



ASSESSMENT 1

COMPONENT 1 - ESSAY

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Introduction

Expanding one's business not only within the country but also abroad has become a crucial goal for many organisations. Expanding business abroad offers a few opportunities for growth and development but requires careful planning and a thorough understanding of the requirements and challenges involved.

In this paper, we will analyse one of the challenges a multinational company faces when expanding into new countries, namely that of cultural difference, which highly influences communications within the corporate environment.

The multinational company under scrutiny is Iceland International, which must evaluate in which European country it can expand its business. Iceland is a British company, where it brings its British culture into its working environment and corporate communications.

Iceland's expansion considers two countries, Italy, and The Netherlands. The two countries have their own cultures, their own communication styles, and their own ways of behaving in the working environment.

Iceland's challenge must be to work out which of the countries might be one of the best options for expansion, to work out in which country the British culture and the country's culture can work together, and to try to create a serene environment for business growth and success.

Iceland international

Iceland international is a British supermarket chain specialising in frozen food. It has shops all over the UK and is known for offering a wide range of frozen products, including groceries, ready meals, and desserts, at low prices to expand its customer base.

The company's history began in 1970 with Malcolm Walker, who decided to open the first shop with a partner who specialised in bulk frozen food with an initial funding of only £60. Immediately by 1975 the company had grown to 15 shops in Wales and by the end of 1978 had begun to develop its own brand and dominate the market (iceland, 2023).

Today, the company's success sees it dominate the UK and other European countries. The company is always looking to expand operations beyond its current scope.

According to market data, the demand for frozen food is always on the rise, from 2020 to 2023 the consumption of frozen food increased in the UK by \$1.1 billion, reaching \$9.12 billion (Department, 2023).

According to Renub (2021), the European frozen food market will be worth \$124.1 billion by 2027.

With this Iceland Internationale has great potential not only to increase its strong market dominance in the UK and European countries where it already operates, but also to expand further into new European countries.

Europe Frozen Food Market 2020 - 2027

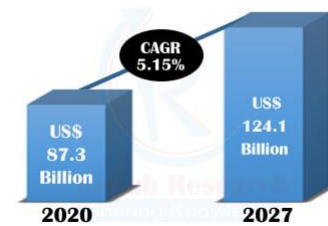


Figure 1 Frozen Food Market 2020-2027 in Europe

Introduction to the context of UK corporate communications

UK corporate communications refers to the various ways in which individuals and organisations in the UK communicate about the workplace. The life force of these is effective communication that plays a key role in ensuring business success, relationship building and promoting innovation (Calvert, 1995).

In this context, a sensitive understanding of factors such as language, cultural differences, formality and informality, technology, and ethics in communications is essential (Engler, 2016).

English is the language of British corporate communications. Within British corporate communications one can encounter many different types of accents and dialects depending on one's background. Important in these contexts is clear communication, where different language expressions are accommodated with an understanding and considerable approach.

In the British workplace, there is a differentiation of cultures and backgrounds. The modern British workplace, with a history of global interactions, has a continuous growth due to the diversity brought by people from different religious, ethical and social backgrounds. Thanks to this rich cultural mix, British businesses can be creative and adaptable across global contexts, leading them to be globally competitive.

Within the British business environment there is a balance between formality and informality. In British working environments we have on the one hand a respect for formality, but on the other, there is a preference for collaborative and open communication. As, for example, one can think of coffee or tea breaks, in some cases even parties that are organised within companies, which have the function of building a favourable atmosphere for 'friendly' company relations (Rennoldson, 2021).

In recent years, the UK has been one of the most advanced countries in terms of technological advances and this influences corporate communications. Today, standard practices in the UK workplace include the use of email, virtual participation platforms and video conferencing.

This integration with technology has led to increasingly faster communication, not only within one's own working environment but also across borders, bringing many advantages for successful strategies.

In British business communications, ethical considerations play a central role. Honest and transparent communication is not only appreciated but expected. Whether in the case of team management, negotiations, or meetings, maintaining a clear line of communication with integrity helps to build trust within the organisation, but also to build a relationship with external collaborators. Thanks to this trust, the organisation's performance leads to a continuous and lasting positive outcome (Rennoldson, 2021).

