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MASTER'S THESIS

**ATTITUDES OF HUMAN RESOURCES MANAGERS IN SLOVENIA
TOWARDS EMPLOYEES' CROSS-CULTURAL COMPETENCE**

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LIST OF ABBREVIATIONS

sl. – Slovenian

CCC – (sl. Medkulturna kompetenca); Cross-Cultural Competence

CQ – (sl. Kulturna inteligenca); Cultural Intelligence

CQS – (sl. Lestvica kulturne inteligence); Cultural Intelligence Scale

FDI – (sl. Tuje neposredne naložbe); Foreign Direct Investment

IB – (sl. Mednarodno poslovanje); International Business

HR – (sl. Človeški viri); Human Resources

HRM – (sl. Upravljanje s človeškimi viri); Human Resource Management

IQ – (sl. Inteligenčni količnik); General Intelligence or Intelligence Quotient

KSAO – (sl. Znanje, spretnost, zmožnost in drugo); Knowledge, Skills, Ability and Other

MPQ – (sl. Večkulturni osebnostni vprašalnik); Multicultural Personality Questionnaire

SJT – (sl. Test situacijske presoje); Situational Judgement Test

1 INTRODUCTION

When speaking of international business (IB), one cannot pass over the term globalisation, as the world has moved from local and international to global. Over time, globalisation has been steadily breaking down barriers of world trade, foreign direct investment (FDI), financial, technical and human flows, steadily interconnecting developed and developing countries (Aswathappa, 2015).

As a result of all aspects of globalisation, there is a recognisable growth in cross-cultural encounters (Bartel-Radic & Giannelloni, 2017, p. 632) and an increasing need for workers who are cross-culturally skilled (Lakshman, 2013, p. 922). Thomas et al. (2010, p. 315) define those workers as biculturals – “people who have internalised more than one cultural profile – are an underexplored result of globalisation”, and they tend to possess certain abilities that help them comprehend and at the same time create connections with other cultures. Acknowledging that today’s workforce demographic is ever-changing, workers who are of mixed cultural profiles are slowly prevailing.

Technical revolution, global changes and multi-generational workforce are meant to be the key drivers behind change in how we work, with more and more emphasis being put on people. These drivers are changing how we think about work, how we define it, and what skills are needed to contribute productively at work (The B Team & Virgin Unite, 2015). Davies et al. (2011, p. 7) have identified cross-cultural competence (CCC) as one of the ten key skills that will be required in the future across various jobs and work environments. They have defined CCC as “the ability to operate in different cultural settings” (Davies et al., 2011, p. 9), and they believe CCC will become vital for all workers, not just for those who work in diverse environments or various geographical locations. In the past twenty years, research on why and how some people can thrive in cross-cultural situations has been increasing (Leung et al., 2014, p. 490).

At the end of the century, Leiba-O’Sullivan (1999, p. 710) presented a fresh perspective on CCC and distinguished between stable and dynamic ones: stable CCC being abilities and personality, and dynamic ones, knowledge and skills. She proposed that stable and dynamic CCC are not completely independent, moreover, stable CCC are crucial for obtaining dynamic ones, and may be called “must-haves”, while dynamic CCC may be called “nice-to-haves” (Leiba-O’Sullivan, 1999, p. 711), and are more likely to be obtained with training. She suggests companies should seek employees who have basic level of stable CCC, and to minimize the cost of training, employees with addition of possessing at least some dynamic CCC should be pursued (Leiba-O’Sullivan, 1999, p. 722).

Johnson et al. (2006, p. 527) conducted a thorough research on CCC in IB, and building on the existing literature from various fields and IB they proposed the following definition: “Cross-cultural competence in international business is 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 and abroad” (Johnson et al., 2006, p. 530). There are several definitions of CCC across the literature, but this one puts attention to how capable is the individual to use knowledge, skills and attributes in their possession. But only possessing the three antecedents of CCC is not enough, they need to be successfully applied in challenging and demanding circumstances. Therefore, they proposed a model of CCC with 3 dimensions: the knowledge dimension, the skills dimension, and the personal attributes dimension. To ensure that individual performs effectively, external factors of institutional ethnocentrism and cultural distance (cultural environment) were added to the model (Johnson et al., 2006, p. 533).

While researching the topic of CCC another related term appears frequently – cultural intelligence (CQ). Earley and Ang (2003, p. 9) defined CQ as “person’s capability to adapt effectively to new cultural contexts”. They described three aspects of CQ: cognitive, motivational, and behavioural. What differentiates CQ from other forms of intelligences is that CQ is based on interaction. Earley (2002) ties this aspect of intercultural interaction to social adaptation and he defines it as “person’s capability to adapt as he interacts with others from different cultural origins” (Earley, 2002, p. 283).

Johnson et al. (2006, p. 536) have connected the concept of CQ with their concept of CCC as CQ being the latent construct of development of CCC. The three aspects of CQ are derived from the set of knowledge, skills and attributes an individual possesses. Similarly, like traditional overviews of CCC, CQ stresses learning more than doing, which has caused a gap between knowing and doing, and companies failing to implement and adopt the acquired expertise.

Being a small country surrounded by different and more prominent countries, Slovenia is very diverse. The country lies on a geographical and cultural crossroad of Slavic, German, Romance and Finno-Ugric worlds, and has strong historic and cultural ties with all neighbouring countries. Slovenian companies have an easy access to the European market (MZZ RS, n.d.). Slovenian economy is open and export oriented, and many potential foreign investors coming out of the European Union (EU) see the Slovenian market as “a starting point for penetrating internal EU market” (Lahovnik, 2011, p. 64).

Much like previous research on CCC in other countries, the fields where Slovenian researchers focused on CCC were primarily healthcare, education, and immigration. Slovenian research in IB and CCC is mainly connected to managers’ competence (e.g. Verle et al. (2012)), cross-cultural leadership (e.g. Boštjančič and Kodrič (2013)) and cultural diversity in the workplace (e.g. Brezigar (2015)). Kovač (2018) focused on CCC in Slovenian business environment in her master’s thesis; how CCC function in practice and what does CCC mean to managers of Slovenian small companies operating internationally. However, few studies have focused solely on CCC in IB in Slovenian settings, leaving much space for further research, but many times Slovenian companies are included into

larger studies, so the results can be generally applied to the Slovenian business environment.

In today's world, it is virtually impossible for a company to operate without coming into contact with people coming from different countries, cultures and backgrounds, whether this be their customer or business partner. Consequentially, very few companies require only domestic operations, or interact solely with customers from home culture. CCC is relevant for all employees working for international companies and its importance and acknowledgement has been steadily growing over the last decades, slowly getting the deserved recognition for the weight it bears in companies, from basic daily operations to important strategic decisions.

For this reason, the purpose of this master's thesis is to find out how and why CCC is important to the companies, in what ways they determine whether the potential job candidates possess CCC (if at all), from human resource (HR) point of view, and to increase awareness of the rising importance of CCC in IB. The results may help employment seekers provide a deeper understanding of the concept of CCC and an insight into HR personnel's point of view on this matter, which they may use as their advantage on development and improvement of the relevant competences. HR personnel may refresh and expand their knowledge of CCC and apply good practices described in this thesis to their own work.

The goals of this research are:

- to review the existing knowledge and the importance of CCC and CQ to HR personnel in Slovenian companies,
- to determine whether and how Slovenian HR personnel assess CCC of job candidates and what are the underlying factors of this assessment,
- to identify how HR personnel maintain and improve CCC in current employees in Slovenian companies, and to find out whether they notice any difference in performance of employees with high level of CCC relative to those with lower levels,
- to determine whether the results of this research reflect studies done on CCC in other international settings.

Based on the purpose and goals of this master's thesis I propose the following research questions:

1. How knowledgeable is Slovenian HR personnel on the topic of CCC and CQ, and what is their attitude towards it?
2. How and where do Slovenian HR personnel assess whether job candidates possess CCC? (e.g. do they see it coming from previous practical experience overseas, speaking different languages, etc?)

3. How, if at all, do HR personnel make sure that CCC of employees in Slovenian companies are retained and improved?
4. Do HR personnel in Slovenian companies perceive differences in employees depending on their CCC: are employees with higher levels of CCC more productive contributors than those with lower levels of CCC? Are employees at higher positions in the company generally more competent in CCC?

This master's thesis was approached using desktop and empirical research. For the desktop research, data was obtained from secondary sources; scientific and popular resources, which provided a literature overview and a deeper understanding of concepts CCC and CQ. The majority of the data was obtained from scientific journals and books, and the rest from sources dedicated to non-scientific readership, easily accessible on the web. Data collected from the secondary sources was used in the first part of the thesis, covering chapters one through four.

For the empirical part of the thesis, qualitative data was collected from primary sources using in-depth interviews. In total, four interviews were conducted. The unit of observation was HR personnel coming from Slovenian companies of various sizes, industries, and ownerships. The sample consisted of one male and three female interviewees, all of Slovenian nationality. Interviewees are the ones in the company who are the most involved with the hiring process and care for employees' CCC and its development. The data was gathered with semi-structured, in-depth interviews with open-ended questions, conducted with HR personnel, with the aim to provide a practical point of view and reflection of the selected topic in Slovenian companies. Personal interviews, one-on-one, were conducted and they allowed greater flow of information between interviewees and interviewer, and easier communication. Collected qualitative data was analysed using thematic analysis.

Findings from desktop research (literature review) are presented from chapters two through chapter four, starting with culture and IB and why culture is significant to companies operating in international environments. Further research dives into two main concepts that tie culture and IB together – CCC and CQ. Both are presented in separate chapters, providing a general overview across the literature and relevant frameworks and models.

Chapters five through seven include the empirical research, firstly covering research and methodology, then findings, and lastly discussion of said findings and business implications along with the limitations of the research. Chapter five focuses on research and methodology and presents the interview design, applied method of analysis and a description of the research sample. The findings of the research are presented in the sixth chapter. Lastly, the results are discussed in chapter seven along with practical implications and recommendations for both HR personnel and potential job candidates, together with research limitations.

The last chapter, chapter eight, is the conclusion of this thesis, where the findings and implications of the research are presented in respect to the stated research questions, and final thoughts are stated on why the findings are relevant, relatable, and applicable to the practice.

2 CULTURE AND INTERNATIONAL BUSINESS (IB)

International business encompasses all business activities that are transferred across national borders, from resources, goods, and services to knowledge, skills and information (Shenkar et al., 2014, p. 13). There have never been more possibilities for working internationally and the global marketplace has never been more accessible. Companies are continuing their international expansion, and as cross-cultural teams become more common, they are learning how to benefit from the diverse knowledge, skills and expertise such teams possess, and how to overcome challenges that arise from cultural diversity (Reynolds, 2017). For companies to succeed internationally, the need to understand and embrace international business culture is high – they need to manage national and organisational differences in culture (Hofstede, 1994, p. 1).

2.1 Importance of culture in IB

In the last few decades the world has moved from international to global, culture – "values, beliefs, norms, and behavioural patterns of national culture" (Leung et al., 2005, p. 357) - is becoming more important and impossible overlook in IB. Globalisation has brought down the barriers of world trade, foreign direct investment (FDI), financial, technical and human flows, has connected developed and developing countries (Aswathappa, 2015), and has enabled the emergence of a global economy. Globalisation has brought together private and public sectors from all over the globe, forming global organisations (e.g. International Organisation for Standardisation), government international organisations (e.g. North American Free Trade Agreement or United Nations), multinational, transnational organisations, and cross-border alliances in several forms (e.g. joint ventures) (Leung et al., 2005, p. 358).

Technological progress has been the main driver behind the growth of IB. Companies are now continuously connected to global electronic networks. Communication and physical distance are no longer an obstacle, and access to global information is easily available, increasing cultural convergence. Physical distance does not even count as a major factor of spreadability of global business anymore. New technologies and constant global connectedness affect not only cultural convergence, but also divergence at the same time, where cultural diversity remains among countries and cultural differences might even intensify (Leung et al., 2005, p. 360).

In IB everyone is subjected to culture and the culture affects almost every task they do. It affects management practices, and all theories and practices cannot simply be applied to every culture, rather they have to be considerably adapted (Hofstede, 1994, p. 7). For years, culture has been one of the permanent elements of theoretical and practical studies, and the progress in understanding the importance of culture in IB has been significant. The influence culture has on the success of the business is not debateable. (Caprar et al., 2015, p. 1011). Cultures have an influence on one another through globalisation and even change one another. In this scenario IB is both, the driver and the receiver of cultural change, which affects culture at national, organisational, group and individual level (Leung et al., 2005, p. 361).

Previous research on culture mainly focused on simpler concepts (such as Hofstede's research), drifting away from more complex conceptualisations of the culture, but it had provided a solid base for future research and new perspectives. However, culture is far more complex - there are many layers and aspects, there is more to cultural dimensions and culture exhibits itself in many levels and domains, with stable and dynamic elements. We already know of the main effects of the culture in IB, but the focus should be put on the more complex effects, including socio-economic-political variables, and combining all to substantive theories, so cultural elements can then be one of the foundations in IB theoretical models. In IB models, culture can serve as an antecedent, moderator, mediator and a consequence, so a more complex conceptualisation of culture is crucial for observing and understanding its complex effects, especially with combination of socio-economic variables. Multi-method approach for research of culture and IB is needed to fully comprehend the effects both have on another (Leung et al., 2005, p. 374).

"Like all organisations, multinationals are held together by people" (Hofstede, 1994, p. 12), and they are the places where people from various cultures and backgrounds meet. It is important that they know how to communicate cross-culturally - possess knowledge about own's culture and of the culture of the person on the other side of the communication. It is not just about the language spoken, it is also about understanding nonverbal behaviour, cultural perceptions and assumptions, and communication style of involved parties (Bennett, 1998, p. 2). In order for cross-cultural communication to proceed successfully, cultural difference needs to be accepted, adapted and integrated to participants' world view (Bennett, 1986, p. 179).

Cross-cultural encounters have significantly increased along with globalisation, and many of those encounters can be unsuccessful. The failures have often been attributed to the lack of possessions of CCC by practitioners (Johnson et al., 2006, p. 525). This phenomenon intrigued many scholars and practitioners from various fields, so they have proposed CCC as means to understand why and how some individuals are successful in intercultural settings and why some are not (Bartel-Radic & Giannelloni, 2015).

3 CROSS-CULTURAL COMPETENCE (CCC)

Researchers from various fields (IB, global leadership, intercultural communication, intercultural psychology, healthcare ...) have been studying, defining, proposing different models and frameworks to conceptualise CCC, which shows how relevant and important these skills are, and how applicable they are in many different settings. However, researchers' findings on the importance of CCC in IB were not quite what they were expecting. The matter has proved to be far more important than they anticipated, and if it was overlooked before, it is not anymore.

Through the years, it became clear that researchers cannot agree on joint definition of CCC and there have been only a few thorough studies focusing on CCC and its antecedents in IB, with many tending to disregard wider environments that affect workers in an international setting. The broader topic of CCC is well researched in other fields, especially in the field of public health and education, where the definition and conceptualisation are quite clear in contrast to the field of IB (Johnson et al., 2006, p. 528), where despite the numerous attempts by many scholars, there is still no commonly accepted framework, definition and model of CCC (Bartel-Radic & Giannelloni, 2017, p. 632).

What the researchers could agree on, is the desired outcome of CCC – successful cross-cultural adaptation and adjustment; adaptation being a process in which an individual changes their behaviour as a reaction to the surroundings, situations and social pressure (e.g. changing driving lanes from right to left in the United Kingdom, or using chopsticks for eating in Asia), and adjustment being a process of inner experiences associated with adaptation. The adjustment can be positive or negative, and can be determined by mood states, self-esteem, physical and mental health, flawed communication, culture shock, etc. (Matsumoto & Hwang, 2013, p. 850).

