a balanced recognition of gender-related traits, valuing both competitiveness and collaboration. Moreover, a preference for flatter hierarchies is evident, supporting knowledge sharing and fostering a more inclusive work culture. These collective observations underscore that, despite nuanced cultural differences, Portugal and Tunisia converge on fundamental values of cooperation, inclusivity, and an equitable stance towards gender-related traits within the SME context. These cultural

underpinnings play a crucial role in influencing how intellectual capital is managed within these organizations.

The theoretical framework based on Hofstede's cultural dimensions aligns with the empirical findings to a significant extent. Both the literature review and the interview analysis indicate that cultural dimensions play a crucial role in shaping the dynamics of intellectual capital management in multicultural SMEs. The anticipated effects of power distance, individualism-collectivism, masculinity-feminity, and uncertainty avoidance are generally reflected in the responses from the interviews. However, it is important to note that the interviews also revealed nuanced variations within each dimension, influenced by specific organizational contexts and individual perspectives. This suggests that while the theoretical framework provides a valuable foundation, real-world practices may be influenced by a range of factors beyond cultural dimensions alone. In summary, while there are some minor divergences and complexities in the empirical findings, they largely align with the theoretical expectations set by Hofstede's cultural dimensions.

- Cultural Intelligence Theory

The significance of cultural intelligence in managing a multicultural workplace is underscored by all respondents. Marta emphasizes that with globalization and increased diversity, adeptness in navigating cultural boundaries is crucial. Cultural intelligence is seen as linchpin for effective leadership, conflict resolution, and team collaboration. Similarly, Amir emphasizes the pivotal role cultural intelligence plays in building relationships, resolving conflicts, and fostering a positive work environment. Maria vividly illustrates the consequences of disregarding cultural nuances in leadership, which can erode trust within teams. Thus, it is evident that recognizing and appreciating cultural differences is fundamental for a successful and harmonious work environment. When it comes to strategies for enhancing cultural intelligence, Marta outlines a comprehensive approach encompassing educational programs, cross-cultural interactions, mentorship, coaching, and multicultural team-building activities. Mokhles highlights the intentional creation of cross-functional and cross-cultural project teams as a primary strategy. This strategy deliberately exposes employees to diverse working styles and approaches, fostering adaptability and cultural intelligence. Amir echoes the sentiment, emphasizing the importance of cultural sensitivity training and encouraging cross-cultural interaction. However, Laura and Fran express a lack of such initiatives in their respective organizations.

Moreover, assessing the impact of cultural intelligence on organizational performance is approached through various metrics. In Marta's company, they employ a multifaceted approach, including performance metrics related to team productivity, employee surveys, and the analysis of team dynamics. Mokhles emphasizes the enriching exchange of skills and ideas that results from a culturally diverse team. Maria talked about employing quarterly surveys to gauge factors influencing the workplace, including diversity's contribution to teams and leadership's ability to unify and integrate individuals. This holistic evaluation demonstrates the far-reaching influence of cultural intelligence on communication, relationships, and overall performance.

These responses collectively underscore the critical role of cultural intelligence in fostering an inclusive, effective, and high-performing multicultural workplace. They illuminate a shared understanding of its importance, and the diverse strategies organizations employ to cultivate cultural intelligence among employees. The impact assessment metrics offered by the respondents provide valuable insights into the tangible benefits derived from a culturally intelligent workforce.

