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THE INFLUENCE OF THE CROSS-CULTURAL COMPETENCE ON EMPLOYEES PERSONAL EFFECTIVENESS IN THE GLOBAL ECONOMY

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ABSTRACT

Nowadays the global economy and the fast development of new technologies makes our business life more dynamic, progressive and international. Intercultural communication has become an essential feature of the modern world in which we face a number of cross-cultural problems because of differences in the behaviour, thinking and values of individuals from different cultures. In terms of international business, cultural differences often lead to misunderstandings and confusion and as a result decreases the company efficiency. That is why the cross-cultural competence of employees in international business environment becomes just as important as cultural and professional competence.

The aim of this paper is to analyse how the cross-cultural competence is related to the personal efficiency of international companies' employees.

The hypothesis of our research is that cross-cultural competence positively affects the personal efficiency of the employees of international companies. The research consists of two main parts:

1. Cross-cultural competence evaluation of 318 master's graduates of the Faculty of Economics of RUDN University.
2. Personal efficiency analysis of the 132 graduates who work in international companies.

Our research is based on the following methods: qualitative study, mathematical analysis, interview and statistical analysis.

The results of the research are considered to be useful to the management of the companies which act in the international business environment by establishing an effective system of cross-cultural competence evaluation which will bring competitive advantage to the company.

Keywords: global economy, cross-cultural competence, intercultural communication, international business, personal efficiency

INTRODUCTION

The pace of globalisation has significantly increased since the beginning of the 21st century – nowadays we live and act in a global economy. From day to day more and more companies are interested in acting worldwide in order to find new markets for their products, to get new raw materials at competitive price, and to use qualified and competitive human resources. Some of those companies succeed, but many of them do not. One of main factors of this failure we can identify as the lack of cross-cultural competence – the ability of individuals to function effectively in another culture (Gertsen, 1990). Employees who are successfully while acting within the local markets can face a number of difficulties performing in the international business environment because of the low level of cross-cultural competence (Trompenaars, 1994). Managers and employees can fail because of an inability to understand the culture of their business partners and colleagues and an inability to interact effectively with their counterparts overseas (Ricks, 1999). Managers have to take into consideration the contextual influences that can impede effective cross-cultural communication (Von Clinow et al., 2004). From the other side, cross-cultural competence could be considered a competitive advantage

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of an employee in building a career in the international company or the company which is trading overseas.

In order to get the best results in international business the formation of cross-cultural competence becomes an urgent task in modern management. However, most of the companies who are interacting in the international business environment do not pay enough attention to the evaluation and development of the cross-cultural competence of their managers and employees. The main reason is a lack of agreement on what constitutes cross-cultural competence, which leads to difficulties in developing an effective system for its evaluation.

The aim of our research is to develop a cross-cultural assessment system and to analyse how the cross-cultural competence is related to the personal efficiency of international companies' employees. The results of the research are considered to be useful to the management of the companies which act in the international business environment by establishing an effective system of cross-cultural competence evaluation which will bring competitive advantages to the company.