Therefore “successful cross-cultural adaptation and adjustment involves the adaptation of behaviours that accomplishes goals and achieves tasks while at the same time minimising the negative adjustment outcomes and maximising positive ones” (Matsumoto & Hwang, 2013, p. 850), meaning an individual who has successfully cross-culturally adapted and adjusted:

- has thriving relationships with people coming from different cultures, their interactions are affectionate, civil, respectful, and reciprocal,
- achieves tasks effectively and efficiently,
- handles the psychological stress of everyday activities, social relationships, and workplace effectively (Matsumoto & Hwang, 2013, p. 850).

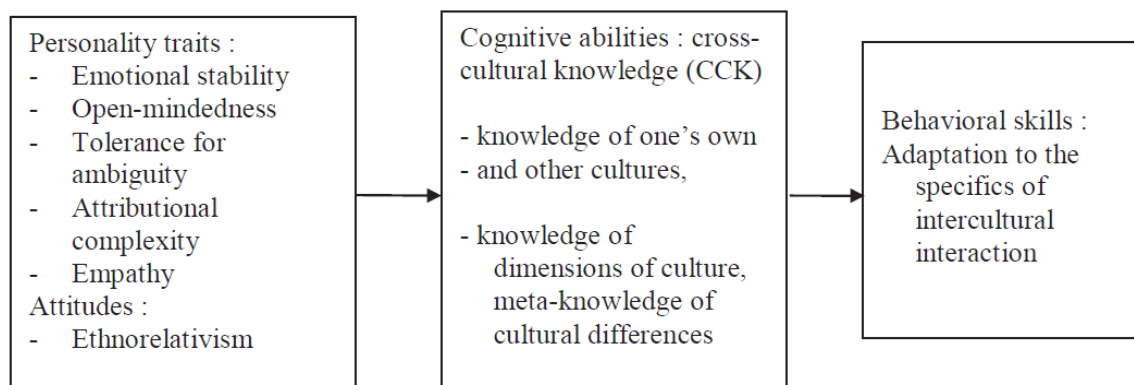
3.1 Definitions across the literature

Spitzberg and Chanson (2009) established that the majority of CCC conceptualisations are based on components, interaction processes or levels. They confirmed there is a high diversification of CCC conceptualisations by sorting twenty-two models of CCC in three main categories:

- compositional models: models that are consisting of CCC components such as an individual's knowledge, skills, behaviour, attitudes, and personality traits (e.g. Leung et al. (2014), Leiba-O'Sullivan (1999), Johnson et al. (2006), Deardoff (2006), Bartel-Radic & Giannelloni (2017)),
- co-orientational and adaptational models: models emphasising communication and interaction among people coming from different cultures (e.g. Fantini (1995)),
- developmental models: models that include subsequent CCC levels, reached through the learning process (e.g. Bennett (1986), Hammer et al. (2003)).

Compositional conceptualisations of CCC are prevailing among the models. In such models, the researchers provide the list of components, which, when later joined together, form concepts. There are four types of components of CCC: attitudes, personality traits, cognitive abilities and skills, and actual behaviour, and the authors listed dozens of elements from the literature for each of the components, while noting that “the more a model incorporates a specific conceptualisation of interactants' motivation, knowledge skills, context, and outcomes, in the context of an ongoing relationship over time, the more advanced the model” (Spitzberg & Chanson, 2009, p. 44).

Figure 1: Components of CCC according to Bartel-Radic and Giannelloni



Source: Bartel-Radic & Giannelloni (2017, p. 634).

According to Bartel-Radic and Giannelloni (2017, p. 633), the most frequently used personality traits and attitudes that are firmly linked and very close to CCC are open-mindedness, absence of ethnocentrism, sociability, emotional stability, self-confidence, empathy, attributional complexity, and tolerance for ambiguity. Along with cognitive

abilities of cross-cultural knowledge (CCK), they are the components of CCC, as presented in Figure 1. Bartel-Radic and Giannelloni's (2017, p. 633) definition of CCC is "the ability to draw on personal resources and traits to understand the specifics of intercultural interaction and to adjust one's behaviour to these specifics".

According to Leung et al. (2014, p. 489) CCC "can be classified based on traits, attitudes and worldviews, capabilities, or a combination of these dimensions". Due to these personal attributes, individuals with a high level CCC can function effectively in multicultural settings and jobs. They also accentuate that CCC has never been more important. Even though the vast majority of current research focuses on expatriate managers, they note that with globalisation trends and gradual cultural heterogeneity, there is an increasing need to expand the effects of CCC to lower-level employees as well. Workers at the most basic levels of organisations cannot be overlooked anymore and need to be included into the development process of CCC, both in theory by researchers and in practice by organisations (Leung et al., 2014, p. 510).

Figure 2: Proposed model for in situ CCC by Leung et al.



Source: Leung et al. (2014, p. 511).

They have reviewed the current research on CCC and concluded that many advanced models of CCC have been proposed, and these models tend to focus on explaining structural relationships between individual's competencies. They note growing diversity in the methodology undertaken by researchers, combining self-reported, informant and performance-based measures in order to provide a more comprehensive assessment of CCC. Focus is also shifting from CCC affecting cultural adjustment to the expansive effects it has on psychological, behavioural and performance outcomes. With the help of many CCC models, we know which characteristics and personal attributes intercultural competent individuals possess, what remains relatively unknown is what those individuals actually do in specific intercultural work settings to be so effective and successful (Leung et al., 2014, p. 510).

The researchers refer to such context-specific CCC (as opposed to generalised or decontextualised CCC, as they call it) as in situ CCC, which are "demonstrated sets of coordinated behaviours that are instrumental for achieving desired results or outcomes in specific intercultural context" (Leung et al., 2014, p. 511). Interculturally effective individuals require not only generalised CCC, but also in situ CCC, which are developed

via direct experience and training, and they drive cross-cultural job performance. Leung et al.'s model of CCC is presented in Figure 2. The model provides implications for future research to recognise those CCC that are necessary for particular jobs and roles in specific intercultural settings via a ground theory approach, in order to provide guidance for improving selection and training procedures for practitioners (Leung et al., 2014, p. 511).

Hammer et al. (2003, p. 422) argued that greater intercultural sensitivity (one's capability of discriminating and experiencing appropriate cultural differences) leads to greater potential for the application of CCC, which they defined as "the ability to think and act in interculturally appropriate ways" (Hammer et al., 2003, p. 422).

While previous works on this topic have focused mainly on researching and studying expatriates, with rising trends in globalisation, CCC are becoming vital for all workers at all hierarchical levels. Researchers acknowledge that CCC has never been more important, as in today's economy it is almost impossible for firms to avoid multiculturalism, even those not situated in ethnically diverse locations (Leung et al., 2014, p. 510).

The importance of CCC is adequately accepted nowadays, both in global and domestic settings (Hammer et al., 2003). Although the research on CCC has been plentiful, Bartel-Radic and Giannelloni (2017, p. 641) learned that it "is still in an infant stage", as CCC's nature is complicated and there is still space for further research and measurement improvement.

3.2 Relevant frameworks and models of CCC

To this day, Johnson et al.'s definition and model of CCC in IB remains one of the most respected and looked upon - they distinguished between CCC and its antecedents, they "view the antecedents as representing the ability to learn, whereas CCC is the ability to perform" (Johnson et al., 2006, p. 535). They linked their model with cultural intelligence, behavioural learning and cross-cultural training, the effects of the country's environment on a global firm's success, and the firm's related blunders in international business (Johnson et al., 2006, p. 535).

The research of Johnson et al. (2006, p. 532) frequently draws on Leiba-O'Sullivan's (1999, p. 710) model, which distinguished between stable and dynamic CCC embedded in Black and Mendenhall's (1990) three dimensional classification of CCC, and explored its implications on cross-cultural adjustment. Stable CCC are relatively fixed, difficult to alternate and cannot be obtained through training, while dynamic CCC can be developed and improved through training and experience. In order to develop and improve dynamic CCC, an individual must possess stable CCC; therefore stable CCC have a greater influence on cross-cultural adjustment (Leiba-O'Sullivan, 1999, p. 221).

3.2.1 Leiba-O'Sullivan's distinction between stable and dynamic CCC

In the late nineties, Leiba-O'Sullivan (1999, p. 710) introduced a new point of view on CCC in the field of IB. The researcher was interested in determining whether everyone is equally trainable, if CCC can be acquired through training and if all CCC are equally vital for adaptation to the international environment. The author distinguishes between stable and dynamic CCC based on KSAO categorisation, meaning Knowledge, Skills, Ability and Other.

Dynamic competencies, represented by knowledge and skills, can be obtained through training, while stable competencies, represented by abilities and other (including interests and personality), cannot be obtained with training and education, and are relatively fixed. The research was framed in the context of Black and Mendenhall's (1990) three dimensional classification of CCC: the self-maintenance dimension, the relationship dimension, and the perceptual dimension. For all three dimensions, both stable and dynamic competencies may be identified, as depicted in Figure 3 (Leiba-O'Sullivan, 1999, p. 710).

Three key points are argued throughout the paper:

- possession of stable competencies is a vital predisposition for the individual to acquire dynamic competencies and both are not entirely independent,
- stable competencies may be viewed as “must-have’s”, while dynamic ones may be called “nice-to-have’s”,
- within the three dimensions, some competencies were neglected or not mentioned in the previous literature (Leiba-O'Sullivan, 1999, p. 711).

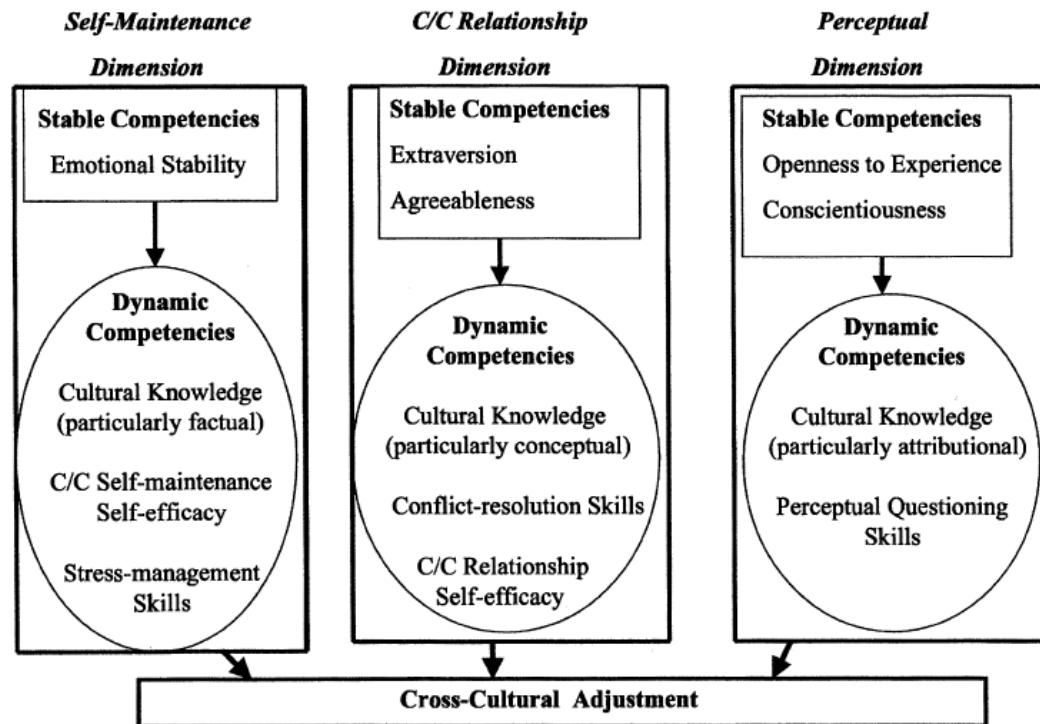
Capability to replace sources of reinforcement in order to deal with impediments and stress, and the willingness and determination for self-management in cross-cultural situations, represent the self-maintenance dimension (Leiba-O'Sullivan, 1999, p. 711).

Stable competency of the first competency dimension is emotional stability, the individual's ability to manage stress and maintain the control over their emotions - staying calm, relaxed throughout the stressful situations, and not getting agitated (Leiba-O'Sullivan, 1999, p. 714). This competency has a great effect on how successful the individual will be in obtaining dynamic self-maintenance competences, first being the cultural knowledge, with emphasis on factual cultural knowledge. Possessing information about another country and its culture proved to be extremely helpful when an individual is preparing to go abroad, establishing realistic expectations and cultural awareness (Leiba-O'Sullivan, 1999, p. 711)

The second dynamic competency of self-maintenance dimension is self-efficacy, the confidence the individual has to successfully apply the cultural knowledge in the actual cross-cultural settings, and the awareness of the complexity of such environments. Lacking

experience in capability to manage stress caused by cross-cultural settings may lead to increased anxiety, which in turn increases the chance of failure in IB (Leiba-O'Sullivan, 1999, p. 711).

Figure 3: The dynamic and stable CCC by competency dimension by Leiba-O'Sullivan



Source: Leiba-O'Sullivan (1999, p. 710).

Stress-management skills, the third dynamic competency, is, similarly to self-efficacy, a capability of an individual managing stress in all environments, not just the cross-cultural ones. It is the capability to observe one's own reactions to stress, rehearsing different responses to it, and knowing when to ask for support – building resilience to stress and learning along the way (Leiba-O'Sullivan, 1999, p. 713).

The second dimension, the relationship competency dimension, includes recognising, accepting and sympathizing with other people's feelings, efficiently dealing with cross-cultural communications, social customs and issues occurring during the process, and readiness to uphold and cultivate interpersonal cross-cultural relationships (Leiba-O'Sullivan, 1999, p. 714).

Extraversion is the first stable competency, and it represents an individual's general willingness to form interpersonal relationships. The second stable competency, agreeableness, also a personality trait, describes how selfless, cooperative, amiable and socially sensitive an individual is in interpersonal relationships (Leiba-O'Sullivan, 1999, p. 716).

Following are the three dynamic competencies to this competency dimension: cultural knowledge (particularly conceptual), conflict-resolution skills, and cross-cultural relationship self-efficacy. Possessing conceptual cultural knowledge about own and the other culture has an important impact on building relationships – knowing what effect, and the extent of it, the culture’s characteristics may have on communication. When miscommunication and conflict happen, having conflict-resolution knowledge and skills is critical. This ensures the successful application of situation-suitable conflict-resolution styles, tactics, and strategies, and knowing when and how to alter between those, responding and adapting them to the given cultural cues. Cross-cultural relationship self-efficacy is an individual’s capability and confidence to engage in thoughtful interactions with people coming from other cultures while efficiently tackling the differences in social customs (Leiba-O’Sullivan, 1999, p. 715).

The last, third competency dimension, perceptual dimension, recognises the ability to understand the different behaviour of other cultures and why the people of that culture behave the way they do, readiness to correct one’s ascriptions about a different culture, inclination towards non-ethnocentrism and the absence of dogmatism (Leiba-O’Sullivan, 1999, p. 717).

There are two stable competencies to this dimension: openness to experience and conscientiousness. Openness to experience is represented by active imagination, inclination towards variety and new ideas, with having interest in intellectual topics. When interacting with minority groups, it may aid development of adaptive behaviours. Conscientiousness is the ability to control the impulses in a prudent, reliable manner in a way that is suitable to the given situation. A conscientious individual has a strong will, clear purpose and is incredibly determined (Leiba-O’Sullivan, 1999, p. 720).