- Diversity Management Theory

The importance of diversity management is universally acknowledged for harnessing the strengths of a diverse workforce while addressing potential challenges. Marta emphasizes its crucial role in managing multicultural workplaces, emphasizing the need for a balanced approach. Wajdi underscores competency and proficiency over cultural origin, emphasizing a perspective based on skills and abilities. Mokhles offers a comprehensive definition, emphasizing the intentional creation of an inclusive and respectful environment that values individual differences. Ana Clara associates diversity management with specialized teams focused on embracing diversity. Overall, there a consensus on the pivotal role diversity management plays in leveraging a diverse workforce's strengths. In addition, respondents share insights into how their companies foster inclusion and promote diversity, particularly in terms of cultural diversity. Marta outlines a multifaceted approach, including establishing an inclusive work culture, implementing policies against discrimination, ensuring equal access to opportunities, and adopting flexible work practices. Wajdi highlights a reciprocal strategy of hosting foreign trainees and participating in foreign civic service programs to enrich cultural diversity. Mokhles places emphasis on inclusive hiring practices that ensure diverse candidate pools and representative hiring panels. Amir emphasizes active recruitment from diverse

backgrounds, non-discrimination policies, and equal opportunities for all employees. These strategies collectively reflect a concerted effort towards creating inclusive, diverse, and culturally rich work environments. Laura underscores the celebration of cultural holidays and the encouragement of cultural exchange among colleagues, creating a welcoming and inclusive atmosphere. Maria highlights the presence of a diversity committee that organizes talks, activities, and story-sharing sessions. Additionally, international teams within the organization contribute to a diverse working environment. Fran expresses uncertainty about specific actions taken, possibly indicating a gap in awareness or implementation. These responses collectively affirm the recognition of diversity management as a pivotal aspect of effective workplace management, particularly in multicultural settings. They also shed light on the diverse strategies organizations employ to foster inclusivity and promote diversity, showcasing a commitment to creating environments that value and respect individual differences.

- Innovation Performance Theory

All respondents unanimously agree that a multicultural workforce significantly contributes to fostering innovation within an organization. They highlight the value of diverse perspectives, experiences, and ideas in driving creative problem-solving and innovative solutions. Marta emphasizes that different backgrounds inherently promote creative thinking, reflecting a belief in the enriching influence of diversity. Wajdi underscores that cultural richness fuels collective intelligence, leading to the emergence of innovative ideas. Mokhles similarly stresses the power of diverse cultural background in driving innovation. Ana Clara and Amir both affirm the positive impact of multiculturalism on innovation. Laura, though working in a less multicultural setting, acknowledges the potential for fresh insights to contribute to innovation. Maria considers it an effective way to foster new ideas and innovation, highlighting its positive impact. Respondents share examples of how different cultural perspectives have influenced the development or implementation of innovative ideas in their organizations. Wajdi for instance provides a concrete example, highlighting how extended exposure to foreign colleagues led to mutual influence and the adoption of managerial techniques and tools. Mokhles illustrates how sharing ideas with employees from diverse cultures hones and refines them, emphasizing the enriching effect of varied perspectives. Ana Clara points out how different cultural backgrounds bring diverse problem-solving approaches, touching on the interplay of culture and risk tolerance in idea generation. Amir provides specific project-based examples, showcasing how cultural diversity contributed to the development of new products and effective marketing

campaigns tailored to global markets. Laura underscores how a combination of French and Tunisian perspectives in their team led to more versatile services for a broader clientele. Maria offers insightful case study of adapting store strategy and design based on different cultural clientele in the UK, emphasizing the necessity for cultural sensitivity and adaptation. However, we have Fran who expresses uncertainty about recalling specific examples, possibly indicating limited exposure to multicultural innovation scenarios. These responses collectively affirm the belief in the positive impact of multiculturalism on innovation. They demonstrate how diverse cultural perspectives contribute to a rich and dynamic ideation process, leading to the development of novel solutions and strategies. The examples provided underscore the practical application of this theory within the workplace.