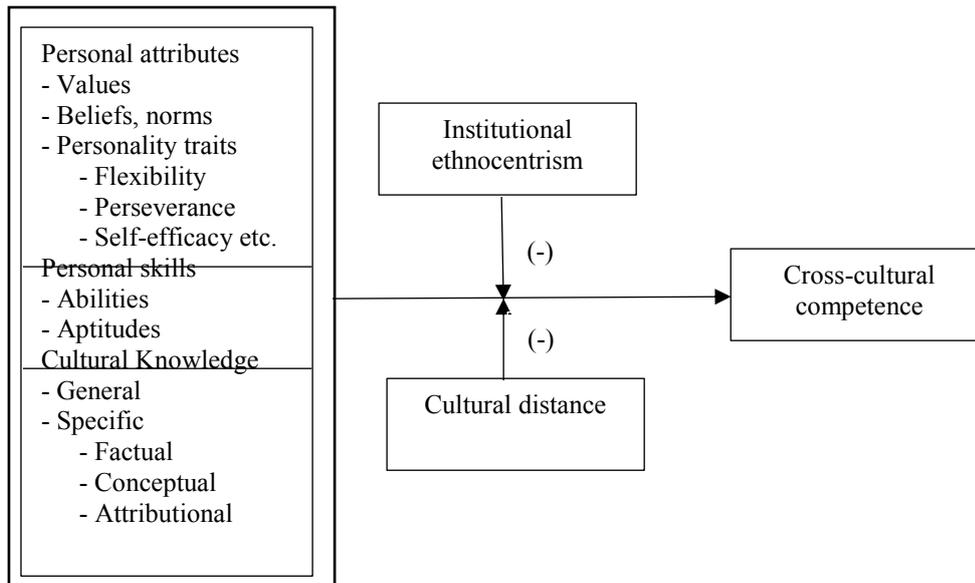
LITERATURE REVIEW

One of the first definitions of cross-cultural competence was given by Gertsen (1990, p. 346) in his study related to expatriates; there it is described as "the ability to function effectively in another culture". However, this definition looks too wide and is not concrete enough. Black and Mendenhall, who performed their study during the same period also did not make a clear definition of cross-cultural competence but could explain that it is related with learning some content and skills: "Cross-cultural training enables the individual to learn both content and skills that will facilitate effective cross-cultural interaction by reducing misunderstandings and inappropriate behaviors" (1990, p.120).

Hofstede (2001) proposes his definition of intercultural communication competence which consists of awareness, knowledge and skills. The knowledge component includes the basic and specific knowledge, knowledge about culture, language knowledge and knowledge of interaction rules. Skills are considered to be the behavioural component of cross-cultural competence and include abilities and aptitudes. Hofstede also pointed out that intercultural competence can be taught because of different personality factors (p. 428). Earley (2002) also identified that intercultural knowledge and awareness are important but not enough to interact effectively in cross-cultural environment because the individual should have motivation to use the knowledge and skills acquired.

Apud et al. (2006) extend previous definitions of cross-cultural competence to an individual's effectiveness in drawing upon a set of knowledge, skills and personal attributes in order to work successfully with people from different national cultural backgrounds at home or abroad. The main point of their study is that the most important things in cross-cultural competence are not knowledge, skills and personal attributes itself but how individuals use them in an international business environment. They proposed a model of cross-cultural competence (see Figure 1) in which the usage of personal attributes, knowledge and skills depends on institutional ethnocentrism and cultural distance.

Institutional ethnocentrism is defined as imposing on the other cultural representative the ways of working of a home culture (Hofstede, 2001). It promotes the home culture's way of doing business even when it is not appropriate to do so. Cultural differences are defined as overall differences in the national culture between the home country and a country in which the affiliates or business partners are located. This difference includes not only the difference in values but some other environment variables such as economy, political and legal systems, language etc. Combined, those environmental differences may build a significant barrier for the managers who are working in a cross-cultural environment.

Figure 1. A model of cross-cultural competence

In summary, we can define cross-cultural competence as an individual's effectiveness in drawing upon several knowledge, skills and attributes to work successfully with different cultural representatives at home or overseas

METHODS

Our research approach consists of two main parts. In the first stage over three years 318 master's graduates of the Faculty of Economics of RUDN University from 11 countries, on average 25 years old, were evaluated in terms of their cross-cultural competence. We chose expert assessment as the evaluation method. The list of key cross-cultural competencies which reflect an individual's personal attributes, skills and knowledge together with evaluation criteria are listed in the Table 1. In case if the individual does not match the competence, s/he gets 0 points for this competence evaluation. In order to maximise the accuracy of the evaluation and to minimise the factor of subjectivity each one of the assessed persons was evaluated by three experts. The evaluation of each competence was made using the following formula:

$$C_i = \frac{\sum_{j=1}^n C_{ij}}{n}$$

where C is the evaluation of the competence, i – the number of the competence, n – the quantity of experts.