Italy

Italy is a state that is part of the European Union, located in the southern and western part of Europe, whose capital is Rome. It is named after the Italian Republic, which is based on a parliamentary republic (Lovett, Palma, & M.Powell, 2023).

The Italian Republic has approximately 59 million inhabitants, where the official language is Italian, although it has a wide range of dialects from region to region.

The Italian state is officially a secular country, but it has a high percentage of Christians in its population and a small percentage of seculars.

As far as Italian culture is concerned, it is Italy's collective heritage of knowledge, ranging from its history, all forms of art, philosophical currents, politics, religion, gastronomy, and sport.

Economically, Italy is the third largest economy in the eurozone, which is based on diversified industrial sectors. Such as, for example, automotive and agriculture, which includes the production of machinery, or fashion and design, which has brands recognised worldwide. This is also thanks to the country's long tradition of technological innovation,



Figure 2 Map of Italy(<https://www.britannica.com/place/Italy>)

which has always shown an interest in adopting new technologies (Lovett, Palma, & M.Powell, 2023).

Italy's workforce is highly qualified in Europe, with an exaltation in engineering and design. However, the unemployment rate in the country is very high compared to the average in Europe, with a huge disparity within the country between the north and the south, where the south of Italy has very high unemployment compared to the north.

Netherlands

The Netherlands, also known as Holland, is a country located in north-western Europe where the capital is Amsterdam. The Netherlands is a constitutional monarchy with a parliamentary system, the parliament is characterised by a democratic tradition.

The country has a population of 17.4 million people where the official language is Dutch. However, within the country one of the languages spoken fluently is English. The population has most agnostics and atheists, a small percentage are Catholics (Wintle, Heslinga, & Rowen, 2023).

Dutch culture is characterised by an open mentality and a strong view on equality. Within the cultural life of this country, art, music, and architecture are an integral part.

The economy of the Netherlands is open and export-oriented, with key sectors such as agriculture, logistics, technology, and financial services. Where in the technology sector the country is known worldwide as an innovator, the country has research and development centres that are always working on new discoveries for use both within the country and outside.

The Dutch workforce is very flexible and educated and the country has a low unemployment rate, the labour market has a very collaborative mentality (Wintle, Heslinga, & Rowen, 2023).



Figure 3 Map of Netherlands

The dimensions of Hofstede: comparison between Italy, the Netherlands and the UK

National culture and how it influences the work of organisations are analysed by the Hofstede model. The result of this model consists of 6 dimensions, by means of which the differences between national cultures can be analysed. Now in this we look at the indices between the culture of Italy, culture of the Netherlands and that of the United Kingdom.