- Knowledge Management Theory

Respondents share diverse approaches to gauging the effectiveness of knowledge management in multicultural workplaces. Marta emphasizes the importance of tracking platform usage, evaluating knowledge contributions, and assessing cross-cultural interactions for enhances problem-solving and innovation. Mokhles offers a comprehensive approach, including metrics for knowledge sharing, collaboration, utilization, and their impact on innovation and decision-making. Ana Clara highlights e-learning sessions and surveys to measure knowledge transfer. Amir mentions surveys and tracking new practice adoption. Maria uses KRs (Objectives and key Results) to assess knowledge management. On the other side, Laura and Fran express some uncertainty or lack of specific activities to measuring knowledge management effectiveness. Respondents unanimously agree on the significant impact of knowledge management on an organization's intellectual capital. Marta emphasizes its role in capturing, storing, sharing, and leveraging intellectual assets, contributing to various aspects of organizational performance. Mokhles highlights how effective knowledge management drives growth, competitiveness, adaptability, and customer satisfaction through informed decision-making, innovation, and employee development. Ana Clara recognizes the impact, even if it is to a lesser extent. Amir underlines how it enhances decision-making, innovation, and overall organizational success. Maria stresses how knowledge management positively influences capital retention, risk analysis, and overall effectiveness. Again, Laura and Fran express some uncertainty regarding the impact of knowledge management on intellectual capital. These responses collectively affirm the crucial role of knowledge management in enhancing intellectual capital within an

organization. They illustrate the practical approaches taken to measure its effectiveness, as well as the broad recognition of its profound impact on organizational success and competitiveness.

4.2. Discussion

The comprehensive insights gathered from the interviews underscore the pivotal role that a multicultural workforce plays in shaping the dynamics of SMEs (Taylor. Cox, 2000). The consensus among respondents highlights a collective recognition of the value of diversity. This inclusive environment fosters a rich tapestry of perspectives, innovative problem-solving, and a broader skill set (Earley & Ang, 2003). It is evident that such a diverse workforce contributes significantly to professional development, growth, and intellectual capital withing organizations (Nonaka & Takeuchi, 1995). Challenges, particularly in communication and cohesion, are acknowledged but seen as surmountable through concerted efforts towards inclusivity and cultural sensitivity (Phillips & O'reilly, 1998). Moreover, the inclination towards internationalization among the majority of respondents signifies a recognition of the advantages a globalized work environment can bring, balanced with an understanding of the potential challenges (Kaplan & Norton, 1992). The shared cultural elements between Portugal and Tunisia, coupled with their distinctive characteristics, provide valuable insights into the complexities with their distinctive characteristics, provide valuable insights into the complexities of managing multicultural teams. This collective understanding offers a nuanced perspective on how organizations can leverage diversity to drive innovation, collaboration, and overall organizational success.

Chapter 5

Conclusions, Limitations, & Contributions

5.1. Conclusions

As it was presented in chapter 1, five research questions were formulated with the aim to answer research objectives, being the main research goal of this work to understand the impact of a multicultural workplace on managing intellectual capital in SMEs, in Portugal and in Tunisia. To support this research, a sample of 8 individuals working in SMEs (4 in Tunisia and 4 in Portugal), were analyzed.
In this chapter, the conclusions of each research objective are presented.

1st Research Objective

- Identify the key challenges faced by SMEs in managing their intellectual capital.

The analysis of interviews provides valuable insights into the challenges faced by SMEs in managing intellectual capital with multicultural workplaces. Several key themes emerged from the responses:

- Communication Challenges: The majority of participants acknowledge the existence of communication challenges in multicultural workplaces (W. B. Gudykunst & Ting-Toomey, 1988; Hofstede, 1984). These challenges arise from differences in communication styles, language barriers, and varying levels of directness in conveying feedback and ideas (W. Gudykunst & Kim, 2003). While language barriers are mentioned, they are not perceived as significant hindrances due to measures taken by companies to ensure a common language is used.
- Cultural Differences in Communication Styles: Cultural differences significantly impact communication styles, including direct vs. indirect communication, feedback delivery, and addressing concerns (Hall, 1976). It is evident that the nature and intensity of communication challenges can vary depending on specific workplace dynamics, such as the company's culture and the extent of diversity (W. Gudykunst & Kim, 2003).
- Positive Outlook and Inclusivity: Despite the acknowledging communication challenges, interviewees express a positive outlook (Adler & Gundersen, 2008). They credit their companies' emphasis on diversity and inclusion, along with shared efforts

to understand and appreciate each other's perspectives, for overcoming these hurdles (Taylor. Cox, 2000). Inclusivity emerges as a key element in fostering knowledge sharing, and interviewees highlight various activities and efforts aimed at creating an inclusive environment where employees feel comfortable sharing their knowledge and experiences (Taylor. Cox, 2000).