Cultural knowledge as the first dynamic perceptual competency represents the similar behavioural attributes of members to those of another culture. There has been some dispute on its usefulness, especially when it comes to sensitive topics, such as stereotyping. Researchers have noticed it had a negative effect on cross-cultural adjustment, as individuals tend to hold back when exposed to it during training, while others’ findings were the complete opposite. For that reason the attributional knowledge is the most appropriate form of knowledge for this competency (Leiba-O’Sullivan, 1999, p. 718).

The second dynamic competency are perceptual-questioning skills. Until then, there was no dynamic perceptual skill recognised in literature regarding CCC, and it consists of two parts. The first part is regular identification of individual’s career advantages through analysing own cognitions, and the second part is arranging self-talk strategies – critically comparing observations and conclusions to one’s own judgments (Leiba-O’Sullivan, 1999, p. 719).

Leiba-O'Sullivan's model of CCC is the first to conceptualise the complete set of competences to a large extent. It provided distinction between competences that can be obtained through training and those that cannot. Building on that, the model proposed that the stable competences play a more important role in cross-cultural adjustment than the dynamic competences (Leiba-O'Sullivan, 1999, p. 221).

3.2.2 Johnson, Lenartowicz & Apud's model of CCC

Johnson et al. (2006, p. 527) conducted a literature review and database search from 1976 on with various keywords and their combinations; 'competence', 'competency', 'cultural', 'intercultural', 'cross-cultural', 'global', 'international' and 'transnational'. Summary of their findings is available in Appendix 2. Their goal was to set a definition and a model of CCC applied to the field of IB. They agreed that previous works focused on defining the CCC as either a combination of skills, of knowledge, or of actual attributes possessed by an individual, meaning there is no set definition and conceptualisation of CCC in the IB literature. They reviewed literature from the fields of medicine, education, psychology and healthcare, where the term CCC has been widely used and defined.

Their review of existing literature on CCC in IB brought up four striking results:

- there is no clear agreement among researchers on what CCC is and what it comprises,
- there are few, if any, in-depth studies of CCC in IB, with not many papers focusing on the antecedents (knowledge, skills and attributes),
- studies of CCC in IB have ignored the influence of external (such as political, economic, technological) and contextual environments (impact on effective cross-cultural communication) on expatriate managers,
- CCC was extremely well researched in the fields connected to workplace diversity and intercultural communications (Johnson et al., 2006, p. 526).

Following the literature review, they acknowledged that CCC requires three factors (that are in essence antecedents to CCC and help explain it): attributes, skills and knowledge, also called by Tan and Chua (2003, p. 258) "inventory of cross-cultural competences". They need to be possessed by an individual in order to cooperate effectively in a cross-cultural environment (Johnson et al., 2006, p. 530).

Bringing all the gathered information together, they proposed the following definition: "Cross-cultural competence in international business is 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" (Johnson et al., 2006, p. 530), meaning it is not enough that the individual simply possesses the three elements; rather, it emphasises the individual's ability to utilise them in a cross-cultural environment.

The authors begin developing the model with its first component of CCC – knowledge, based on Hofstede's (2001) two types of cultural knowledge, culture-general and culture-specific knowledge. Culture-general knowledge refers to the general knowledge of the cross-cultural environment of IB, taking into account its economic, political, legal, social, financial and technological systems, and may be applied to any cultural environment. It is an individual's awareness of their own cultural mindset (own reflection of one's culture) and how it differs from others, not as much as in how people in other cultures live, but rather acknowledging values of that culture, understanding its components, and the ability to comprehend and compare different cultures, so the individual may work effectively in a cross-cultural environment. Culture-general knowledge has to be obtained first and then upgraded with culture-specific knowledge (Johnson et al., 2006, p. 530).

Culture-specific knowledge refers to the particular characteristics of a culture, such as customs, traditions, history, economics, law, politics and geography, and not so much to an individual's reflection of that culture. There are three types of culture-specific knowledge:

- factual knowledge concerns a culture's social structure, institutions, its history, political and economic systems,
- conceptual knowledge refers to the comprehension of a culture's values and beliefs, and how those are expressed in people's behaviour, and
- attributional knowledge represents high levels of understanding of fitting behaviour to accurately attribute the behaviour of the culture (Johnson et al., 2006, p. 531).

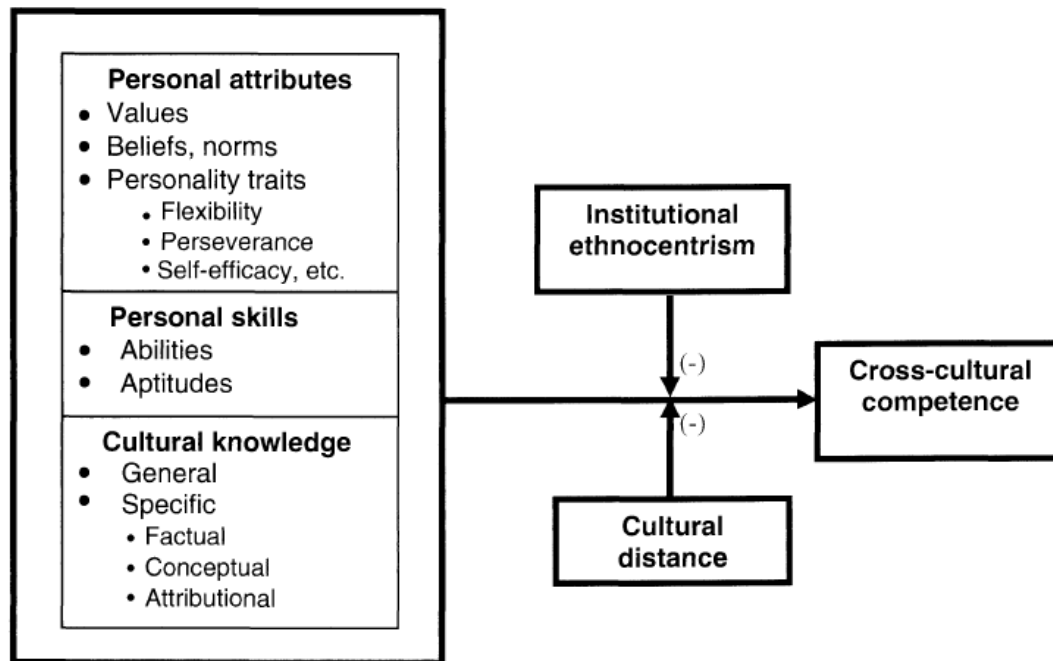
The three types of culture-specific knowledge need to be acquired in this order. For an individual to obtain the conceptual knowledge, they must let go of all assumptions they might have about a culture. Factual and conceptual knowledge represent a firm base for attributional knowledge. In contrast to factual and conceptual knowledge, which can be relatively easy to learn and obtain through various formal trainings, lectures and reading, attributional knowledge is much harder to transfer, especially in formal environment (Johnson et al., 2006, p. 531). It is informal and personal, and easiest to communicate through exposure to other cultures, such as visits, overseas posting and working in cross-cultural teams (Bird et al., 1993, p. 417).

The behavioural component of CCC – skills, includes abilities (set of particular skills obtained over time) and aptitudes (capability to obtain additional abilities). It is abilities such as being able to communicate in a culture's language, adjusting to a culture's behavioural norms, effective stress-management and conflict resolution (Johnson et al., 2006, p. 531).

The last component of CCC is personal attributes. This dimension incorporates an individual's personality traits along with their culture's internalised values, norms, and beliefs. For some researchers certain personal attributes represent CCC, e.g. Leiba-O'Sullivan (1999, p. 709) classifies personal attributes as stable CCC, not its antecedents.

Johnson et al. (2006, p. 532) disagree with this position, as they believe that certain personal attributes can improve or deteriorate the development of an individual's CCC. However, authors of both research papers agree that personal attributes cannot be easily obtained by those who lack them, meaning not all individuals can be equally educated, and some may even never acquire the needed skills and knowledge due to the shortage of certain personal attributes.

Figure 4: Model of CCC in IB by Johnson et al.



Source: Johnson et al. (2006, p. 533).

According to Johnson et al.'s (2006, p. 532) model of CCC in IB, successful application of CCC may be obstructed by two external, environmental factors: institutional ethnocentrism and cultural distance. This is the part that early conceptualisations of CCC in IB neglected, as there were still individuals who possessed all the needed elements, yet they still failed to achieve a high level of effectiveness and successful application of knowledge, skills and attributes. When the parent company dictates its own culture and its own way of doing to the foreign subsidiary, we speak of institutional ethnocentrism. If institutional ethnocentrism is high, meaning the level of parent's control is high, it may prevent employees from working effectively in a foreign environment, and can deter the development of CCC. Cultural distance measures the difference between the national culture of the home country and the company's foreign subsidiaries. Companies with higher levels of cultural distance faced more complications with the business processes and individuals struggled with adapting and accepting foreign culture, language, even economic, legal and political systems (Johnson et al., 2006, p. 533).

Figure 4 shows that “CCC in IB is an individual’s effectiveness in drawing upon a repertoire of skills, knowledge, and attributes to work successfully with people from different national cultural backgrounds, at home or abroad” (Johnson et al., 2006, p. 533). The level of institutional ethnocentrism and cultural distance has an impact on how successful and effective the individual will be in implementing the above inventory of personal attributes, skills, and knowledge in cross-cultural situations. The authors use a metaphor to present the model, where said inventory is presented as a box of tools, which the individual gradually fills with new, different tools. Some individuals may never acquire new tools or do not possess them at all, simply out of genetic predispositions, while some may possess them, but do not know how to put them to use. However, there are individuals who have the knowledge about the tools and learn through formal and informal training, how, when and which tools to use, and even learn to adapt them accordingly (Johnson et al., 2006, p. 534).

Johnson et al. integrated their CCC model with four topics gathered from IB literature, presented in Figure 5:

- CQ by Earley and Ang (2003),
- behavioural learning and cross-cultural learning by Bandura (1986) and Black and Mendenhall (1990),
- the effect of the country environment on a firm’s success by Daniels et al. (2004),
- the firm’s related blunders in IB by Ricks (1999) (Johnson et al., 2006, p. 535).

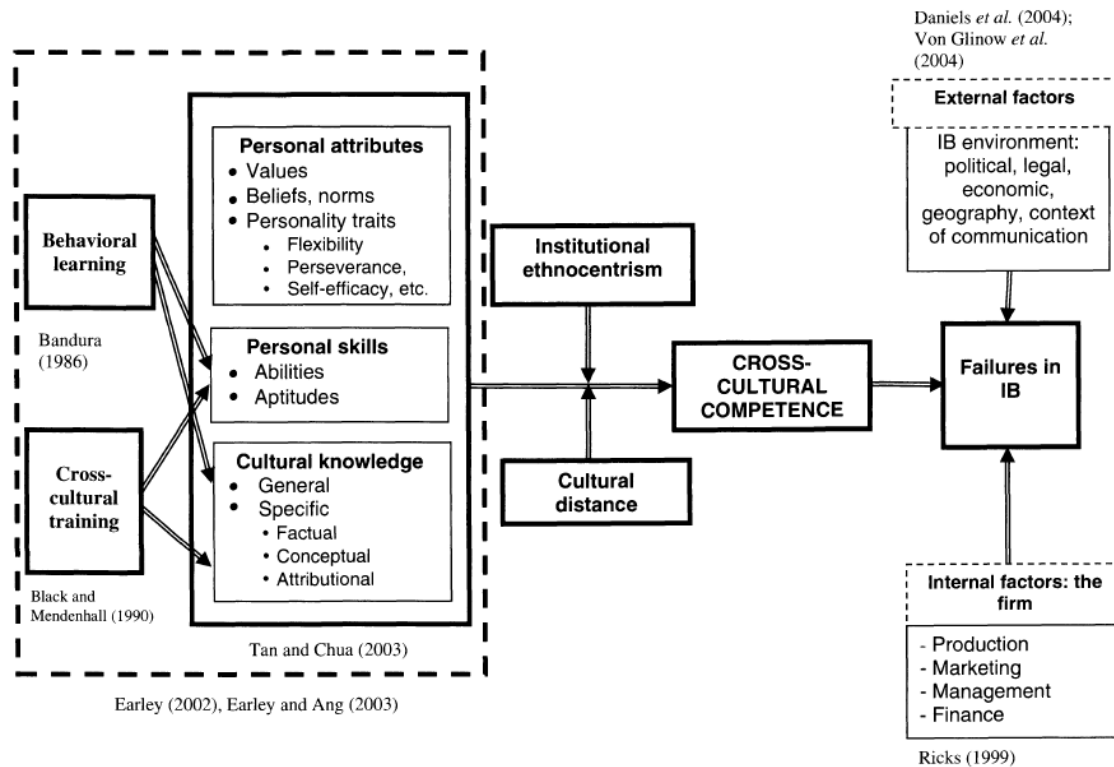
CQ acts as a latent construct in the CCC development, where behavioural learning and cross-cultural training are antecedents to the inventory of CCC, and it enables not only having the behavioural repertoire, but also being able to learn it. Cross-cultural training has an effect on CCC by improving individual’s skills and knowledge, but Johnson et al. note that cross-cultural trainings are too concentrated on factual and conceptual knowledge. Instead, they should focus on developing a deeper set of CCC improving knowledge, skills and attributes. At the same time, focus in IB literature is on measuring CCC antecedents, rather than on how well an individual applies them in a cross-cultural context (Johnson et al., 2006, p. 537).

External factors affecting failures in IB arise from political policies, legal practices, economic forces, geographic and contextual influences on cross-cultural communication. For instance, even if the company has cross-culturally competent management, it will still fail, if their product is unsuited to sell to the local market or the company is located in a country that is going through an economic crisis (Johnson et al., 2006, p. 538).

Internal factors arise from the company’s four functional areas: production (poor location, procurement and quality), marketing (wrong pricing, inadequate product line selection, poor distribution and promotion), management (suitable selection and training of employees, poor strategic management and entry mode decisions, supply problems), and

finance (Johnson et al., 2006, p. 538). In cases of failure due to company's internal factors the main culprit responsible for failure is oftentimes the absence of cultural knowledge among particular managers (Johnson et al., 2006, p. 538).

Figure 5: CCC in IB: Integration with the literature according to Johnson et al.



Source: Johnson et al. (2006, p. 536).

So, why are there still failures in IB? Why do companies try so hard to bring in the knowledge, experience, and insight, and still fail in IB settings? High levels of institutional ethnocentrism are the reason at the organisational level, and at the individual level, the culprit is the persistence of low level of CCC in individuals. The business literature has yet to find out why the low levels of CCC continue. Johnson et al. (2006, p. 234) leaned on management researchers Pfeffer and Sutton (1999) who described the gap between 'knowing' and 'doing', and explained why so few management practices change, even when companies are pouring resources into improving performance, and why only a few successfully transform the knowledge into practice. They propose a similar gap in IB behaviour – more attention was given to the 'knowing' component (antecedents), rather than to the 'doing' component (behavioural manifestations). Furthermore, there has not been an adequate distinction between the possession of CCC's antecedents and the ability to apply them in a cross-cultural context in IB literature, meaning individuals had all the needed knowledge, they just did not know how to make use of it in cross-cultural environments, which in turn led to failures.