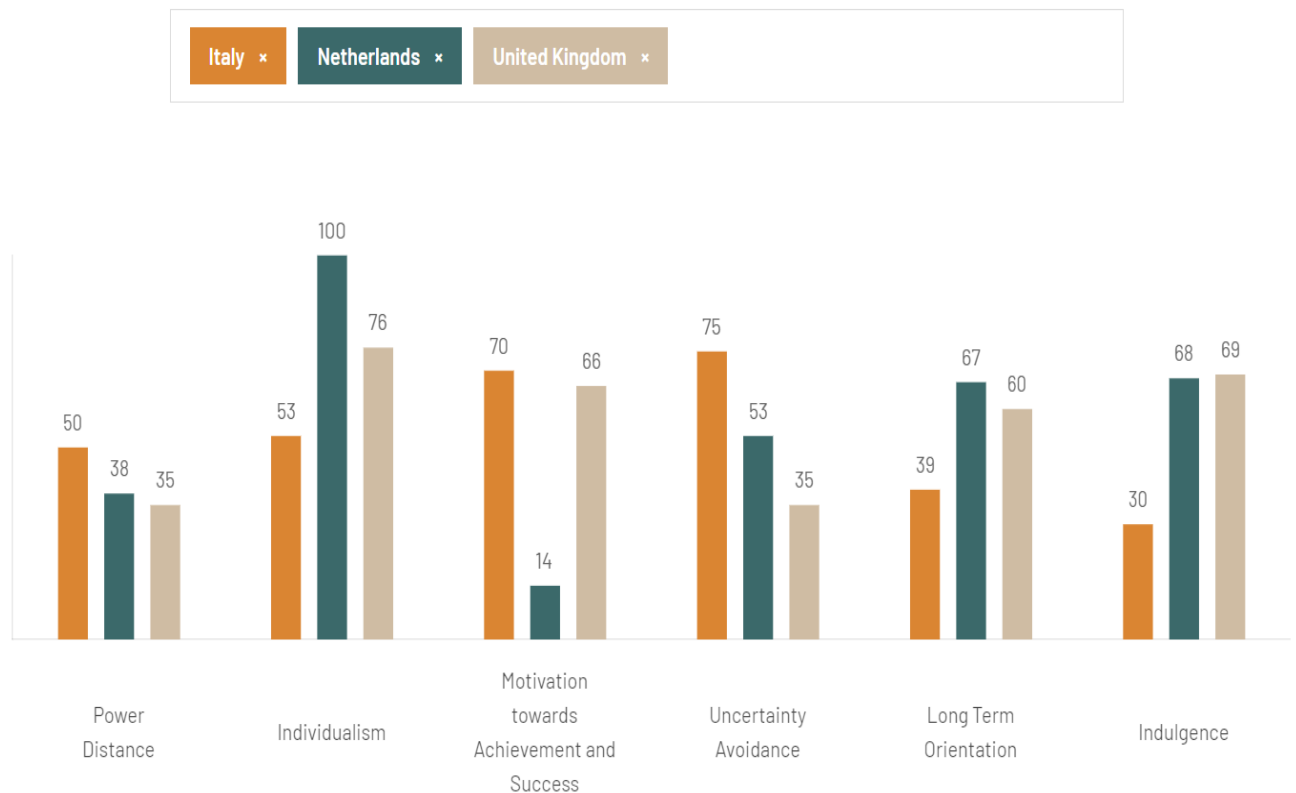


Figure 4 The dimensions of Hofstede: Italy, Netherlands and the United Kingdom

In the graph, for the first dimension (Hierarchical distance), there is not much difference between Italy, the Netherlands and the United Kingdom. However, the index for the dimension of hierarchical distance for the UK and the Netherlands is lower than that for Italy. This means that there is not much hierarchical distance in the Netherlands in the United Kingdom. Italy has a relatively high index in the hierarchical distance, this says that there is a power distance between managers and employees (Dignen, 2013).

In the second dimension (Individualism) we see that the Dutch and British cultures have a high value. In contrast, the Italian one has a moderate value (hofstede, ND).

This tells us that the UK has a tendency towards individualism, while the Netherlands is oriented towards a highly individualistic society, i.e. a strong personal autonomy. While Italy

tends to balance individualism and collectivism but expresses a strong attachment to the value of family and supporting each other.

In the third dimension we see (Motivation towards Achievement and Success) that Italy and the United Kingdom present an almost similar high index, whereas the Netherlands present a very low index (14).

Italy and the United Kingdom are very strongly motivated towards success, from a young age in society they are taught to be competitive and to try to succeed and be ambitious in life. As far as the Netherlands is concerned, the focus is on quality of life, especially the balance between work and private life (Dignen, 2013).

There is also a difference between the indices for the fourth dimension (control of uncertainty). Where Italy has a high level, the United Kingdom has a moderate index, and the Netherlands has a low index. With this dimension one can determine how much a culture tries to avoid uncertainty with rules, formal procedures, and protocols.

In Hofstede's perception, the Italians prefer a secure structure through rules, formal procedures, and regulations in some cases even in writing. Whereas in the case of the British there is a preference for rules but there may be a greater tolerance for uncertainty and an open attitude to change. Finally, for the Dutch it is open to innovation, i.e. the population 'lives from day to day' and changes are welcomed without setting strict rules.

On the fifth dimension (Long-term orientation) we see that the index for the Netherlands and the United Kingdom are much higher than for Italy. This indicates that the Netherlands and the UK are very oriented towards long-term orientation, which leads them to think not only about today but also about tomorrow and the days to come, such as considering saving and investing for the future. Whereas in Italy, it is not extremely long-term oriented, but tends very much towards the short term, where people adapt to the present and create a balance with present traditions (hofstede, ND).

Finally, in the sixth dimension (Indulgence) we see that the UK and the Netherlands have the same index, while Italy has a low index. This indicates that Italy has a tendency towards pessimism and cynicism, which leads people to be very moderate and keep self-control in enjoying their leisure time, in short to be 'sober' everywhere and everywhere. In the UK and the Netherlands, individuals support their own desires and impulses, value their free time and tend to prefer to have fun and enjoy their moments (hofstede, ND).