- Promotion of Open Communication: All interviewees affirm that their respective companies actively promote open communication through various strategies, including regular meetings, calls, flexible spaces, live talks, newsletters, and inclusive activities (Hofstede, 1984). This indicates a concerted effort to establish a communicative environment that supports the management of intellectual capital.
- Cross-Cultural Learning and Understanding: several interviewees emphasize the importance of cross-cultural learning (W. Gudykunst & Kim, 2003). They recognize the value of understanding different cultures and languages to facilitate communication and integration into multicultural workplaces. This underlines the significance of cultural competency in addressing communication challenges.

In conclusion, the identified challenges in managing intellectual capital within multicultural SMEs primarily revolve around communication dynamics influenced by cultural diversity. While acknowledging these challenges, the respondents display a positive outlook, attributing successful management to inclusive practices and cross-cultural learning initiatives. This indicates a proactive approach in these organizations to leverage the benefits of multiculturalism while mitigating associated challenges.

2nd Research Objective

- Evaluate the impact of a multicultural workplace on managing intellectual capital and the overall performance of SMEs.

The analysis of the interviews reveals a unanimous consensus among respondents regarding the positive impact of a multicultural workplace on intellectual capital and SME performance. The presence of diverse perspectives, innovative problem-solving, and a broader skill set is consistently emphasized as key advantages (Herring, 2009). Additionally, cross-cultural communication skills and global market insights are highlighted as instrumental in driving effective collaboration, conflict resolution, and employee engagement (Cox et al., 2019). Respondents acknowledge that organizations with multicultural workforces tend to exhibit

higher levels of adaptability and innovation, leading to improved organizational performance (Alvesson & Sveningsson, 2015; Martins & Terblanche, 2003). The integration of diverse knowledge and skills fosters a dynamic work condition and capitalize on emerging opportunity (Kale & Singh, 2009).

Furthermore, the cultivation of cultural intelligence within a multicultural workforce is seen as a critical factor influencing organizational performance. Respondents highlight the importance of strategies such as educational programs, cross-cultural interactions, mentorship, and coaching in enhancing cultural intelligence (Ang & Van Dyne, 2015; Earley & Ang, 2003). This, in turn, leads to more effective leadership, conflict resolution, and team collaboration, ultimately contributing to improved SME performance (Cox et al., 2019; Earley & Mosakowski, 2004).

In Conclusion, a multicultural workplace significantly enhances intellectual capital and overall performance in SMEs. By leveraging diverse perspectives and fostering cultural intelligence, organizations can effectively navigate challenges, drive innovation, and achieve higher levels of performance in today's globalized business environment.

3rd Research Objective

- Identify how cultural differences affect the management of intellectual capital in SMEs in Tunisia and Portugal.

The interviews shed light on the influence of cultural dimensions on intellectual capital management in SMEs across Tunisia and Portugal. Here are the key takeaways:

<u>Power Distance:</u>

- Portugal: The Portuguese workplace exhibits a flatter hierarchy, emphasizing informal communication and direct interaction with higher-ups. This structure encourages open dialogue and knowledge sharing. However, there is recognition that a hierarchical structure can sometimes lead to hesitancy in sharing ideas with superiors.
- Tunisia: in Tunisia, while there's respect for hierarchies, efforts are made to empower all employees to contribute ideas, irrespective of their position. The impact of the hierarchical structure on knowledge sharing depends on how it is implemented, allowing for flexibility and adaptability.