Cross-cultural competence of each master programme graduate was calculated as a sum of all competencies evaluation:

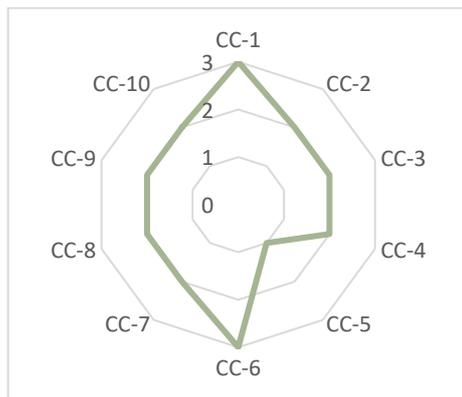
$$C = \sum_{i=1}^m C_i$$

By using this method of cross-cultural competence evaluation we could obtain the numeric expression of such a qualitative parameter as cross-cultural competence. The evaluated master's graduates were divided into three groups depending on the total evaluation score. Group A "Cross-cultural competence is fully formed" – from 20 to 30 points. Group B "Cross-cultural competence is partially formed" – from 10 to 20 points. Group C "Cross-cultural competence is unformed" – from 0 to 10 points.

Table 1. Cross-cultural competencies evaluation criteria

Competence Nr	Competence description	Competence evaluation	Value
CC-1	Awareness of intercultural differences as necessary elements of coexistence	Fully match	3
		Mainly match	2
		Partially match	1
CC-2	The ability to social adaptation and changing position in terms of the socio-cultural context	Fully match	3
		Mainly match	2
		Partially match	1
CC-3	Ability to self-evaluate and reflect in the context of intercultural interaction	Fully match	3
		Mainly match	2
		Partially match	1
CC-4	Ability to empathy and tolerance	Fully match	3
		Mainly match	2
		Partially match	1
CC-5	Possession of business and foreign language	Fully match	3
		Mainly match	2
		Partially match	1
CC-6	Possession of ways to create a non-conflict, comfortable psychological environment in the context of intercultural interaction	Fully match	3
		Mainly match	2
		Partially match	1
CC-7	Ability to communicate and cooperate	Fully match	3
		Mainly match	2
		Partially match	1
CC-8	Knowledge of cultural differences in intercultural interaction, awareness of cultural identity	Fully match	3
		Mainly match	2
		Partially match	1
CC-9	Ability to apply knowledge of the main types of national business cultures and their characteristics in professional life	Fully match	3
		Mainly match	2
		Partially match	1
CC-10	Ability to make decisions in terms of intercultural interaction	Fully match	3
		Mainly match	2
		Partially match	1

This method of cross-cultural competence evaluations allows us to create an individual's cross-cultural competence map (Figure 2), which is useful in terms of visualization – with the help of such kind of a map it is easy to analyse each competence, to compare the evaluation result with the reference, if needed, and to identify areas which should be improved upon as soon as possible.

Figure 2. Example of a cross-cultural competence map

The second stage included a survey conducted among 132 companies interacting in two or more countries which employed master's graduates who were evaluated in terms of cross-cultural competence during the first stage. The aim of the survey was to analyse the graduate's performance and personal effectiveness in the international business environment and how it is correlated with their cross-cultural competence. The managers evaluated the involvement of the employees who graduated the Faculty of Economics of RUDN University in the international interaction, the level of their personal efficiency and their future career opportunities.