3.3 Measurement of CCC

Many tests to measure CCC have been developed in recent years, and while some focus on measuring the levels of CCC, the majority aim at measuring CCC components (attitudes, personality traits, cognitive abilities and skills, and behaviour) (Bartel-Radic & Giannelloni, 2017, p. 633). Matsumoto and Hwang (2013) reviewed 10 CCC measurement tests to confirm their validity and reliability:

- Cross-Cultural Adaptability Inventory by Kelley and Meyers (1987) focuses on a list of fifty-nine traits and skills connected to the capability to adapt effectively to other cultures,
- Cross-Cultural Sensitivity Scale by Pruegger and Rogers (1993) measures valuation and tolerance of different cultures through assessment of cultural knowledge, attitudes, beliefs, and lifestyles,
- Cultural Intelligence Scale (CQS) by Ang et al. (2007) measures the four dimensions of CQ – cognitive, metacognitive, motivational and behavioural CQ, and it predicts cross-cultural judgment and decision making, general and interactional adjustment and well-being, task performance, and work performance,
- Intercultural Behavioural Assessment and Behavioural Assessment Scale for Intercultural Communication Effectiveness by Ruben (1976) evaluates cross-cultural training effectiveness with a nine-dimension scale,
- Intercultural Adjustment Potential Scale by Matsumoto et al. (2001) assesses the potential for cross-cultural adjustment with the help of the individual's psychological skills,
- Intercultural Communication Competence by Arasaratnam (2009) measures three dimensions: cognitive, affective and behavioural,
- Intercultural Sensitivity Inventory by Bhawuk and Breslin (1992) measures the individual's ability to modify behaviour in cross-cultural contexts, open-mindedness and flexibility,
- Intercultural Development Inventory by Hammer et al. (2003) evaluates how an individual progresses from ethnocentrism to ethnorelativism,
- Intercultural Sensitivity Scale by Chen and Starosta (2000) assesses the affective aspects (attitudes) of cross-cultural communication through six affective elements: self-esteem, self-monitoring, open-mindedness, empathy, interaction involvement, and suspending judgement,
- Multicultural Personality Questionnaire (MPQ) by Van der Zee and Van Oudenhoven (2000) evaluates five personality traits that affect cross-cultural effectiveness: cultural empathy, open-mindedness, emotional stability, flexibility, and social initiative (Matsumoto & Hwang, 2013, pp. 854–863).

The results of the study showed that measurement tools CQS, Intercultural Adjustment Potential Scale, and MPQ have the most potential for accurately assessing CCC and cross-

cultural outcomes that surpass standard personality and intelligence. However, the authors note there is still a need for further testing of the measures in order to validate the goodness of the fit across different demographics (Matsumoto et al., 2001, p. 867).

Similarly, Bartel-Radic and Giannelloni (2017, p. 633) note that the CQS, MPQ and Intercultural Sensitivity Scale are the most valid CCC measurement tools, as they were developed and used in academic research, and are well received and known among researchers. Still, due to poor and uncommon CCC conceptualisations, the authors remarked on the following drawbacks of the said CCC measuring tools:

- focusing on one component of CCC only, such as personality (Van der Zee and Van Oudenhoven's (2000) MPQ) or attitudes (Chen and Starosta's (2000) Intercultural Sensitivity Scale),
- lacking empirical support, notably beyond student samples,
- being biased due to self-assessment (Ang et al.'s (2007) CQS) (Bartel-Radic & Giannelloni, 2017, p. 635).

Bartel-Radic and Giannelloni (2017, p. 632) argued that a better understanding of CCC could be achieved with confrontation with empirical data, which is greatly lacking in existing CCC conceptualisations and that little effort has been made to measure theory based models. The existing empirical measures mainly focused on only one dimension – personal attributes, such as personality traits and attitudes. To close this knowledge gap, the authors questioned whether one component of CCC can affect another by comparing measures of two different CCC components. They conducted empirical research to determine if personality influences CCK in IB and a culture-general measurement tool of CCC.

Personal traits and attitudes were measured using several personality traits scales, while CCK was measured with the Critical incident technique, and to test the connection between the two, a survey was conducted. The measured personal traits and attitudes were complex vs. simple explanations, metacognition, motivation to understand human behaviour, emotional stability, ethnocentrism, open-mindedness, self-confidence, communication skills, and empathy. The results showed that the relationship between personality and CCK was not significant. More precisely, only eighteen percent of understanding of cross-cultural situations can be explained by personality. Therefore, personality has little influence on specific knowledge and cognitive abilities that are important for successful cross-cultural adjustment (Bartel-Radic & Giannelloni, 2017, p. 639).

The results are quite different from the previous research, where researchers proposed personality is an antecedent to CCC and cross-cultural adjustment, and additionally the research proves that CCC components are not equivalent to one another, so researchers need to be mindful when determining which component of CCC their study addresses. An

appropriate measure needs to be selected, and CCC components cannot be substituted for a one another (Bartel-Radic & Giannelloni, 2017, p. 641).

Personality trait which explained CCK the most was motivation to understand human behaviour - the motivation an individual has to accurately understand foreign cultures. The result is closely related to the theory of individual learning, which determines learning as an outcome of experience, supported by motivation. Especially in cross-cultural situations, motivation has been proven to be essential for learning. Therefore, individuals with higher motivation will benefit more from cross-cultural experiences, and in return achieve a deeper understanding of other cultures (Bartel-Radic & Giannelloni, 2017, p. 640).

3.4 Criticism of CCC

One of the main criticisms of CCC is that CCC in IB still lacks universal definition. Even though many researchers have developed different frameworks, attempted to conceptualise, measure and analyse the concept, there is still no common agreement on the definition. A plethora of conceptualisations have even sparked some doubt regarding the usefulness of the concept itself and have not helped to a substantially better understanding of this highly complex concept (Bartel-Radic & Giannelloni, 2017, p. 632). Moreover, there is a lack of empirical research on CCC, which is essential to obtain a better and clearer understanding of the concept itself (Bartel-Radic & Giannelloni, 2017, p. 642).

Similarly, Johnson et al. (2006, p. 534) criticise the lack of a uniform definition of CCC in IB, as the research overemphasises ‘knowing’ rather than ‘doing’, which in turn leads to less effective cross-cultural interactions or even business failure as the worst case scenario. Companies heavily invest in obtaining knowledge, but they fail when that knowledge needs to be applied in practice, both when expatriates are sent to work abroad and when local employees are working for a foreign company.

Osei-Bonsu (2016, p. 375) believes that many researchers and companies have been oversimplifying and underestimating culture as the component of CCC. It is not enough just to know and be aware of the cultural differences; it takes a deeper understanding of cultural assumptions, prejudices, values and beliefs. It needs to be embedded in all employees on all levels of the hierarchy and it needs to be incorporated in the company’s mission, policies, practices and community involvement, both at the individual and organisational levels.

4 CULTURAL INTELLIGENCE (CQ)

With the increase in cross-cultural interactions, there is a simultaneous increase in wanting to understand everything cross-cultural, and the effect the cross-cultural differences have on an individual’s behaviour, especially by those who are operating in cross-cultural

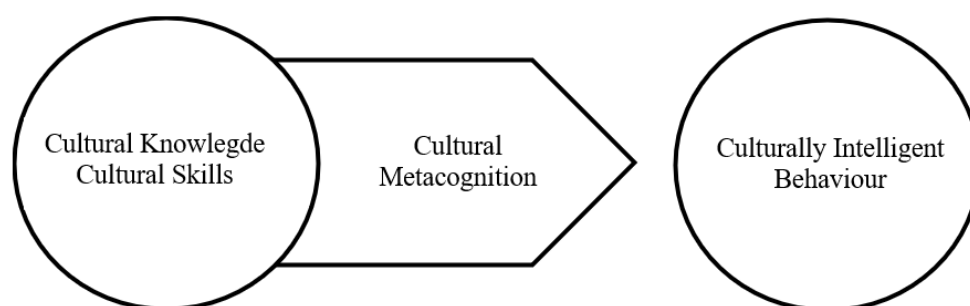
environments (Earley, 2002, p. 271). The individual's ability to be effective and successful in cross-cultural interactions and contexts is crucial and the need to have an understanding of how the cultural behaviour affects businesses has never been greater (Thomas et al., 2015, p. 1099). Therefore, researchers have introduced the construct of CQ to understand cross-cultural interactions and to achieve an effective cross-cultural understanding (Earley, 2002, p. 272).

4.1 Definitions across the literature

Researchers use the construct of CQ to help analyse and explain cross-cultural interactions, why some are successful and why some fail. Defining the concept and predicting the outcome of the cross-cultural encounters continues to represent a challenge to the researchers. The first researchers to introduce the concept of CQ were Earley and Ang (2003), as a three-facet construct of cognitive, motivational and behavioural elements. The model is reviewed in more detail in the next chapter.

In the years that followed, researchers developed the construct of CQ a step further – they proposed for CQ to be a four-facet construct of metacognitive, cognitive, motivational and behavioural factors, the Four-factor model of CQ. Metacognitive factors include the individual's mental capacity to obtain and comprehend cultural knowledge, while cognitive factors of CQ combine the individual's general knowledge and culture's knowledge structures. Motivational factors reflect the magnitude of an individual's will towards wanting to learn and function in cross-cultural situations, and behavioural factors reflect the individual's ability to demonstrate appropriate actions and behaviours in cross-cultural setting (Ang et al., 2006, p. 101; Ang & Van Dyne, 2008, p. 5).

Figure 6: CQ



Source: Own work based on Thomas et al. (2008).

Thomas et al. (2008, p. 127) defined CQ as “a system of interacting knowledge and skills, linked by cultural metacognition, which allows people to adapt to, select, and shape the cultural aspects of their environments”, meaning CQ contains several types of knowledge and skills that are unfolded in a certain cross-cultural context. It can be viewed as a system of interacting capabilities where its effectiveness depends on cultural metacognition, while

producing culturally intelligent behaviour, as depicted in Figure 6. The end goal is a more effective cross-cultural interaction (Thomas et al., 2008, p. 127).

According to Van Dyne et al. (2010, p. 131) CQ is “the ability to function effectively in a diverse context where assumptions, values, and traditions of one’s upbringing are not uniformly shared with those with whom one needs to act”. The individual needs to be able to abandon the learned behaviours that work in one cultural setting and substitute them with those that work in another cultural context. CQ can be learned and improved, and it can help show respect and dignity for other cultures. Additionally, Van Dyne et al. (2016) propose it can be used as not only the capability at an individual level, but as the capability at a level of a team, even at a level of a whole organisation. It is equally important on all three levels, as today’s organisations recognise the value of connecting different cultures, as it results in personal and organisational success.

Yari et al. (2020, p. 213) defined CQ as “the ability to succeed in complex cross-cultural environments through knowledge or cognition, motivation, and behaviours,” and is based on Ang and Van Dyne’s (2008) four factor model of CQ. One could say CQ is the effective use of the head (cognition), heart (motivation), and body (behaviours) (Egan & Bendick Jr, 2008, p. 391).

CQ can be used to foresee the psychological (e.g. well-being, contentment), behavioural (e.g. development of social networks, cross-cultural cooperation) and performance (e.g. task performance, leadership) outcomes. An individual can develop their CQ through cross-cultural experience, training, learning and internal processing (Wang et al., 2015, p. 52).

In 2007, Ang et al. introduced and tested a twenty-item Cultural Intelligence Scale (CQS) to enrich the theoretical accuracy of CQ. The model assumes the relationship between the four CQ factors (metacognitive, cognitive, motivational and behavioural) and cognitive, affective and behavioural cross-cultural effectiveness outcomes (cultural judgement and decision making, cultural adaptation and task performance). CQS is a self-reported scale and the results confirmed that CQ has a crucial impact on cross-cultural encounters and can predict the three cross-cultural outcomes (Ang et al., 2007, p. 365). The results can serve as a measure of an individual’s own CQ, producing valuable insight and personal information about one’s own capabilities for effective performance in a cross-cultural setting, and as a basis for personal self-development (Van Dyne et al., 2015, p. 35).

Bartel-Radic and Giannelloni (2017, p. 634) note limitations to this measure of CQ – the measure does not take into consideration that the knowledge and the evaluation are self-assessed, which introduces a bias. Individuals with cross-cultural experience are more knowledgeable about the complexity of cultures and would therefore evaluate themselves lower than individuals, who have less cross-cultural experience and underestimate the complexity.

4.2 Earley and Ang's model of CQ

Even though there was an abundance of research published on the topic of intelligence in a cross-cultural setting, Earley and Ang (2003, p. 4) thought there was an important component missing from the research. Until then, the general consideration was that success of cross-cultural interactions can be explained using three forms of intelligence, which analyse the individual's capability to adapt to others: emotional, social and practical intelligence. However, they believed said intelligences alone could not provide the necessary basis for cross-cultural understanding, as they may not be applicable when individuals come from different cultural backgrounds, and to do so, they introduced the idea of CQ. Building upon the basis of the three intelligences, they proposed the three-facet model of CQ.

Earley and Ang (2003) developed a construct of CQ to provide reasoning for why and how some people ease into new and different cultures, while others struggle with it or are even unable to do so. They claim CQ "captures the capability of a person to adjust to various cultures and cultural settings and not just within a single one" (Earley & Ang, 2003, p. 9) and they defined it as "a person's capability for successful adaptation to new cultural settings, that is, for unfamiliar settings attributable to cultural context" (Earley & Ang, 2003, p. 9).

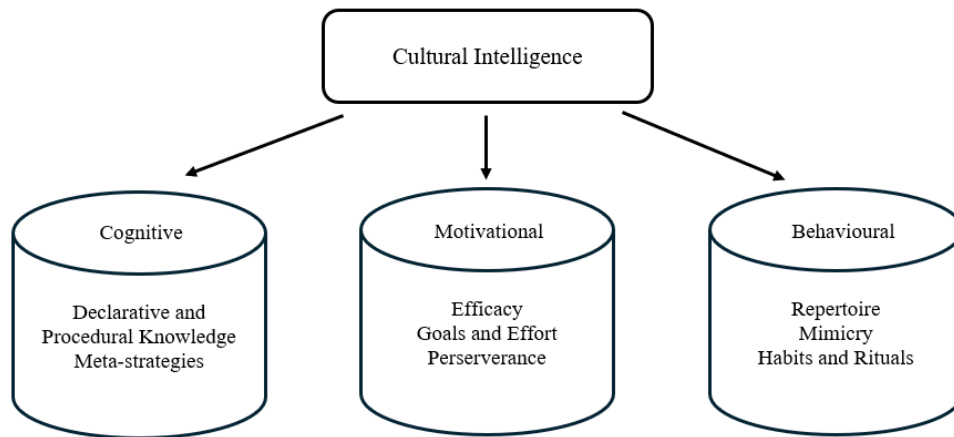
Their model of CQ concentrates on numerous characteristics of cross-cultural adaptation by inspecting the three facets of an individual's CQ: cognitive, motivational, and behavioural, as depicted in Figure 7. Cognitive aspect focuses on finding answers to the question "Do I know what is happening?", motivational to "Am I motivated to act?" and behavioural to "Can I respond appropriately and effectively?" (Earley & Ang, 2003, p. xii). Therefore, an individual high in CQ has an ability in all three aspects, and will be effective in engaging with people of different cultural backgrounds (Earley & Ang, 2003, p. 15).

The cognitive aspect of CQ refers to an individual's cognitive abilities to develop new distinguished self-conceptualisations on how to function and operate appropriately in new cultural settings, and to possess culture-specific knowledge (Earley & Ang, 2003, p. 10). It is the understanding individuals have about themselves and other cultures, and the capacity to pass on gathered knowledge across different cultural environments (Earley & Ang, 2003, p. 16). High CQ therefore demands an individual's capability to constantly reshape and adapt to new cultural environments, that is to be cognitively flexible, along with strong reasoning abilities (Earley, 2002, p. 275).

An individual with high CQ is therefore capable of distinguishing which behaviour is appropriate, can figure out unfamiliar cultural cues and situations - learn about the culture and internalise it on the spot (Earley & Ang, 2003, p. 18). Another vital feature of cognitive functioning related to CQ are meta-strategies that are a part of an individual's metacognition. Similarly like meta-data is data about data, metacognition, cognition on a

higher and multiple levels, can be viewed as “thinking about thinking” (Earley, 2002, p. 276). It is the ability to figure out cultural cues about people, places and events, forming patterns and putting them together, without knowing what the end picture looks like (Earley, 2002, p. 277).