Both countries recognize the importance of organizational structure in facilitating knowledge sharing. While Portugal lends towards a flatter hierarchy, Tunisia balances respect for hierarchies with a focus on empowerment.

Individualism vs. Collectivism:

- Portugal: Recent years have seen a shift towards individualism, though collectivist values till hold significance. The prevailing culture is influenced by factors such as country culture, organizational policies, and individual beliefs.
- Tunisia: Tunisia is viewed as a more collectivist, fostering an environment of collaboration, openness, and mutual learning. The prevailing culture promotes ease in asking questions and sharing best practices.

Both individualistic and collectivistic values positively impact knowledge sharing. Striking a balance between these values enriches the work environment, fostering innovation and collaboration.

Masculinity vs. Femininity:

Both countries exhibit a blend of traditional masculine and feminine traits. There's an attempt to strike a balance between these traits based on departmental and organizational culture. The workplace in both countries recognize the value of blending masculine and feminine traits, promoting competitiveness as well as collaboration and nurturing. Gender diversity in leadership positions is seen as an asset.

Uncertainty Avoidance:

- Portugal: The country exhibits openness to chance, although as companies grow, there may be a need for more structured rules and regulations.
- Tunisia: Tunisia tends to be more risk-averse and resistant to chance. Efforts are made to encourage employees to share new ideas and take risks, but individual factors and positions withing the company can influence these behaviors.

While Portugal lends towards openness to chance, Tunisia tends to favor stability and routine. Both countries recognize that risk-averse employees may face challenges in sharing innovative ideas.

In Summary, the comparative analysis highlights that both Tunisia and portugal share fundamental values of cooperation, inclusivity, and equitable treatment of gender-related traits within the SME context. These cultural underpinnings significantly influence how intellectual capital is managed in their respective organizations.

4th Research Objective

- Provide recommendations for SMEs on how to effectively manage their intellectual capital in a multicultural environment.

These recommendations are based on the insights gained from the interviews and are tailored to help SMEs effectively manage their intellectual capital in a multicultural environment. They emphasize the importance of cultural intelligence, diversity management, innovation promotion, knowledge management, gender-inclusive practices, and a supportive risk-taking environment.

- Prioritize Cultural Intelligence Development: Invest in training programs and initiatives to enhance cultural intelligence among employees and leaders. Emphasize the importance of understanding and appreciating cultural differences for effective leadership, conflict resolution, and team collaboration. This can be achieved through educational programs, cross-cultural interactions, mentorship, coaching, and multicultural team-building activities (Adler & Gundersen, 2008; W. Gudykunst & Kim, 2003).
- Implement Diversity Management Strategies: Adopt comprehensive diversity management practices to create an inclusive and respectful work environment that values individual differences. This includes establishing an inclusive work culture, implementing policies against discrimination, ensuring equal access to opportunities, and adopting flexible work practices. Consider initiatives hosting foreign trainees, participating in foreign civic service programs, and promoting inclusive hiring practices (Taylor. Cox, 2000; W. Gudykunst & Kim, 2003).
- Foster Innovation through Cultural Diversity: Recognize and leverage the value of diverse perspectives, experiences, and ideas in driving innovation. Encourage cross-

cultural interactions and collaborations to harness the collective intelligence of a multicultural workforce. Provide platforms and opportunities for employees from diverse backgrounds to share ideas and influence the development of innovative solutions (W. B. Gudykunst & Ting-Toomey, 1988; Hofstede, 1984).