FINDINGS

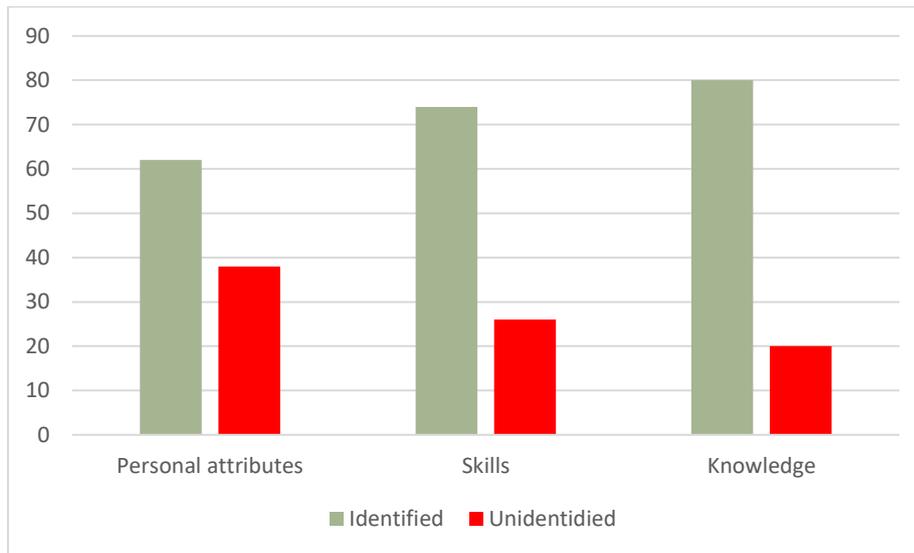
The results obtained during the research of cross-cultural competence of the graduates of faculty of Economics of RUDN University demonstrate all three above mentioned levels of cross-cultural competence. Group A was the most numerous – 48%. Only 20% of graduates' match the Group B cross-cultural competence level. The Group C level was assessed among 32% of graduates (see Table 2).

Table 2. Studied group cross-cultural competence assessment results

Cross-cultural competence level	Number of graduates	Percentage
Group A	153	48
Group B	64	20
Group C	101	32
TOTAL	318	100

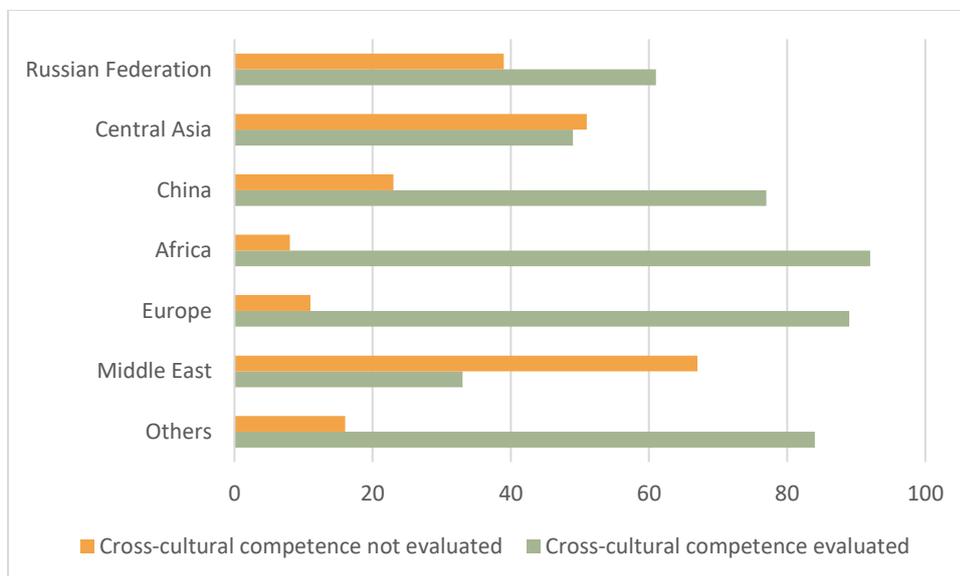
Figure 2 shows the correlation of the identified and unidentified elements of cross-cultural competence such as personal attributes, skills and knowledge; 80% of the evaluated demonstrated a sufficient level of cultural knowledge. In terms of personal skills – 74% of the studied group could demonstrate the sufficient level; 62 % of the evaluated master's program graduates have assessed the sufficient level of personal attributes that could allow them to interact in a cross-cultural environment effectively.

Figure 2. Percentage ratio of identified and unidentified elements of cross-cultural competence



The correlation between cross-cultural competence and the native culture is shown on the Figure 3. For the Russian Federation, cross-cultural competence was evaluated among 61% of the assessed individuals. For Europe, this indicator is 89%; 77% of the studied group from China were evaluated as individuals with formed cross-cultural competence; 49% of graduates from Central Asia have cross-cultural competence. For the Middle East, this indicator is 33%, for Africa 92% and 84% for other regions.