Figure 7: The three facets of CQ



Source: Own work based on Earley (2002).

The motivational aspect of CQ concerns an individual’s cognition and understanding of a culture, which is the basis for successful adjustment to the new cultural setting. Simultaneously, the individual needs to feel motivated to adjust and adapt to the new environment, and to engage with others. If the motivation is weak, the adaptation will not happen (Earley & Ang, 2003, p. 10). Self-efficacy is perceived as one of the main drivers of motivation. Individuals with high levels of self-efficacy are more likely to succeed in cross-cultural interactions, therefore are more motivated to engage in such interactions. Even more, such individuals will overcome obstacles, setbacks and even failures much easier, it might even motivate them more to maintain the commitment to engage and adapt to the new culture. At the same time, they exhibit high levels of problem-solving and strategic thinking, which is very important as oftentimes clear and obvious solutions are not present in cross-cultural encounters (Earley, 2002, p. 278). In a given situation, the individual must be both motivated and capable of using the knowledge to respond in a culturally appropriate way (Earley & Ang, 2003, p. 16).

The behavioural aspect of CQ represents the individual’s ability to behave and acquire new behaviours in a way that promotes adaptation to the new cultural setting. For the CQ to be meaningful, the individual needs to display and partake in such behaviours that demonstrate cognition and motivation. Therefore, CQ is a reflection of an individual’s competency to demonstrate suitable behaviours in new cultural environments, and it needs to be successfully adapted to the cultural situation (Earley & Ang, 2003, p. 10). An individual high in CQ knows when a situation calls for a certain or a new behaviour and

knows how to perform it effectively. In this sense, role modelling is very important – being able to identify, observe and adapt to certain culture-specific behaviour helps make people coming from different cultures feel confident and relaxed. Likewise, mimicry will increase those feelings, even if it is done on an unconscious level (Earley, 2002, p. 280).

Earley and Ang's model of CQ is based on interaction. According to Earley (2002, p. 283) "CQ reflects a social adaptation tied to intercultural interactions. That is, it reflects person's capability to adapt as he interacts with others from different cultural origins". With the increasing trends of globalisation, cross-cultural workforce and management, cross-cultural interactions are growing, and CQ is receiving more attention from researchers and practitioners as well (Van Dyne et al., 2012, p. 295).

4.3 Criticism of CQ

Models and frameworks of CQ are built on a form of cross-cultural experience. Ott and Iskhakova (2019, p. 390) analysed the context behind cross-cultural experience influencing CQ development. Throughout their research they have discovered that there is confusion about which activities cross-cultural experience actually refers to, meaning the results of the studies are therefore hard to compare. This all leads to the questions, how well do we understand how experience and exposure to other cultures affect the development of CQ (Ott & Iskhakova, 2019, p. 402). They have concluded that all cross-cultural experience cannot be treated equally, and that all cross-cultural experience does not have the same effect on CQ development. For it to have a direct positive effect on CQ development, cross-cultural experience needs to be reciprocal and meaningful enough to make a shift in an individual (Ott & Iskhakova, 2019, p. 403).

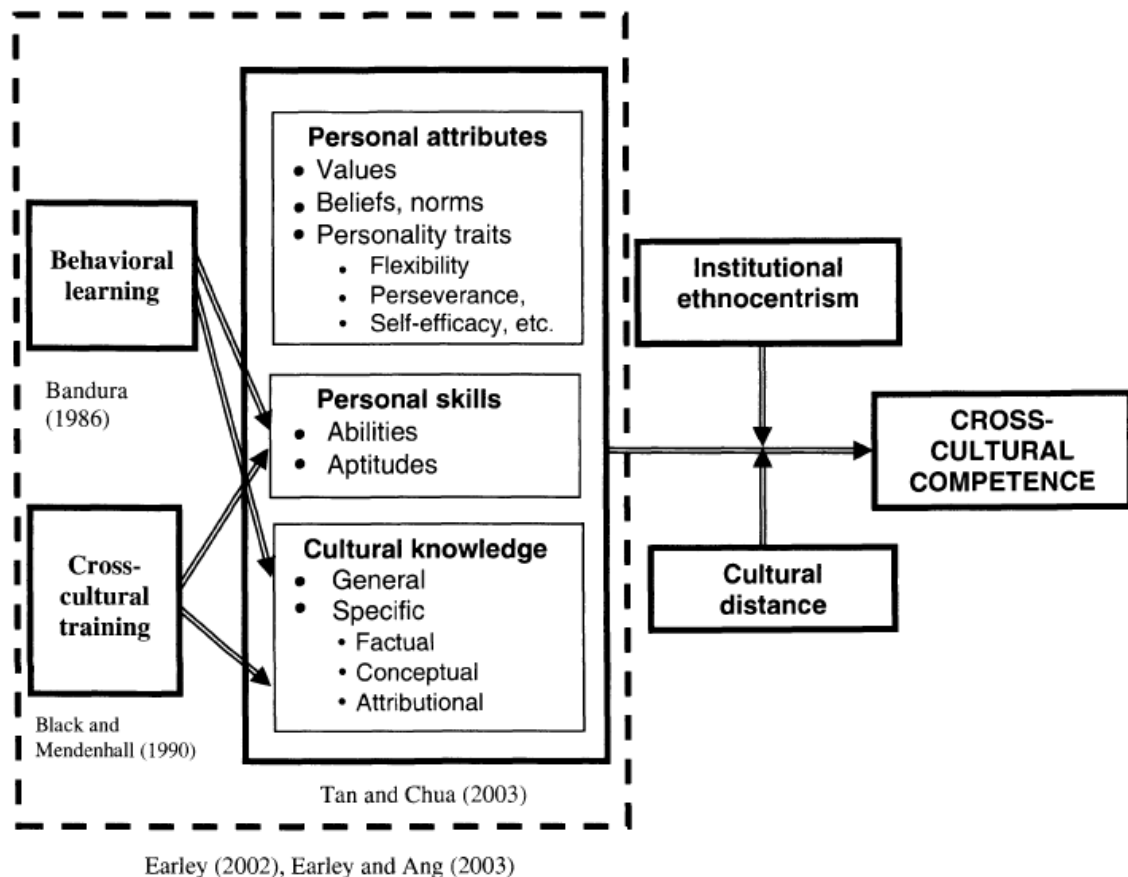
Paiuc (2021, p. 87) argues that there are many inconsistent and outdated CQ definitions and measurements across the literature, and calls for a new development or adaptation of the current definitions and measures of CQ due to the global changes that have happened the past ten years (e.g. globalisation, technological advancements). There are also limitations to measures of CQ. They tend to introduce a bias in the form of self-evaluation with the answers tending to be exaggerated and politically correct, and they also do not properly consider the individual personality differences (Paiuc, 2021, p. 86).

4.4 CCC and CQ

Some researchers equate the concepts, some view CQ as a component or an outcome of CCC, and some completely differentiate them. Nevertheless, both constructs, CCC and CQ, are closely related and try to uncover the basis for understanding why some individuals are more effective in cross-cultural encounters than others (Li, 2020), and what the specifics of cross-cultural encounters are, along with an individual's capacity to adapt behaviour to said specifics (Bartel-Radic & Giannelloni, 2017, p. 633).

Johnson et al. (2006, p. 536) included Earley and Ang's concept of CQ in their model of CCC, recognising CQ as having a substantial role in the development of CCC as its latent construct. The cognitive, motivational and behavioural facets of CQ derive from the three dimensions of CCC (personal attributes, skills and cultural knowledge), and they help explain the dynamic processes happening behind the adaptation of these three dimensions to new cultural settings, as shown in Figure 8.

Figure 8: CQ and Model of CCC in IB by Johnson et al.



Source: Johnson et al. (2006, p. 536).

The cognitive component of CQ is contained in their model as the CCC's antecedents, and the motivational component helps in understanding how CCC is obtained, including internal and external factors. They include self-efficacy and perseverance in the personal attributes dimension as internal factors, and institutional ethnocentrism as external factors of motivation. Lastly, the behavioural component is included in the model as an antecedent to the CCC inventory. Despite CQ including the behavioural component, similarly to CCC, it still is more focused on obtaining and practicing appropriate behaviours in theory, rather than applying them in practice - "emphasizing learning over the application of that learning" (Johnson et al., 2006, p. 537).

As it has never been more important for businesses to have employees who can perform successfully in a global context, CCC and CQ have become vital and are directly affecting

leadership effectiveness and overall business performance (Paiuc, 2021, p. 88). The estimate is that around 80% of medium and large businesses are sending their employees abroad and the number is expected to rise in the future (Kai Liao et al., 2021, p. 3374).

The results of Barakat et al.'s (2015, p. 793) study suggest that global managers who possess higher levels of CQ perform better at their jobs. Moreover, CQ is positively related to job satisfaction. Global managers with higher levels of CQ cope with the stress and challenges of working in a different cultural setting much better, and this leads to increased job satisfaction and increased job satisfaction leads to improved job performance. Kai Liao et al. (2021, p. 3374) concluded their research on CCC and cross-cultural adjustment and performance with similar results. CCC positively affects cross-cultural adjustment, meaning expatriates with higher levels of CCC adjusted to and accepted different cultural environments, and in turn performing better at their jobs.

5 RESEARCH AND METHODOLOGY

For the purpose of this thesis, data from primary and secondary sources were used. Secondary sources, mostly scientific journals and books were used for the desktop research. They provided in-depth understanding of CCC and CQ, and how the two concepts are connected. Data collected from primary sources, in the form of semi-structured, in-depth interviews, was used for empirical field research. Four in-depth personal interviews were conducted with HR personnel coming from Slovenian companies operating internationally.

5.1 Purpose, goals and research questions

The purpose of this research is to find out how and why employees' CCC matters to Slovenian companies, to provide valuable information on what companies are looking for during the hiring process, and to raise awareness of the growing importance of CCC in IB to employment seekers and to HR personnel as well. Therefore, the goals of this research are:

- to review the existing knowledge and the importance of CCC and CQ to HR personnel in Slovenian companies,
- to determine whether and how Slovenian HR personnel assess CCC of job candidates and what are the underlying factors of this assessment,
- to identify how HR personnel maintain and improve CCC in current employees in Slovenian companies, and to find out whether they notice any difference in performance of employees with high level of CCC relative to those with lower levels,
- to determine whether the results of this research reflect studies done on CCC in other international settings.

Based on the purpose and goals of this research, the proposed research questions are:

1. How knowledgeable is Slovenian HR personnel on the topic of CCC and CQ, and what is their attitude towards it?
2. How and where do Slovenian HR personnel assess whether job candidates possess CCC? (e.g. do they see it coming from previous practical experience overseas, speaking different languages, etc?)
3. How, if at all, do HR personnel make sure that CCC of employees in Slovenian companies are retained and improved?
4. Do HR personnel in Slovenian companies perceive differences in employees depending on their CCC: are employees with higher levels of CCC more productive contributors than those with lower levels of CCC? Are employees at higher positions in the company generally more competent in CCC?

5.2 Primary data collection: In-depth interview

“In-depth, semi-structured interviews are verbal inter exchanges where one person, the interviewer, attempts to obtain information from another person by asking questions” (Longhurst, 2009, p. 580). Open-ended questions are prepared in advance by the interviewer, and the in-depth, semi-structure interviews offer an opportunity for the interviewee to provide as much information as they please on the selected topic. They also provide an opportunity for the interview to be carried out in a conversational manner, and to some degree, they guide interviewees within the chosen topic. In-depth, semi-structured interviews are one of the most commonly used methods of collecting qualitative data in research. They can be done individually, in pairs or in groups, and are used to collect data in an array of different topics (Longhurst, 2009, p. 581).

Interviewers need to be equipped with the knowledge of the selected topic and prepare logically sequenced questions in advance, starting with the light ones to ease the interviewee into the conversation and leaving the more complex questions for the second half of the interview. Both parties need to feel comfortable during the interview, so neutral setting is recommended. Interviews may be videotaped, some researchers take notes, but the majority of researchers audiotape the interviews, which allows them to fully focus on the conversation. The audio is later transcribed, and gathered data may be used for analysis (Longhurst, 2009, p. 582).

In-depth, semi-structured interviews offer a deep insight into complex behaviours, experiences, opinions, and attitudes, and provide an opportunity to better understanding. They can be convenient for examining sensitive, controversial or confidential topics, and tend not to be expensive (Longhurst, 2009, p. 582). During an interview, researcher may ask additional questions, making sure that questions are being understood correctly by the interviewee (F. Antonak & Livneh, 2000, p. 213) However, the method can be very time consuming, with the interviewers’ preparation beforehand, organisation of the interviews,

their transcription and at last, analysing the data. They are also subject to intersubjectivity, which may influence the gathered data (Longhurst, 2009, p. 582).

Attitude can be defined as “a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour” (Eagly & Chaiken, 1993, p. 1), and it is a reflection of an individual’s beliefs and thoughts, feelings and emotions, intentions, and overt behaviour (Eagly & Chaiken, 2007, p. 584). Usually, the researchers’ first choice in a measuring tool of attitudes is the Likert scale, but for the purpose of this research, the interview seemed more appropriate due to its flexibility and the option of further discussion, immediate feedback, and openness it provided.

5.3 Design of in-depth interviews

The interviews consisted of two main parts; four short warm-up questions and nine in-depth questions, both unstructured and open-ended. Questions for the interview were prepared in Slovenian language, as the target demographic was Slovenian. Questions and answers were translated to English for the purpose of this thesis. Interview questions can be found in Appendix 2. Except for one interview, which was done in person in a neutral setting, they were all conducted via Zoom video call. On average, they lasted for about forty minutes and were split in two parts, matching the division of questions between warm-up and in-depth questions. Interviews were audio recorded, and the data collected was transcribed and used in thematic analysis.

The first part of the interviews consisted of short warm-up questions, which provided general insight into the interviewees’ work setting: what industry the company they work for is a part of, its ownership and size, and whether it employs people coming from different cultures. Interviewees were also asked about their formal and informal education in the Human Resource Management (HRM) field.

The second part of the interviews focused on obtaining answers to the research questions: “How knowledgeable is Slovenian HR personnel on the topic of CCC and CQ, and what is their attitude towards it?”, “How and where do Slovenian HR personnel assess whether job candidates possess CCC?”, “How, if at all, do HR personnel make sure that CCC of employees in Slovenian companies are retained and improved?”, and “Do HR personnel in Slovenian companies perceive differences in employees depending on their CCC: are employees with higher CCC more productive contributors than those with lower levels of CCC? Are employees at higher positions in the company generally more competent in CCC?”. Questions were formed in a way to obtain interviewees’ attitudes, personal reflections and the companies’ policies on the selected topic, and how the theory manifests in practice by asking for practical examples.

5.4 Sampling method and sample description

The target group for the sample were HR managers and HR personnel of Slovenian companies. The sample was selected through convenience and snowball sampling, both types of non-probability sampling, when the units in the population do not have an equal possibility of being included in the sample. The process of sample selection is subjective, and may even be biased, but it is widely used by many researchers due to its convenience, low cost, and accessibility. Convenience sampling is used when the research sample is chosen based on easy availability and accessibility, close proximity and willingness of the respondents (Etikan et al., 2016, p. 2). Snowball sampling works by networking and referral, when the research respondent recommends the next participant that meets the required research criteria set by the researcher (Parker et al., 2019, p. 3). Non-probability sampling can be very useful in cases when the population is large and sample randomisation is impossible, therefore the generalisations of the sample generally cannot be applied to the entire population (Etikan et al., 2016, p. 1).