- Optimize Knowledge Management Processes: Implement effective knowledge management strategies to capture, store, share, and leverage intellectual assets withing the organization. Track platform usage, evaluate knowledge contributions, and assess cross-cultural interactions to enhance problem solving and innovation. In addition, they need to ensure that knowledge-sharing platforms and practices are accessible and user-friendly for all employees (W. Gudykunst & Kim, 2003; Hofstede, 1984).
- Promote a Balanced Approach to Masculinity and Femininity: Recognize and value the blend of traditional masculine and feminine traits within the workplace. Encourage a balanced approach that embraces both competitiveness and collaboration. Provide opportunities for employees to contribute their unique strengths, whether they align with traditionally masculine or feminine attributes (Adler & Gundersen, 2008).
- Create an Inclusive Environment for Idea Sharing and Risk-Taking: Foster a work culture that encourages employees to share new ideas and take calculated risks. Provide platforms for open communication and collaboration and establish a culture of experimentation and learning from failures. Recognize that individuals may have varying comfort levels with risk-taking and create a supportive environment that empowers employees to step outside of their comfort zones (Adler & Gundersen, 2008).
- Adapt Hierarchical Structures for Effective Knowledge Sharing: Whether the organizational structure lends towards hierarchy or flatness, prioritize policies that promote knowledge sharing and collaboration. In hierarchical structures, implement measures to ensure that employees feel empowered to share ideas regardless of their position. In flatter structures, establish clear communication channels and mechanisms for knowledge transfer (W. Gudykunst & Kim, 2003).

5th Research Objective

- Determine whether a multicultural workplace can lead to a better innovation performance and organizational performance.

The responses from the interviewees resoundingly affirm that a multicultural workplace substantially enhances innovation performance within an organization (W. Gudykunst & Kim,

2003; Hofstede, 1984). The recognition of diverse perspectives, experiences, and ideas is seen as pivotal in driving creative problem-solving and the development of innovative solutions (Adler & Gundersen, 2008; Taylor. Cox, 2000). This is exemplified through concrete examples provided by respondents, showcasing how exposure to varied cultural backgrounds has influenced the ideation and implementation of innovative ideas (W. B. Gudykunst & Ting-Toomey, 1988). The practical application of this theory underscores its potency in contributing to a dynamic and inventive work environment.

Moreover, the respondents unanimously agree that a multicultural workplace is a catalyst for professional development and growth (Hofstede, 1984). Exposure to diverse ways of thinking fosters learning, adaptability, and the broadening of skill sets (Taylor. Cox, 2000). Knowledge-sharing within a diverse workplace is emphasized as a key factor in creating a rich learning environment (Adler & Gundersen, 2008). The acquisition of cross-cultural communication skills and global market insights are regarded as valuable assets for career development (W. Gudykunst & Kim, 2003). The consensus among interviewees is that a multicultural workplace significantly contributes to the intellectual capital of an organization (Hofstede, 1984).

However, it is important to acknowledge that while a multicultural workplace brings invaluable advantages, it may also present challenges (W. B. Gudykunst & Ting-Toomey, 1988). These challenges may manifest in communication barriers, cultural misalignments, and social cohesion issues. Proactive measures are imperative to address these potential hurdles and ensure that the benefits of a diverse workforce are fully realized (Adler & Gundersen, 2008). The advantages of a multicultural workplace far outweigh any potential disadvantages, provided that organizations foster understanding, inclusion, and effective communication among team members (Taylor. Cox, 2000).

In conclusion, the interviews reveal a resounding endorsement of the positive impact of a multicultural workplace on both innovation performance and organizational performance (W. Gudykunst & Kim, 2003). The diverse perspectives and experiences brought forth in such environments serve as a wellspring of creativity and problem-solving (Hofstede, 1984). Additionally, the nurturing of cross-cultural skills and knowledge-sharing fosters a dynamic and growth-oriented atmosphere (Adler & Gundersen, 2008). The insights provided by interviewees underscore the critical importance of thoughtful management and an inclusive approach to fully harness the potential of a multicultural workplace. Ultimately, the evidence gathered undeniably confirms that managing intellectual capital in a multicultural environment indeed leads to increased innovation for SMEs (Taylor. Cox, 2000).