Figure 3. Correlation between cross-cultural competence and native culture



During the master’s program for graduates of Faculty of Economics of RUDN University the following results were obtained (see Table 3): 81 (65%) graduates with the fully formed cross-cultural cross-competence level (Group A), who could get a job in international organizations – companies which are interacting in the international business environment; 28 individuals of the selected group who could reach partially formed cross-cultural competence level (Group B) are working in international companies, which is 44% of the group. From

Group C (cross-cultural competence is unformed) 23 graduates are working in the international companies, which is 23%; 50 % of both groups A and B could get a job in the companies which work in the international business environment.

Table 3. Correlation between cross-cultural competence and employment in international companies

Cross-cultural competence level	Number of graduates	Number of graduates working in international organisations	Percentage of working in international companies
Group A	153	81	65
Group B	64	28	44
Group C	101	23	23
TOTAL	318	132	

However, not all graduates who are working in international companies are involved in international interaction; some of them have no contacts with other cultures representatives. The results of the survey according the level of intercultural interaction of each employee from the studied group are presented in Table 4. Out of 81 graduates from Group A working in international companies, 73 individuals are involved in international interaction and seven are partially involved. From Group B 23 out of 28 representatives of the studied group are involved in intercultural interaction and three are partially involved. In Group C, which consists of 23 individuals, six are involved and nine are partially involved.

Table 4. The number of representatives of the studied group involved in intercultural interaction

Cross-cultural competence level	Number of graduates working in international organisations	The level of the involvement in international interaction	Number of representatives of the studied group
Group A	81	Involved	73
		Partially involved	7
		Not involved	1
Group B	28	Involved	23
		Partially involved	3
		Not involved	2
Group C	23	Involved	6
		Partially involved	9
		Not involved	8
TOTAL			132

The results of the correlation between personal efficiency evaluation of the representatives of the studied group and the level of their cross-cultural competence are presented in Table 5. Among the 80 representatives of Group A, the high level of personal efficiency was evaluated for 52 representatives of the studied group, the medium level for 22, and the low level for 6. For Group B, which consists of 26 individuals, the high level of personal efficiency was identified for 12 graduates, medium level for 9, and the low level for 5. In Group C, the indicators are the following: total number – 15 individuals, high level of personal efficiency – 4 individuals, medium level – 5, low level – 6.

Table 5. Correlation between the level of cross-cultural competence and the level of personal efficiency

Cross-cultural competence level	Number of graduates involved in international interaction	The level of personal efficiency	Number of representatives of the studied group
Group A	80	High	52
		Medium	22
		Low	6
Group B	26	High	12
		Medium	9
		Low	5
Group C	15	High	4
		Medium	5
		Low	6
TOTAL			121

DISCUSSION AND CONCLUSIONS

The data obtained during the research demonstrates that such constituents of cross-cultural competence as personal attributes were identified within 62% of the assessed group. This corresponds with the research undertaken by Apud et al. (2006) in which it is said that personal attributes are the most difficult to develop in terms of cross-cultural competence. They strongly depend on the individual's home culture and could not be trained with the help of cross-cultural training, while specific cross-cultural skills and knowledge could be trained to a certain level. This was also confirmed by the indicators of certain level of knowledge and skills in the studied group – 80 and 74% respectively. Also, it has to be mentioned that according to Leiba-O'Sullivan (1999) personal attributes usually affect the development of knowledge and skills.