Table 1: Research sample

	Industry of the company	Ownership of the company	Size of the company and number of employees	Foreign subsidiary	Position/Job title	Gender
Interviewee 1	Education (B2C)	State owned, domestic	Large, 395 employees	No	HR specialist	Female
Interviewee 2	Aluminium and steel (B2B)	Privately owned, domestic	Small and medium, 135 employees	Yes	Talent acquisition and HR specialist	Male
Interviewee 3	Transport and shipping (B2B)	Privately owned, foreign	Large, 450 employees	Yes	National HR talent development expert	Female
Interviewee 4	Hospitality and tourism (B2B and B2C)	Privately owned, domestic	Small and medium, 120 employees	No	HR manager	Female

Source: Own work.

The sample consisted of four HR employees of Slovenian nationality working for different Slovenian companies. Interviews were conducted with the HR employee in the company who was the most involved with hiring processes and employees' CCC care and development. The companies they work for operate in different industries, are of different sizes and have different ownerships. All employ people coming from various cultures and countries, some have foreign subsidiaries. Most of the interviewees do not have a formal

education in HRM but have come into contact with HRM during their studies. More details on the sample can be found in Table 1.

5.5 Data analysis method

Data gathered from the interviews was transcribed and analysed using the thematic analysis method. Thematic analysis is an accessible and flexible method used to analyse qualitative data. It systematically identifies and organises patterns of meaning in the data, finding common themes and commonalities. The focus of this method is not concentrating on a single data point, it is finding common points throughout the topic, recognising those relevant to the research and making sense of them (Braun & Clarke, 2012, p. 57). Researchers may take on analysing the data in many different ways, they can analyse the meaning across the entire set of data, selected aspects or they can focus on a single aspect in depth (Braun & Clarke, 2012, p. 58). Thematic analysis is a widely used method in research, however some critique it as it has no clear and concise rules and guidelines (Braun & Clarke, 2006, p. 78). Transcriptions were used to recognise common themes and patterns in order to find the answers to the research questions in accordance with the literature review of CCC and CQ. The findings are presented in the next chapter.

6 FINDINGS

The following four themes emerged when the collected data was analysed and will be further discussed in this chapter:

- the existing knowledge of HR personnel on CCC and CQ is not the strongest, and employees possessing CCC and CQ are of great importance,
- cross-cultural experience has been recognised as one of the most important factors in CCC assessment,
- there is no set procedure to maintain and improve CCC in current employees, and there is no control over it,
- there is a difference in the performance of employees who possess CCC and those who do not.

6.1 HR personnel's knowledge of CCC and CQ and importance of CCC

The interviewees who have a formal education in the field of HRM or have had any kind of formal and informal training on the topic of CCC and CQ, assessed their knowledge on the topics as good and solid. Those who did not have any kind of formal education, assessed their knowledge as somewhat average, lacking, and incomplete, and felt quite self-conscious about it. They were not satisfied with that fact, and even acknowledged that something should be done to improve the situation, whether they educate themselves or

having their employer take care of it. The knowledge they possess was obtained at their workplace through practice.

- “I would assess my knowledge as barely average. Given that we work with and employ foreigners, I could have much more knowledge and the company should educate us more about this. Since I am personally interested in this area, I try to informally educate myself by reading articles, books and forums.” (Interviewee 1)
- “I think I do possess the knowledge and competences. I have obtained them with formal education through a bachelor’s and master’s degree. The study itself was focused on cross-cultural themes, so I believe I am quite competent in this field.” (Interviewee 2)
- “I would not assess my knowledge on CCC and CQ as good, high, complete. I have come into contact with the topics during my studies, but quite some time has passed since then. To a certain degree we renew the knowledge on a yearly basis, as there is a part on CCC and cross-cultural cooperation in our mandatory annual online trainings.” (Interviewee 3)
- “I do not have any formal education about this. All the knowledge I have, I have acquired in practice, coming into contact with new unknown situations and when we are dealing with employment of foreigners.” (Interviewee 4)

However, they all firmly agree it is very important for their employees to possess CCC and to be aware of it. There is a noticeable change happening in the past years, an increase in the need for CCC, as companies turn more towards international markets, which in turn brings more cross-cultural encounters and cooperation. Even more, a couple of years ago there was no need to possess CCC at all, so the importance of employees to possess CCC is now ever greater. They are not only needed for employees in higher positions, but they are also needed in every position in the company.

- “I would say that the need for these competencies changed a lot during the last few years. When we started to open new offices across the border a lot has changed, especially for those employees that work in sales. They needed to acknowledge that there are people coming from different environments, that they will need to communicate with them, find out what is important to them, what are their customs. At that point it got really clear to the salespeople that there can be huge differences in conducting business. Years ago, only division heads had these competences, now it is really important that everyone on the team possesses them.” (Interviewee 2)
- “For our employees it is very important that they acknowledge cross-cultural differences and that they are able to adapt to different cultures, as we operate as a cluster of three countries, and we all need CCC on a daily basis. The more knowledge employees have, the easier it is for them to work with their co-workers.” (Interviewee 3)

- “Just a couple of years ago employees did not really need CCC, but due to quick changes in our industry, our employees had a lot of catching up to do. It was really difficult at first, some were stuck in the same place, but eventually they managed to catch up. They now use CCC daily, some departments engage in cross-cultural cooperation directly, some indirectly and even those use and need CCC.” (Interviewee 4)

Levels of CCC differ quite a lot, but the importance and need for CCC was recognised by all interviewees.

- “Our employees do not really adapt and are not even aware that there are so many cultural differences in our workplace. But they should, and they should be talking about it. The need to possess CCC and its integration has increased over the last few years, as we have been employing more and more foreigners.” (Interviewee 1)
- “We have had a conflict arise from the way Eastern cultures go to the toilet and it was a hot topic for almost half a year. I really wish there was a component of respecting another’s culture. That is why I think the need for CCC is great, as employees need the skills every day, but they, or we, do not have the knowledge about it.” (Interviewee 1)

6.2 Assessment of CCC during the recruiting process

The CCC assessment of job candidates happens in two phases. In the first phase, CCC and its levels are assessed based on the received job applications. HR personnel examine CVs and cover letters of job applicants, and recognise the following factors as the best predictors of CCC possession:

- having international work experience,
- having international study experience, such as exchange abroad or international internship,
- speaking foreign language(s), and
- certain personality traits (flexibility, adaptability).

Candidates who possess any of the CCC predictors will have an advantage against those who do not possess CCC and will have a higher chance of getting invited for an interview, especially if they possess more than one. The second phase of CCC levels assessment happens during job interviews, where HR personnel evaluate the actual level of the job candidate’s CCC, as it turns out, sometimes job candidates are not always entirely sincere in their CVs and cover letters.

- “We assess CCC based on the CV and cover letter, and we look for indicators mainly from where the candidates studied, whether they done their studies in another EU country, whether they took part in student exchange Erasmus, and how many different languages can they speak. The majority of candidates state they can speak several, but

later on in the interview, we figure out that they only speak their mother tongue and English, which at the end, is still ok. International work experience counts too.” (Interviewee 1)

- “If the applicant is a millennial, I assess CCC through their student experience – did they take part in student exchange, Erasmus? Then I look for work experience, have they worked in a corporation, a bigger international organisation, where cross-cultural cooperation is needed on a daily basis? If they have worked in a Slovenian company, I check where the company they worked for purchases the materials. In this way, I can quickly figure out if the applicant has been cooperating with other countries or if they have been present only on the Slovenian market.” (Interviewee 2)
- “We are already paying attention to knowledge of foreign languages when we receive the applications, because in a logistics company, you cannot work without it. The base language is English, and since we operate as a cluster of three countries, it is very good if the candidate can speak any of the countries’ languages as well. We also look for certain personal characteristics. Another advantage is if the candidate has studied abroad or did an internship abroad. In today’s time, this is a ‘must’ in multinationals.” (Interviewee 3)

Those job candidates who possess CCC have less problems with adaptation and integration into the new workplace, they easily deal with changes at the workplace and are far more flexible and resourceful. They deal with unexpected situations more effectively and more successfully. They adjust to the new environment quickly, and they include themselves into their teams quite effortlessly and well. Their willingness to adapt is higher and their reactions to change are not negative.

- “By working abroad, they show that they know other cultures, that they are willing to adapt, and that they know what this means (i.e. moving for a job) – missing home environment, great adaptation, not knowing the work, insurance, housing problems, and so on.” (Interviewee 1)
- “Definitely, candidates with CCC have an advantage, as they are used to cross-cultural operations, they are far more adaptable, and they manage certain situations much better than those focused only on operating within one market or one county, one culture. This is a great indicator of how resourceful the candidate will be, how flexible they will be, how they will adapt, and how they will react to unexpected situations.” (Interviewee 2)
- “It is very positive if the person has completed an internship or studied abroad, as from this alone we can tell that they are more adaptable, they know a foreign language, and that they can get around in different situations and environments. This is always an advantage, and these people will more likely be invited to the interview than those without international experience.” (Interviewee 3)

None of the companies use a methodical approach to assess CCC of job candidates, they all rely on subjective assessment by a member of the HR department. They do not make use of developed measurement tools, nor do they currently have an internal process for assessment set in place.

6.3 Formal trainings in CCC, maintaining and improving CCC

Companies do not provide any formal trainings focused on CCC and CQ related topics when they employ new people. New employees therefore do not receive any formal training from the HR department nor from their superiors. It is up to them to additionally educate themselves on these topics if they have an interest. HR personnel acknowledge that there is quite a bit of room for improvement in this area. If there are any formal trainings, they are not exclusively dedicated to CCC and CQ, and they only briefly cover these topics along the way. They are usually organised solely for the employees on higher positions in the company.

- “We, from HR, do not offer any kind of formal trainings to our employees on these topics, even though we should, and we acknowledge this is quite a shortcoming.” (Interviewee 1)
- “As far as CCC, we do not have such trainings. At the moment we are not so deeply internationally engaged yet that the management would decide this is our course, to train and educate all of the employees. And as far as CQ, we quickly mention it during the trainings about soft skills. In the previous years, we had formal trainings for management on the topics of emotional intelligence and communication, and this is where we also touched on CCC and CQ.” (Interviewee 2)
- “At the moment, we unfortunately do not have any formal trainings for new employees, related to these topics.” (Interviewee 4)

Interestingly, there is quite a lot of unstructured passing on of the already acquired knowledge going on in the companies. It is usually superiors passing on the knowledge to their teams and the teams among the team members, and it usually takes shape in practical work.

- “A new employee who will be working in a foreign subsidiary, comes to our headquarters in Slovenia to get to know our way of working, to meet the co-workers. This is the way we break down the barriers among them at the very start, and it also gives them an opportunity to informally socialise and get a lot of information about each other. If we speak of meetings or similar, it is usually the department heads that provide the necessary information, but at the same time, it is also up to the individual themselves to prepare for it and gather the needed information.” (Interviewee 2)
- “There are some internal informal gatherings going on, especially when we introduce new team members to the teams, where the knowledge gets passed on.” (Interviewee 4)

- What I have been noticing is that at the start, this was in the division heads' domain, who were also the most cross-culturally engaged, that they started to transfer their knowledge a step lower to their subordinates." (Interviewee 2)

There is also no formal training for current employees to maintain and improve CCC, therefore there is no control over employees' levels of CCC. When there is a conflict arising from lack of CCC, it is solved on the spot.

- "We do not offer any trainings. We do not monitor it, but we can only observe the relationships employees have among themselves. For example, they come to me all angrily asking: 'What is the deal with him, does he think he is at home?' and this is a clear indicator that this employee does not know anything about the other's culture. We then have a conversation with the said employee, where we introduce them to another culture. In general, we also do not keep track of what extent employees' CCC are maintained and developed, and there is no emphasis on it. Considering how many foreigners we employ, we could do it, but we actually do not." (Interviewee 1)
- "If we had any special trainings set in place, we could monitor it and have a clear overview of CCC development, where was it at the start and where is it now. This is hard to answer, as we have no tool in place to keep track of it." (Interviewee 2)

However, two of the companies do provide trainings of just one specific CCC to their employees - language courses, specifically those languages that cater to their business and customers.

- "We have a native speaker, who teaches English, and in this way, our employees come into contact with someone who does not know our culture very well. We also offer German language courses, and we have had them for eight years in a row, so the whole thing is well-run. We start the courses every year along with the start of the academic year. We used to offer an Italian course as well, but we have stopped, as we currently do not need employees to speak this language." (Interviewee 2)
- "At the moment, we have two foreign employees visiting our office, and they both have a 'buddy' assigned to them - that is another employee that takes care of them during work hours and also after work, and they speak their language. While they are here, we have also enrolled them into a Slovenian language course, and when they return back home, they will continue with the course on-line." (Interviewee 3)

There was an outlier in this theme – the multinational company that does in fact have some formal training set in place for new and current employees, and a part of it covers the topic of CCC and CQ. However, it does not go into detail about CCC and CQ, but the concepts are somewhat included, so new employees are introduced to it and current employees renew their knowledge every year. To some extent, this is also a way to monitor and make sure the employees' levels of CCC and CQ are maintained.

- “We do have formal HR trainings for new employees in place, where we present the company, the way it works, its rules, and we have a code of conduct in place, where we touch on CCC related themes.” (Interviewee 3)
- “We renew our code of conduct every year. I educate the employees, and there is an article that touches on CCC, cross-cultural cooperation, and tolerance. We have online trainings that are mandatory for every employee. The trainings are prepared in Vienna, Austria, and it applies to all offices around the world. Of course, there is some adjustment made to fit the country’s legislation.” (Interviewee 3)

When an employee is sent to work abroad, there is no formal preparation or education on the country’s culture, their people or cultural setting. The companies only take care of formal documents, sometimes also housing and transport.

- “We do not really prepare our employees when they go to work abroad. What we do is we take care of all the needed documentation, insurance. For that, we do have a special procedure in place, but it only covers the paperwork formalities, such as agreements, contracts, substitutions.” (Interviewee 1)
- “There is no special procedure for work abroad in place, except that we take care of all the needed paperwork.” (Interviewee 4)

Again, the multinational company is the outlier again, the only one offering a form of CCC training, and this is the host country’s language course and information about their work culture.

- “There is no exact step-by-step procedure in place. But if we were to send an employee to work, for example, to Germany, we would provide a German language course before departure, and the German office would also take care of housing, and integration to the local work culture and environment. The employee would also be a part of the previously mentioned buddy system, where a German employee would offer them support on and off the clock.” (Interviewee 3)

However, when the employees are sent to a meeting abroad, there is some preparation on the country’s culture, its people, or cultural setting done by the team leaders for the new employees.

- “For existing employees, no preparation is needed, as they already possess the required competencies, and additional trainings are not needed. Team leaders take care of the preparations for a meeting abroad for the new employees, they distribute handouts about culture specifics, provide links for more information. All this happens about two weeks, or at least a week before the team goes to visit foreign distributor or a client abroad.” (Interviewee 2)

6.4 Differences in employees based on the level of CCC they possess

Employees with low levels of CCC are those who have little cross-cultural experience and are finding it hard to understand and work with others coming from different cultural backgrounds. They tend to be less productive, narrow-minded and do not possess cultural knowledge, which oftentimes manifests as fearing the unknown, in extreme cases it can turn into stereotyping and discrimination.