Communication barriers that British companies might encounter with Italy and the Netherlands

Communication barriers are phrases and behaviours that we habitually use and that hinder communication, slowing it down or blocking it and causing the other person to shut down or move away (Dignen, 2013).

Today, a company that wants to expand into new foreign lands must go and assess these barriers to foster a clear type of communication and create an efficient organised climate that conditions the company's success. This evaluation is particularly challenging, because within this there are many factors that must be analysed, and companies must try to resolve them in an ideal way.

In this part we will analyse the communication barriers that a British company has to assess when it must operate with Italian and Dutch cultures.

According to Dignen (2013), these are the factors that need to be evaluated:

Language and communication barriers

In both Italy and the Netherlands, the English language is widely used, however in a business context some problems can arise due to misunderstandings because of the different language spoken in the country.

For Italians, communication may be more informal, but in business situations it often requires a formal approach. As is also the case for the Dutch, formal communication is very much required in the workplace.

Concept of Time

In Italy the concept of time is much more flexible, whereas in the Netherlands the hours are much more rigid. Therefore, they should be prepared for negotiations and meetings that extend beyond the time scheduled in Italy. Whereas in the Netherlands, the English have to stick to set hours for an efficient approach at work.

Hierarchical barriers

In Italy, hierarchies are much more pronounced in contrast to the Netherlands, where they are less obvious.

The British must go to consider the respect of hierarchical positions and understand the decision within an Italian system. Whereas in the Dutch one they can consider a greater involvement within company decisions.

Legal and regulatory barriers

In Italy the bureaucracy can be complex, compared to the Netherlands where there is less bureaucracy. This tells us that English people must be prepared for a much more complex bureaucratic process in Italy than in the Netherlands.

Recommendations for Expansion and Communication Strategies

Based on the analysis conducted, the Netherlands as a favourable option for Iceland International's expansion. The Netherlands offers a balance of a strong economy, a well-educated population, and a business-friendly environment.

Furthermore, according to market data, as claimed ResearchAndMarkets(2023), the frozen food market in the Netherlands is expected to reach \$1.77 billion by 2024.

However, it was seen in Hofstede's analysis of dimensions, when comparing the two cultures both have differences, just as in the assessment of communication barriers the British and the Dutch can see similar differences.

As Delecta (2015) discusses, these cultural differences influencing business communication can be improved through the following methods:

Intercultural Training: Implement intercultural training programmes for staff from both countries. These courses should focus on cultural differences, communication styles and professional expectations for the workplace.

Hiring Local Talent: Consider hiring local staff with language skills and an in-depth understanding of Dutch business dynamics to help the British better understand the world of the Dutch.

Adaptation to the Dutch Business Context: Modify certain business practices to fit the Dutch context, respecting hierarchical dynamics and promoting a collaborative working environment.

Diversity Awareness: Promote awareness and acceptance of diversity within the organisation, i.e. emphasise that everyone has their own culture. This will help create an inclusive environment that respects cultural differences.

Team Building Initiatives: Organise team building events that foster integration and mutual understanding between British and Dutch staff. Promote social events to give the two cultures a chance to get to know each other outside the work environment to create a friendly environment.

Regular Feedback: Implement a regular feedback system to evaluate the effectiveness of communication strategies. Collect opinions and adjust, when necessary, without excluding anyone.

Conclusion

Iceland International's challenge is to go out and create a 'friendly' working environment in the new country, one that will make it hassle-free for employees and one that will expand and bring success. The British culture influences the communication within the British company.

The United Kingdom has its own culture, as analysed between Italy and the Netherlands and that each of them also has its own culture, there are cultural differences that are reflected in the communication within the company if these cultures are working together.

The Netherlands is the country that was chosen for expansion by Iceland. This is due to market data, which shows Iceland could be more successful for its products in the Netherlands than in Italy. Another factor and using Hofstede's model, which in the comparison showed that the index values in the 6 dimensions are much more similar between Holland and the UK, and not between Italy and the UK.

All in all, Iceland, being British, expanding in the Netherlands must carefully evaluate the culture there. This must be done with strategies and above all understanding and adapting to the Dutch culture.

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