Also during the study a strong correlation between the native culture of the representatives of the evaluated group and their level of cross-cultural competence was identified. There was a quite high result (61%) in terms of cross-cultural competence of graduates from the Russian Federation, which could be explained by the fact that Russia is a multinational and multicultural country with 194 nationalities living on its territory. The highest level of cross-cultural competence was identified among the representatives from Africa. It cannot be said that the representatives of the African in general have a high level of cross-cultural competence – in our case the sample group was unrepresentative. The graduates who were evaluated were from the upper middle class and upper class, well-educated and strongly motivated by further education. We can say that all representatives of this region have strongly developed cross-cultural personal attributes which facilitate the acquisition of cross-cultural knowledge and skills. For the graduates from Europe, 89% of the studied group showed the highest level of cross-cultural competence. This result can be explained by the current values and traditions of the European society, which is open to the interaction of different cultures and has a high potential in terms of acquiring of a sufficient set of specific knowledge and skills. During the evaluation of cross-cultural competence of the graduates from Central Asia, 49% of the studied group demonstrated a certain level of cross-cultural competence. This result can be explained by the high level of cultural ethnocentrism and the low level of foreign language possession. The same reasons explain the results of the study among representatives of the Middle East. Only 33% of the master's programme graduates from this region could show a certain level of formed cross-cultural competence. Unexpected results of the cross-cultural competence study were received during the evaluation of the representative group from China. The certain level of formed cross-cultural competence was identified among 77% graduates from China in spite of the high level of cultural ethnocentrism. The representatives

of all regions studied the same program interacted in the same cross-cultural environment but showed a different level of cross-cultural competence. This supports the research of Earley (2002, p. 277), who claimed that many cultural training programmes fail because they mainly focus on culture-specific knowledge and pay less attention to the behavioural part of cross-cultural competence.

Analysing the data obtained during the study of the further employment of master's graduates we can discover a strong correlation between the level of cross-cultural competence of the individual and the ability to undertake a job in a company which is acting in the international business environment: 65% of the graduates with the fully formed cross-cultural competence and 44% of the graduates with the cross-cultural competence partially formed could find a job in the international companies, while only 23% of the graduates with the unformed cross-cultural competence could do it. Surprisingly this ratio is more or less the same for all studied regions – the difference is only 1–3% depending on the country. This result of the research supports the hypothesis that cross-cultural competence could be a competitive advantage for those graduates who are seeking a career in the companies acting in the international environment.

However, not all representatives of the studied group who was employed to the international companies were involved in international interactions. So, in order to study the correlation between the cross-cultural competence and personal efficiency of the employees of the international organisations who are acting in the international environment, we investigated how many graduates and how deeply they were involved in international interplay. The data obtained during the research demonstrates that 80 out of 81 graduates of master's program whose cross-cultural competence is fully formed are involved in international interactions, the same ratio for the graduates with the cross-cultural competence partially formed is 26 out of 28; 15 representatives of the studied group out of 23 are involved in the international interaction from the Group C (cross-cultural competence is not formed). These data confirm the assumption that the level of cross-cultural competence of the individual correlates with the depth of the involvement in the international interactions and give us the exact figures to use during the survey of the personal efficiency of the studied group.

The results of the personal efficiency evaluation clearly demonstrate a strong correlation between the cross-cultural competence of the individual and his/her personal efficiency in job performance; 65% of the evaluated graduates from Group A who are involved in international interactions showed a high level of personal efficiency and 27% reached the medium level. The same indicators for Group B are 46% and 35% and for the Group C are 27% and 33%, respectively. Of course, this is not to say that cross-cultural competence is a panacea for international business success (Apud et al., 2006, p. 526), but the trend is clear – with the decrease in the cross-cultural competence level of the individual, the level of personal efficiency is also decreasing.

Summarising the results of the study we can make the following conclusions:

1. Personal attributes in terms of cross-cultural competence are the most difficult to form; meanwhile, those attributes affect the cross-cultural knowledge and skills acquisition.
2. The level of cross-cultural competence correlates with the native culture of the individual because the home culture affects his/her personal attributes.
3. The individual with the formed cross-cultural competence has a competitive advantage in the case of employment to the company which is acting in the international business environment.
4. The cross-cultural competence of the employee affects his personal efficiency in his job performance in terms of interacting in the international business environment. Due to the fact that personal efficiency of the employee affects the company's efficiency it

is possible to say that cross-cultural competence could be considered one of the key success factors of the company acting in the international business environment.

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