- “We notice that employees who have the most problems working with people from other cultures are the ones who have achieved high levels of education very fast and during their studies had very little practical cross-cultural experience. They do not understand how a foreigner feels when they come here, that there is more than just their title. This is a person with needs, emotions and fears, and that awareness is completely missing. The whole HR department finds this really interesting, as we would not expect this from young people.” (Interviewee 1)
- “We face far more resistance when introducing changes and novelties at work. We receive questions like ‘Why, is this really necessary?’” (Interviewee 2)
- “With those employees who do not have as much cross-cultural experience, there is usually some kind of fear of the unknown present and quite quickly this can develop into stereotyping or even discrimination. This is the exact reason we put emphasis on employing people with cross-cultural experience, as they have the experience and the knowledge to face those fears and overcome them. The fear and ignorance are what paralyse those who have issues with working with other cultures.” (Interviewee 3)
- “Those who have the most issues working with other cultures are usually older employees, who have a hard time communicating in foreign languages and are coming from remote places.” (Interviewee 4)

On the contrary, the employees with high levels of CCC tend to have quite a lot of cross-cultural experience, both work-related and personal. They are flexible, bold, and confident, they accept changes without difficulty and adapt to them quickly. HR personnel also notice that such employees are more productive and effective at their workplace, innovative and more successful in general. They are empathetic, open-minded and tolerant. They are willing to take on more work and confront the setbacks more successfully.

- “Employees who have no issues working with other cultures are generally highly educated, they have a lot of their own cross-cultural experience, and they are the ones who accept other cultures the easiest. Those employees are also the most successful when it comes to international projects. They choose to participate in international projects more frequently, they take more risks and in return they have more knowledge, drive and experience. They work on many projects, which brings them more financial stability, more success, and they tend to stay longer with us.” (Interviewee 1)
- “People who work with other cultures are much more flexible, open to new ideas and much more innovative. They know how to look at a certain issue from several points of

view. Those with higher levels of CCC pitch more ideas, and it is not necessarily connected to their level of education, position in the company, it is the degree they are internationally involved and their openness to perception.” (Interviewee 2)

- “This manifests especially in work productivity and performance. The more you cooperate, the more successful you are. Even in cases where such employees do not have the highest abilities, they somehow make up for it, overcome the struggle and still end up performing very well.” (Interviewee 3)
- “Whether people will have issues with working with someone from another culture, depends on their personal attributes and on the amount of international experience they have.” (Interviewee 3)
- “We definitely can see a difference. Those who tend to have the least difficulties working with other cultures face less problems in general, tend to have a higher education, they have travelled a lot or took part in study exchange, and are in general more open to new cultures, and the cultural differences. They usually also do not have any problems with foreign languages.” (Interviewee 4)
- “Those employees are more confident in communication, have higher degrees of understanding and tolerance. They connect with the team much quicker and even learn from newcomers.” (Interviewee 4)

HR personnel also perceive a spillover effect to other areas of the workplace, meaning employees with high levels of CCC work more effectively in all work settings and work assignments, not just those that are cross-cultural.

- “I especially notice flexibility – about everything, from coming to work, working on projects, such employees are flexible in every way. Even if the meeting is called in five minutes, they will not have a problem with this. Every new thing introduced by the company, every change, every novelty that makes the work run more efficiently – those employees have no issues with accepting all of that.” (Interviewee 2)
- “Having higher levels of CCC also reflects to other areas, we notice this particularly in general productivity.” (Interviewee 3)

There is also a difference among ages and generations, particularly in flexibility and the pace of adaptation, when comparing a new, younger employee with less cross-cultural experience and an older employee with cross-cultural experience.

- “It is easier and faster for younger employees, millennials, to obtain new CCC and cultural knowledge, as they are subjected to the global world from when they were born and for them many things go without saying. On the other hand, the older employees obtained those competences and knowledge a bit more unnaturally and because they were subjected to it by their jobs, and sometimes they stick to what they already know, while the young are able to produce a more critical and wider range, view at the matter.” (Interviewee 2)

Interviewees are not united when it comes to the correlation of employees' hierarchical position and the level of CCC they possess. Half of the interviewees confirm they perceive there is a correlation, and the other half says there is no correlation.

- “Yes, I notice there is a correlation. Employees in higher positions are very open due to their personal experiences, they possess high levels of CCC and more of them, which manifests in better acceptance of other foreign employees. When they have an open spot, they wish to employ someone coming from another culture, they ask us to publish employment advertisements in other countries as well. The correlation is not that strong, but it is there.” (Interviewee1)
- “I can say that employees with high levels of CCC do work in a higher hierarchical position in our company. They usually have higher education too, and they are in positions that require more responsibility.” (Interviewee 4)
- “No, I would say there is no correlation. I would say that the level of CCC is more connected with the type of work an employee does, and not with the level of their education, such as the competency of accepting others. I would say it has roots in the way people were brought up, not in the way they were educated. We also notice that those employees with education in social sciences have more CCC and they obtain it faster than those coming from a technical background. But overall, there is no clear correlation, it depends more on the job position itself than the hierarchical level in the company.” (Interviewee 2)
- “No, I do not notice any correlation, as we have had managers, who should possess high levels of CCC, as the employees they oversaw came from different cultural backgrounds, but they did not, and we have had employees on the lowest hierarchical levels, who possessed more CCC. The issue with the said manager was that their lack of CCC reflected on their team – the whole team was low on productivity and was ineffective. We tried to educate them, offer them trainings, conversations, but this was something that was rooted in them, and they could not overcome it. And the issue affected other teams that worked with them too, as it was difficult to cooperate with them.” (Interviewee 3)

In companies where there is no correlation between the level of CCC and hierarchical position, it appears that the level of required CCC is more dependent on the job and its characteristics than the job's position on the hierarchical level.

6.5 Summary of the findings

During the analysis of the gathered data, four main themes emerged, and the main findings are that the existing knowledge of HR personnel on CCC and CQ are not the strongest, employees possessing CCC and CC are of great importance, cross-cultural experience is one of the most important factors of CCC assessment, there is no control over employees'

CCC, and there is a difference in the performance of employees who possess CCC and those who do not.

1. HR personnel's knowledge of CCC and CQ and importance of CCC: HR personnel with a background in HR studies or training are quite confident and satisfied with the knowledge they have on CCC and CQ. On the contrary, those without any education on the topics feel self-conscious about it and wish to improve their knowledge. They all agree that it is very important for their employees to possess CCC, as cross-cultural encounters have been increasing over the past years. Moreover, CCC has become vital for all employees on all hierarchical levels.
2. Assessment of CCC during the recruitment process: There is no methodological approach to the assessment, it is based on the subjective assessment of HR personnel. The assessment happens in two phases: the first is CV examination and the second is assessment during the job interview. During the first phase, interviewees assess CCC based on candidates having international work experience, international study experience (exchange abroad or international internship), foreign language skills, and certain personality traits (flexibility, adaptability). Candidates who possess at least one or more of the above mentioned CCC, will have a higher chance of receiving an invitation for the job interview. During the second phase of assessment, interviewees assess CCC face-to-face in an interview. Job candidates who possess higher levels of CCC adapt to their new roles much faster and more easily, they face challenges and changes effectively, and tend to be more resourceful and overall successful.
3. Formal training in CCC, maintaining and improving CCC: Mainly, there is no formal training of new and current employees focusing solely on the topic of CCC and CQ. The topics are only covered as part of other trainings the companies provide, if they are at all. There is, however, some knowledge on CCC passed on internally among the teams, usually from the team leader to the new members and during practical work or as preparation for a meeting abroad. There are also no set practices to maintain and improve CCC in current employees, the only exception is language courses. However, the only company that has some form of formal training set in place for new employees is the large, foreign-owned company. They also, to a certain extent, control current employees' CCC with annual trainings. When an employee is sent on an assignment abroad, they receive the host country's language course and information on the host country's culture, which is something other companies do not provide.
4. Differences in employees based on the level of CCC they possess: There are, in fact, noticeable differences in employees based on the level of CCC they possess. Those employees with lower levels of CCC usually have little cross-cultural experience and tend to have a harder time working with and understanding those coming from different cultural backgrounds. This spills over to their general work performance and effectiveness. In extreme cases, it can lead to stereotyping and discrimination. On the other hand, employees with higher levels of CCC usually have plenty of cross-cultural experience, both work-related and personal, and tend to be flexible, confident, and open

to changes. They adapt easily and quickly to any situation and are more productive and successful at their work. They also show higher levels of empathy, open-mindedness, and tolerance. There is some spillover effect – employees with high levels of CCC work more effectively in all aspects of the work, not only in cross-cultural settings. On top of that, interviewees notice differences in ages and generations, specifically in the pace of adaptation and flexibility. Younger generations obtain CCC much quicker, even if they do not have any cross-cultural experience, compared to the older generation that already possesses some. Findings on the correlation between the hierarchical position and the level of CCC are inconclusive, as half of the interviewees said they do notice the correlation and the other half said they do not. Where they do not notice the correlation, the level of the needed CCC for the job depends on the job itself and its characteristics, and not on its hierarchical position.

7 DISCUSSION OF FINDINGS AND BUSINESS IMPLICATIONS

Globalisation touches every aspect of the business, from products, services, customers, to employees. Global competition and the need to trade effectively overseas have pushed organisations to become more and more culturally sensitive and globally minded. For an organisation to successfully operate in today's world, it is crucial that it manages and develops employees on all levels who can think, lead, and act in a global way, have a global mindset, and global skills (Kim, 1999, p. 227).

HR personnel interviewed in this research acknowledge that their knowledge on CCC is limited. According to Kim (1999, p. 241), it is equally important to educate HR personnel, as they tend to lack CCC and cross-cultural experience themselves. Effective HRM is an important competitive advantage and therefore can greatly contribute to organisation's overall success. Draghici (2015, p. 67) came to a similar conclusion - competitive advantage lies in successfully managing and understanding culturally diverse human capital (employees). The basis for this is well-educated and trained HR personnel. Therefore, HR personnel have an important role in the success of an organisation. They need to create and put into action appropriate strategies to effectively manage the diverse workforce, and to create an environment that supports diversity.

Although HR personnel in this study do not use a set measure for the assessment of CCC of job candidates, there are several measurement tools for CCC available. The measures indicate CCC as a personal attribute and are based on an individual's characteristics, and the results are generally used to predict the success of cross-cultural adjustment (Chiu et al., 2013, p. 844). Three measures are presented that could easily be used by any of the Slovenian companies when assessing CCC of job candidates, and even when controlling for CCC in existing employees.

Evelina Ascalon et al. (2008) proposed that the most appropriate tool for assessing CCC is the Situational Judgement Test (SJT). SJT is a measurement method used to predict work behaviour. Job candidates are presented with job-like scenarios and possible responses to said situations (multiple choice item format) and must choose the most appropriate response. There are no right or wrong answers, but usually organisations prefer certain responses (Lievens et al., 2008, p. 427). SJT can be used for selection or promotion of employees, who will be working in cross-cultural environments with people coming from various cultural backgrounds and will be sent on expatriate assignments. It can also be used as a training development tool, appropriate for internal (e.g. increasing cultural self-awareness, communication among multicultural teams) and external (e.g. preparation for overseas work) cross-cultural initiatives, and it can be in the form of case studies, scenario role-playing, etc. Such trainings can improve dimensions of employees' reactions, learning and behaviour – increased cultural knowledge and self-efficacy, improved cross-cultural communication and collaboration, leading to an overall increase in job satisfaction and job performance. Moreover, it could also be used as a way of monitoring employees' CCC, determining which employees could benefit from additional trainings (Lievens et al., 2008, p. 18).

A very similar measurement tool is The critical incident technique developed by Flanagan (1954), which measures the cognitive dimension of CCC - CCK. Critical incidents are short descriptions of cross-cultural situations and occurrences of a host culture, purposely written up in a way that they will be understood differently by people from different cultures. They may even provoke a misunderstanding, ending up in a conflict. The respondents then select the most appropriate answer - usually four possible responses are offered, all describing the different explanations of the cross-cultural situation, potential actions, and future outcomes. Like with SJT, there are no right or wrong answers, however the preferred right answers refrain from isomorphic presentations of cultures and consider tolerance for ambiguity, and the preferred wrong answers indicate ethnocentric considerations or a stereotyped worldview (Bartel-Radic & Giannelloni, 2017, p. 634).

Another renowned measurement method of CCC is the Multicultural Personality Questionnaire developed by Van der Zee and Van Oudenhoven (2000), and it measures five personality traits that are relevant for cross-cultural success:

- cultural empathy or sensitivity: showing empathy towards individuals of another culture's feeling, thoughts, and behaviours,
- open-mindedness: having an open and impartial attitude towards cultural differences, norms, and values of other cultures,
- emotional stability: remaining calm and collected in new and stressful situations,
- flexibility: accepting new cultural circumstances in a positive way, adapting to them appropriately, and learning from that experience,

- social initiative: having an active approach to social circumstances and showing initiative in said circumstances, developing new social skills (Van Oudenhoven & Van der Zee, 2002, p. 681).

It is a ninety-one-item questionnaire with statements placed on a five-point Likert scale, and the results can predict attitudes and behaviour in a cross-cultural environment, and the adjustment to novel and unfamiliar cross-cultural circumstances. Similarly, like SJT, MPQ can also be used for selection and training of employees who work in cross-cultural positions (Van Oudenhoven & Van der Zee, 2002, p. 680), and as a tool to assess additional training needs (Van der Zee & Van Oudenhoven, 2000, p. 291).

However, Bartel-Radic and Giannelloni (2017, p. 640) note that researchers have yet to develop the most appropriate tool for measuring CCC, one that would appropriately reflect the complexity of the construct. On the other hand, their study showed that practitioners do not need the whole scientific baseline on CCC to assess CCC of job candidates. HRM should therefore carefully consider the CCC requirements of the job and prepare the means to assess only the needed aspects of CCC. The assessment will produce the best results when HRM will possess CCC as well.

Development of employees' CCC is vital for organisations and their competitiveness and international growth. The issue of underdeveloped CCC has been present since the start of globalisation and has been receiving more recognition in the last two decades, as many organisations have failed to exploit global business opportunities and have been forced to cancel global strategic initiatives. HR managers acknowledge there is a great need for employees to effectively develop CCC, and the main way to develop CCC is through quality cross-cultural experience (Caligiuri et al., 2019, p. 14). The findings of this research support the importance of cross-cultural experience in CCC development. Moreover, even non-work cross-cultural experience, such as travel and family diversity, has a positive influence on CCC and its development (Tarique & Weisbord, 2013, p. 154). They have an effect on employees' attitudes and behaviours that directly influence CCC development (Caligiuri & Tarique, 2012, p. 619).

CCC can be improved by cross-cultural training and education of an individual's skills and knowledge. According to Johnson et al. (2006, p. 537), far too much focus is being put on developing factual and conceptual knowledge, when the real focus should be on developing an extensive set of knowledge, skills and abilities that can improve CCC. Likewise in theory, the researchers notice the focus is on antecedent measure instead of giving priority to how well individuals apply them in an actual cross-cultural setting.

HRM can use several methods to train and educate employees in CCC: cognitive (e.g. lessons, lectures), affective (e.g. sensitivity trainings), experimental methods (e.g. workshops, field exercise) and language trainings. Language trainings are one of the CCC

development methods that provide the greatest benefit, and also the maximum output for the invested money (Tarique & Weisbord, 2013, p. 156).

Another way the findings from this research correspond with the recent research on CCC is the correlation of CCC and job performance. CCC seems to predict employee performance while working in a different country or working with people coming from different cultural backgrounds (Caligiuri et al., 2019, p. 15). Furthermore, CCC drives the individual's job performance. An individual who possesses high levels of dynamic CCC has the capability to work effectively in intricate cross-cultural circumstances, accept and meet global challenges and expectations (Caligiuri & Tarique, 2012, p. 619).

Individuals with high levels of CCC have the capacity to distinguish and categorise complex information from cross-cultural situations more effectively. When working in international teams, they handle difficult situations efficiently and are more competent in cross-cultural interactions. They are motivated to learn about other cultures and to understand how and why others from different cultures behave. They therefore benefit far more from cross-cultural experience, which leads them to developing a deeper understanding of other cultures (Bartel-Radic & Giannelloni, 2017, p. 639).