5.2.Limitations and Contributions

There are some limitations in this research, due to the case study being limited to only 8 multicultural companies in different sectors. The interviews were conducted only to one person representing the firm. Therefore, the author is aware that the results might be biased by the interviewees personal opinions, and so, the results might not be used as representative example of the Tunisian and Portuguese reality. In addition, SMEs with a monocultural workplace were not considered.

However, if we consider the contributions of this research, we can find relevant contributions namely regarding the importance of having a multicultural workplace on managing intellectual capital in SMEs, specifically in Tunisia and in Portugal, key challenges faced by SMEs in managing their intellectual capital, how cultural differences affect the management of intellectual capital in SMEs, recommendations for SMEs on how to effectively manage their intellectual capital in a multicultural environment, and whether a multicultural workplace can lead to a better innovation performance and organizational performance.

This work opens the path to more detailed research that considers a more comprehensive number of Tunisian and Portuguese SMEs in the analysis and could even be on an international level.

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Appendix

Interview guide

Name:

Course/University: MSc International Management / ISCTE Business School

Thesis title: The importance of a multicultural workplace on managing intellectual capital in SMEs (Still not sure about this title)

Notice

This interview is aimed at participants who work in technology companies with multicultural environments. Your participation is voluntary. Your response is based on personal beliefs and will only be utilized for this research. The information obtained will be handled anonymously, and according to the rules of the General Data Protection. The interview is carried out by video call (recorded), through zoom, according to the possibility of the interviewee.
The interview will take approximately 45 - 60 minutes.

Introduction

The aim of this thesis is to understand the importance of a multicultural workplace on managing intellectual capital in SMEs. In this study, the case refers to the SMEs operating in Portugal and Tunisia. Your experiences and perspectives shared during this interview is very important to make this possible.

Mandatory

I agree to continue with this questionnaire interview and to participate in this study

- Yes
- No

Initial questions

1. What is your nationality?

    a) Tunisian
    b) Portuguese
    c) Other, please specify

2. How old are you?

    a) 18 - 25 years old
    b) > 25 - 30 years old
    c) > 30 - 40 years old
    d) > 40 - 50 years old
    e) > 50 years old

3. What is your current job position in your company? Please select one option from the following

    1. Senior management
    2. Management
    3. Operations
    4. Other: please specify

4. How many years of experience do you have in your current role?

    a) < 1 year
    b) 1 - 2 years
    c) > 2 - 5 years
    d) > 5 - 10 years
    e) > 10 - 20 years
    f) > 20 years

5. Do you work remotely/on-site or in hybrid arrangement?

    a) Fully remote
    b) On-site
    c) Hybrid

General questions

Classification and opinion regarding multicultural workplace, the challenges faced, its benefits and disadvantages.

1. Do you think your country has a diverse multicultural population?

*A multicultural country is a country where you find different races, ethnicities, and nationalities living together in the same community.

2. How diverse is your current workplace in terms of cultural backgrounds?

*A diverse workplace is used for a workplace composed of employees with varying characteristics, such as different sex, gender, race, ethnicity, sexual orientation, nationalities…

3. If you have a multicultural workplace, what challenges do you face?

4. If you have a multicultural place, do you face any communication challenges?

5. Does your company promote a culture of open communication and inclusivity to overcome potential barriers to knowledge sharing among employees?

6. How does the presence of multiple cultures in your workplace influence knowledge sharing among employees?

7. In your opinion, what are the similarities and differences between the cultures of Portugal and Tunisia?
8. In your opinion, what are the benefits and disadvantages of having a multicultural workplace in terms of intellectual capital? * Intellectual capital refers to the intangible assets of an organization, including knowledge, patents, and innovation.

9. To what extent does your company value and promote a multicultural workplace?

10. Do you believe a multicultural workplace enhances the ability to manage intellectual capital?

*This question explores the relationship between diverse teams and the effective utilization of intellectual resources, which can have practical implications for fostering innovation and competitiveness.

11. Would you prefer your company to be more international? If yes, what challenges do you think you might face? If no, why not?

12. Does your organization implement any strategies to manage intellectual capital? If yes, please identify the strategies.

13. Do you believe a multicultural workplace contributes to the professional development and growth of employees?

* This question examines how a multicultural workplace impacts employee growth and development. Understanding this relationship is crucial in today's diverse workforce to enhance talent management and promote cross-cultural competence among employees.

14. Do you have any specific examples or success stories that highlight the importance of having a multicultural workplace, and if this story was linked positively to better intellectual management and better organizational performance? if no, do you have any non-success stories?

*Organizational performance refers to how well an organization achieves its goals and objectives, measured through financial success, operational efficiency, customer satisfaction, and other key indicators.

Part A

Comparing the two countries Tunisia and Portugal based on the hofstede's cultural dimensions

- Power distance:

*Power distance: the extent to which people in a culture accept and expect unequal distribution of power and authority

1. Do hierarchies hold respect and importance in your company?
2. Can you describe the hierarchical structure within your company?
3. Do you think a hierarchical workplace compared to a flat one affects knowledge sharing and collaboration among employees?

- Individualism VS Collectivism:

4. Do you consider your country more collectivist or individualistic? *Collectivism stresses the importance of the community, while individualism is focused on the rights and concerns of each person. Where unity and selflessness or altruism are valued traits in collectivist cultures, independence and personal identity are promoted in individualistic cultures.

5. Do you think you have more individualists or collectivists in your company?

6. How do individualistic or collectivistic values impact the sharing of knowledge and ideas within your organization?

- Masculinity VS femininity:

*Masculinity VS femininity: the extent to which a culture values traditional masculine traits (such as competitiveness and ambition) versus feminine traits (such as collaboration and nurturing).

7. Do you think your country values more traditional masculine traits such as competitiveness and ambition or prefer feminine traits such as collaboration and nurturing?

8. Do you think employees at your company tend to prefer traditional masculine traits such as competitiveness and ambition or they prefer feminine traits such as collaboration and nurturing?

9. Do workers at your company favor high quality in working lives, free time, and flexibility?

10. Are there any gender-related challenges or advantages when it comes to knowledge sharing and innovation in your company?

- Uncertainty avoidance:

*Uncertainty avoidance: the extent to which people in a culture are comfortable with ambiguity and uncertainty.

11. Do you think in your country, people tend to prefer strict rules and regulations and resist change or they are open to change?

12. How is the situation at your company? Do you think your employees are willing to take risks and share new ideas?

13. Do you think employees being more risk-averse affects their willingness to share innovative ideas?

Part B

- Cultural intelligence theory

1. How important do you think cultural intelligence is in managing a multicultural workplace? *Cultural intelligence means understanding and operating in different cultures effectively.

2. Does your company implement strategies to enhance cultural intelligence among employees?

3. How do you assess the impact of cultural intelligence on the overall performance and effectiveness of your organization?

- Diversity management theory

4. What is your understanding of diversity management, and its application in managing a multicultural workplace? *Diversity management is an organizational process used to promote diversity and inclusion in the workplace.

5. How does your company foster inclusion and promote diversity within your organization, particularly in relation to cultural diversity?

- Innovation performance theory

* Innovation performance refers to the ability of an organization to effectively implement innovative ideas and practices, leading to positive outcomes and results. In involves assessing how well an organization's innovation efforts contribute to its overall performance, growth, competitiveness, and success.

6. Do you believe a multicultural workforce contributes to fostering innovation within the organization?

7. Can you provide examples of how different cultural perspectives have influenced the development or implementation of innovative ideas in your organization?

- Knowledge management theory

8. How do you measure the effectiveness of knowledge management efforts in a multicultural workplace? *Knowledge management is a set of managerial activities aimed at systematically and actively leveraging both the tacit and explicit knowledge of an organization's employees, facilitating the creation of new knowledge, and enabling its transfer and application for the benefit of the organization.
9. What impact does knowledge management have on the organization's intellectual capital?

Thank you for your participation in this research.