Chen (2019) came to the conclusion that expatriate employees who possess high levels of CCC manage stress at the workplace better and are more involved with the job. The stronger their CCC was, the better they adjusted to a new cultural setting and, the higher was their job performance. Therefore, job performance is influenced by CCC.

Srimarut and Mekhun's (2020, p. 601) research showed results that CQ also has a significant effect on employee job performance, satisfaction, and productivity. Especially in cross-cultural contexts, employees with high levels of CQ are very effective at their jobs and in interacting with others. They adapt to new cultures and the cultural environment easily, meaning CQ is indirectly affecting job performance through cross-cultural adjustment (Fang et al., 2018, p. 159).

Another compelling observation made by one of the interviewees is the difference in the pace of cross-cultural adjustment among the generations of employees, especially noting the faster pace of younger generations. According to Tarique and Weisbord (2013, p. 140), one of the reasons for that could lie in early exposure to cultural diversity and cross-cultural experience in formative years, which produces high levels of CCC and influences the success in cross-cultural environments in adulthood. They identified the following predictors of CCC:

- early cross-cultural experience: the number of countries the individual has lived in,
- language diversity: the number of spoken languages by the individual,
- family diversity: the number of family's ethnic backgrounds,
- personality trait openness to experience (Tarique & Weisbord, 2013, p. 139).

However, this aspect of cross-cultural adjustment, and how it differs among generations, has yet to be thoroughly studied by researchers (Tarique & Weisbord, 2013, p. 139).

Even if the cross-cultural experience is a non-work experience, HR personnel should still consider it during the assessment of CCC of job candidates and the selection process. Early cross-cultural experience has the most influence on development of dynamic CCC, as through it, the individuals obtain skills and behaviours, which allow them to live and work successfully across different cultural environments (Tarique & Weisbord, 2013, p. 143).

Another advantage younger generations have is access to developing CCC before entering the job market. During their studies, they can experience cultural diversity and cross-cultural interactions by joining international courses or study programs. The closest they can get to experiencing an overseas assignment is by partaking in an international exchange or internship (Ramburuth & Welch, 2005, p. 12), which is recognised as valid cross-cultural experience during CCC assessment in the recruitment process.

7.1 Limitations of the research

As with any research, this one has the limitations that need to be mentioned. Since the research sample was sourced from Slovenian companies and was relatively small, it is difficult to generalise the results to other populations and countries. Although the sample included companies from four very different industries (education, aluminium and steel, transport and shipping, and hospitality and tourism industries), more accurate results could be generated if the sample included companies operating in other industries as well. The majority of the companies were privately owned, and the inclusion of more publicly owned companies could also influence the results of the research. Higher generalisation could be achieved with a larger sample and a with higher level of heterogeneity, with interviewees coming from various countries, industries, ages, educational backgrounds and experience, or the research could focus on the selected theme within a single industry.

Qualitative research was undertaken, meaning the gathered data and findings allow for different interpretations. There is also a potential for bias arising on both the interviewer's and interviewee's side. The interviewer could unintentionally introduce interviewer bias while conducting the research, for example by subtly reacting to the interviewee's responses during the interview, which could influence them to respond in a certain way (Salazar, 1990, p. 569), or it can even influence interviewer's interpretation of the data (Bolderston, 2012, p. 74). Interviewees could unconsciously and unintentionally introduce recall bias by over-exaggerating certain situations or misremembering events, or social desirability bias by providing a distorted response in order to sound more favourable or socially acceptable (Salazar, 1990, p. 569).

8 CONCLUSION

Over recent decades, globalisation has been changing the way companies operate and the way they manage their employees. Markets have been opening, and the vast majority of companies are connected internationally in some way, encasing everyone from international customers and suppliers to employees. While globalisation has brought down many barriers and obstacles in IB, it has also built some at the same time. With the increased numbers of cross-cultural encounters, the number of cross-cultural conflicts, misunderstandings, and failures has risen as well. Many companies were not equipped to deal with the effects of cultural differences in IB and were unable to meet the new need for cross-culturally skilled employees. To help understand the logic behind successful or unsuccessful cross-cultural interactions, researchers have introduced CCC.

The research attempted to explore how and in what way CCC is important to Slovenian international companies from an HR point of view, and it provided an insight into HR personnel's attitudes towards employees' CCC. The goals of this research were to learn about the HR personnel's attitudes towards employees' CCC – to assess their knowledge of topics of CCC and CQ, their attitude about the topics' importance; to find out how they assess CCC of job candidates during recruitment processes, how CCC is maintained and controlled in current employees; and their attitude towards employees who possess different levels of CCC, and whether they notice any difference in job performance among them. To reach the goals of this research, in-depth interviews were conducted with HR personnel and the main findings are summarised below.

My findings, based on four interviews, are that many of the HR personnel do not have a formal education in the field of HRM, and their knowledge on topics of CCC and CQ is not the strongest, while they acknowledge this as a shortcoming. At the same time, they all firmly believe employees possessing CCC are of great importance to the company. It is apparent that the way of conducting business has changed. If it was perceived as normal just a few years back that only senior employees needed to possess CCC as they were the ones doing the majority of cross-cultural business, the change has brought the need to possess CCC at the lowest levels of the hierarchy. It is now not only expected, but normal for every employee working for an international company at any position to possess CCC, even HR personnel. Given the results of this study, there is still much room for improvement in this area, as educated HRM can make a great difference towards achieving a company's goals and overall success.

The main indicators of job candidates possessing CCC are cross-cultural experience, work- and non-work-related, ability to speak foreign language(s), and certain personality traits, such as flexibility and adaptability, the greatest importance being put on cross-cultural experience. If the candidates possess any (or more of them), they will have a much greater chance of being invited to the job interview. However, the assessment of CCC during the recruitment process relies entirely on the subjective assessment of HR personnel. Proposed

methodical CCC assessment tools that can be used by HR personnel during recruitment are SJT, Critical incident technique, and MPQ. HR personnel need to be minded of what CCC the job requires and determine a way to assess it, best if not using a general scope of CCC assessment.

With few exceptions, Slovenian companies do not provide any formal trainings focusing on CCC and CQ to new and current employees. The closest they come is offering language courses and briefly touching on the topics in other trainings, which are not always available for all employees. Several CCC training and educational methods are proposed in this research. At the same time, there is no set procedure to maintain and improve CCC in current employees, meaning HR has no actual control over it. This could be achieved by the proposed CCC assessment tools in this research, as the measures can serve as a CCC monitoring tool.

When observing those employees who possess higher levels of CCC, HR personnel notice there is a difference in overall job performance when compared to those less cross-culturally competent. The most important skill observed in employees who possess high levels of CCC is flexibility. Such employees are more effective and innovative at their job, have no problem with rapid changes, and they adapt quickly and effortlessly. Moreover, there is an evident spillover effect – cross-culturally competent employees are more successful and perform better in general, not just in the cross-cultural setting. They overcome and cope with stress much easier, which in return increases their job satisfaction.

An avenue for further research is the differences in CCC and cross-cultural adjustment among generations. Early exposure to cross-cultural experience and cultural diversity influences the levels of CCC in adulthood. With today's interconnected world, younger generations have many opportunities that the older did not, whether this is studying abroad or traveling; these are all precious cross-cultural experiences which are valued during the recruitment process. Absence or lack of cross-cultural experience predisposes lower levels of CCC, so it is crucial for employment seekers and students who are slowly entering job the market to obtain as much cross-cultural experience as possible, both work- and non-work-related. This could be anything from joining a diverse team or project at the workplace, to choosing to participate in the Erasmus exchange programme. Every cross-cultural experience influences CCC and is important to HR personnel.

Research on CCC and CQ and its assessment in IB is still very scarce, compared to the research done in the fields of healthcare, education, or the military. To this day, the researchers have yet to determine a common definition of CCC and its assessment. This is due to CCC and CQ being relatively young constructs and both very complex, where simple definitions do not apply. As this manifests in theory, the same can be observed in practice, where the practitioners are not well-informed and educated about CCC and CQ, and everyone's explanations of the terms are a bit different from the other's. Therefore, a common definition, framework, and model of CCC in IB is still very much needed.

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APPENDICES

Appendix 1: Povzetek (Summary in Slovenian language)

Globalizacija je v zadnjih desetletjih v podjetja prinesla mnogo sprememb in vpliva na vsakodnevno poslovanje in upravljanje z zaposlenimi. Kljub številnim pozitivnim učinkom globalizacije so se marsikatera podjetja znašla pred novimi izzivi, ki jih je prineslo povečanje števila medkulturnih stikov. Vsa podjetja žal niso imela potrebnih sredstev, da bi te izzive premagala in v medkulturnem okolju zato niso uspela. Zakaj nekatera podjetja uspejo v mednarodnem okolju in nekatera ne, je mogoče razložiti s pomočjo medkulturnih kompetenc.

V magistrskem delu sem predstavila, kako in zakaj so medkulturne kompetence zaposlenih pomembne slovenskim mednarodnim podjetjem z vidika managerjev človeških virov. Pojasnili so, kako ocenijo medkulturne kompetence kandidatov, ki se prijavijo na prosto delovno mesto v njihovem podjetju, in kako nadzorujejo ter izboljšujejo medkulturne kompetence obstoječih zaposlenih. Podali so svoja opažanja o razlikah med tistimi zaposlenimi, ki posedujejo višje stopnje medkulturnih kompetenc, in tistimi, ki posedujejo nižje stopnje, ter značilnostih tistih zaposlenih, ki posedujejo višje stopnje medkulturnih kompetenc in povezavo z delovno uspešnostjo.

Najprej sem opravila pregled obstoječe literature na področju medkulturnih kompetenc in kulturne inteligence ter predstavila najbolj prepoznavne teoretične modele. Empirični del magistrskega dela predstavlja kvalitativna raziskava v obliki odprtega osebnega intervjuja. Intervjuje sem opravila s štirimi zaposlenimi v kadrovskem oddelku iz štirih različnih slovenskih podjetij, ki so vpeta v mednarodno poslovanje, in so obsegali trinajst vprašanj odprtega tipa. Podatke, pridobljene z intervjuji, sem analizirala s pomočjo tematske oz. vsebinske analize, kjer sem iskala skupne vzorce in jih povezala v različne teme.

Rezultati raziskave kažejo, da se kljub temu, da večina zaposlenih v kadrovskem oddelku nima uradne izobrazbe s področja upravljanja s človeškimi viri in najširšega znanja o medkulturnih kompetencah, se zavedajo kako zelo pomembno je, da zaposleni posedujejo medkulturne kompetence. Prav tako je opazna sprememba po potrebi teh kompetenc – če so včasih medkulturne kompetence potrebovali le zaposleni na višjih položajih, jih danes pri delu potrebujejo prav vsi v mednarodnem podjetju. Pri ocenjevanju medkulturnih kompetenc kandidatov se zaposleni v kadrovskem oddelku najbolj zanašajo na osebno presojo in pri tem ne uporabljajo posebnih orodij. Najbolj so pozorni na medkulturne izkušnje, sposobnost govorjenja tujega jezika in določene osebnostne lastnosti, npr. prilagodljivost. Največjo težo pri oceni imajo medkulturne izkušnje in štejejo prav vse, tiste povezane z delom in tiste, ki z delom niso povezane. Opažajo, da so zaposleni, ki posedujejo medkulturne kompetence, na splošno bolj uspešni pri svojem delu, učinek pa se preliva tudi na druga področja dela, ne samo na tista, ki so medkulturno vpeta. Zaposleni, ki pripadajo mlajšim generacijam, hitreje osvajajo in pridobivajo nove medkulturne kompetence. Pri korelaciji hierarhičnega položaja zaposlenih in stopnjo medkulturnih

kompetenc, ki jih ta zaposleni poseduje, ni enotnih rezultatov, saj korelacijo v prvi polovici primerov opažajo, v drugi pa ne.

Kljub opravljenim številnim raziskavam, študijam, postavljenim definicijam in opredelitvam ostaja področje medkulturne kompetence v mednarodnem poslovanju v primerjavi s področji izobraževanja, psihologije, zdravstva in vojske, še dokaj neraziskano. Konstrukt medkulturne kompetence v mednarodnem poslovanju še vedno manjkata enotna definicija in model. Nejasnosti se iz teorije tako prelivajo tudi v prakso, kjer ima vsak svojo definicijo in razlago, saj je področje medkulturnih kompetenc zajetno in kompleksno. Zato je enotna definicija medkulturnih kompetenc v mednarodnem poslovanju nujna.

Appendix 2: Summary of the findings of literature review on CCC by Johnson et al.

Field	Authors	Concept	Definition	Content
International business	Leiba-O'Sullivan (1999)	Cross-cultural competency	Knowledge, skills, abilities, 'other' attributes	Categorizes competencies as stable or dynamic
International business	Adler and Bartholomew (1992)	'Global' or 'transnational' competence	Specific knowledge, skills and abilities	An affective dimension (personality traits and attitudes), a cognitive dimension (how individuals acquire and categorize cultural knowledge), and a communicative, behavioral dimension
International business	Gertsen (1990)	Cross-cultural competence	'The ability to function effectively in another culture'	
International business	Black and Mendenhall (1990)	Effective cross-cultural interactions	Cross-cultural skills development, adjustment, and performance	
International business	Hofstede (2001)	Intercultural communication competence	None	Awareness, knowledge, skills and personality
Workplace diversity	Cross <i>et al.</i> (1989)	Cultural competence	'...a set of congruent behaviors, attitudes, and policies that come together in a system, agency, or among professionals and enables that system, agency, or those professionals to work effectively in cross-cultural situations'	Personal attributes, knowledge, and skills
Intercultural communications		Collier (1989); Imahori and Lanigan (1989); Kealey, (1989); Wiseman <i>et al.</i> (1989); Redmond and Bunyi (1993); Miller (1994); Lustig and Koester (1999)	Intercultural communications competence	To be appropriate and effective in the communication process that takes place between individuals from different national cultures
Psychology	LaFromboise <i>et al.</i> (1993)	Cultural competence	None	Personality, knowledge, ability, skills, behaviors

Source: Johnson *et al.* (2006, p. 528).

Appendix 3: Interview questions

Warm up questions

1. What industry is your company in and what is the structure of the ownership (domestic or foreign)?
2. How big is your company and how many employees do you have?
3. Do you employ people coming from different cultures and/or nations?
4. Do you have a formal education in HRM?

In-depth interview open-end questions:

1. How would you assess your own knowledge on the topic of CCC and CQ? Did you have any formal or informal training/education? How do you ensure your knowledge stays up-to-date?
2. Is it important for your employees to be aware of cultural differences and be able to adapt to different cultures? How often do they need these skills? Has the need for these skills changed over time?
3. When hiring, how do you assess whether job candidates possess CCC and what are its levels? Does the result impact your decision to invite the candidate to the interview? Do you look for specific CCC? Can you please describe the process and provide examples? *(how much importance do you give to: study abroad, internships abroad, if the applicant has lived in different countries, speaking different languages, etc.)*
4. Do you provide any trainings to new employees about CCC related topics, such as cultural differences, cultural diversity, stereotypes, prejudice, etc.?
5. Do you provide any ongoing trainings to existing employees on these topics? How do you monitor employees' retention and improvement of CCC?
6. Is there a specific procedure in place when an employee is being sent to work abroad? If yes, how are they prepared for work in another cultural setting?
7. If you think of those employees who seem to have the least difficulties with working across cultures, can you please try to identify whether there are patterns between those who are very good vs. those that are very poor at this?
8. Do you think employees with higher levels of CCC exhibit any other positive characteristics – does it seem connected to things like productivity, performance, etc., or is it specific just for situations when working cross cultures?
9. Do you notice any correlation between employees' hierarchical position and the levels of CCC they possess? How does this manifest in your company?