UNIVERSITY OF LJUBLJANA

FACULTY OF ECONOMICS

MASTER'S THESIS

CROSS-CULTURAL COMPETENCES AMONG MANAGERS OF SLOVENIAN SMALL COMPANIES OPERATING INTERNATIONALLY

Ljubljana, September 13th, 2018   NINA KOVAČ

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LIST OF ABBREVIATIONS

CCC – Cross-cultural competence

CCK – Cross-cultural knowledge

CJDM – Cultural judgment and decision-making

CQ – Cultural intelligence

CQS – Cultural Intelligence Scale

IB – International business

INTRODUCTION

In our globalized and highly interconnected world, only few businesses can afford to limit their operations to their local market. Instead, most of the organizations conduct their daily business on an international level, their value chain consisting of players from different cultures. However, numerous inefficient intercultural interactions have been recorded, as managers fail to grasp the imperative nuances of their host culture. Intercultural misunderstandings, as the consequence of inability to adapt and understand local culture, appear frequently and often end up having significant, costly impacts on organizations. All of the above encouraged international business (hereinafter IB) to reach better understanding of cultures and cultural impact on business practices (House et al., 1999, p. 191).

One of the most pressing challenges that managers face in an international context is understanding the views and positions of their foreign counterparts. Many frameworks have been developed dealing with intercultural interaction in business settings, one of which focuses on competence.

Cross-cultural competence (hereinafter CCC) can be culturally inherited or learned. Its development is a process, affected by individual characteristics (including personal attributes, skills, and cultural knowledge), institutional ethnocentrism (the degree to which an organization promotes the home culture's accustomed ways) and cultural distance (the overall cultural difference between one's own and foreign country). The latter two negatively influence the development of CCC. Some elements, like personality attributes, are rather static or latent (Johnson, Lenartowicz & Apud, 2006, p. 527), whereas skills and knowledge, and their application in "negotiating reality" can be developed through learning or intercultural training (Friedman & Berthoin Antal, 2005, p. 73).

The key developments of the CCC concept relate to various types of competence and its antecedents, but the application of this concept and a better understanding of its dynamics, action and behaviour is still needed. For this reason, psychologists encourage focusing on behavioral schemes and dynamics as a way to study IB interactions (Elo, Benjowsky & Nummela, 2015, p. 38). CCC in the IB literature is rich with personality characteristics assessment scales, originating from the start of the research, up to nowadays. However, measuring personality attributes does not equal measuring CCC itself. Contemporary research on CCC measurements has been very fond of multidimensional, interdisciplinary approaches instead, criticizing the lack of empirical measurement tools used in preceding publications. Testing the concept empirically allows for an analysis of the determinants, casualities, and outcomes, explaining the components of CCC as well as relationships among them (Bartel-Radic & Giannelloni, 2017, p. 633).

The research on CCC is not complete without the inclusion of a closely related and intertwined concept – cultural intelligence (hereinafter CQ). "CQ is a specific form of intelligence, focused on capabilities to grasp, reason and behave effectively in situations,

characterized by cultural diversity" (Ang et al., 2007, p. 337). There is a division of opinion when it comes to the relationship between the two concepts, however. Some think of them as synonyms, while others see them as completely different constructs. According to Earley (2002, p. 274), "cultural intelligence captures a person's capability to adapt effectively to new cultural contexts." Similarly, Ang et al. (2007, p. 335) define it as "a capability to function effectively in culturally-diverse settings." Both acknowledge CQ as composed of cognitive, metacognitive and behavioral CQ. Many authors agree, but add another, motivational component. Overall, CQ can be understood as an antecedent (a latent construct in the development of CCC, as one of the components of CCC), or as its consequence. The most common tool for measuring cultural intelligence is the Cultural Intelligence Scale (hereinafter CQS), developed by Ang et al. in 2007. The CQS is a self-assessment seven-point scale, containing twenty items, designed to measure each of the four CQ components (Ang et al., 2007, p. 335).

Research objectives. The purpose of this research is to better understand how CCC works in real-life intercultural encounters in the Slovenian business setting. The goals include identifying a shared interpretation of CCC among business managers, drawing links – similarities and divergences – between different practical examples, and identifying the obstacles to both CCC development and its use, as perceived by the target group. The research questions are as follows:

- What is the effect of national culture on CCC in IB?
- What does CCC represent to managers of Slovenian small companies operating internationally?
- What are the obstacles to CCC development, as perceived by managers of Slovenian small companies operating internationally?
- In what ways can the CCC and CQ research methods be combined?
- What are the potential avenues for further research in relation to the topic?

Methodology. The Master's thesis relies on descriptive secondary data and qualitative primary research. The initial theoretical research was grounded on secondary data obtained from scholarly articles, prepared by researchers and universities, published in technical journals and books, as well as reports and publications of various organizations, connected to the industry. The research findings rely on primary data, collected through semi-structured open-end interviews. The interviews were conducted with five managers, and at the same time owners, of Slovenian small companies operating internationally. Companies conduct their business with various nationalities and cultures, and are players in different industries, making the sample heterogeneous. The interviews included warm-up questions, followed by ten open-end questions focused on real-life examples and experience (Appendix 5), as well as the completion of a self-assessment questionnaire (Appendix 6).

Chapter overview. Following the introduction, an overview of the relevant research literature is presented in chapters one through four. The literature review opens with IB research, gradually narrowing down to the topic of culture and two of its established concepts – CCC and CQ. Within each of the concepts, various research perspectives and models are presented, displaying the width and depth of this research stream. Alongside theoretical conceptualizations, a variety of measurement tools is presented, dating from 1970s up to today.

The empirical part, chapters five through seven, includes methodology, findings and discussion. The methodology chapter includes the description of used data-collection and data-analysis methods, as well as the introduction of research sample. Research findings are presented as recognized patterns within different topics, and discussed in light of relevant scholarly articles.

Following the body of the document, the conclusion summarizes the findings of the Master's thesis with regard to the originally proposed research questions. The thesis is closed with a reflective analysis of the scholarly work in light of the newly acquired knowledge and discussion of the potential applications of the findings.

1   CULTURE AND INTERNATIONAL BUSINESS

Countries like China, India, and Japan started trading their merchandise worldwide as early as 15,000 years ago. The Silk Road and the trading of gold, gems, coffee, tea or silver are all examples of IB activities. At first, these occurred primarily for survival reasons and only later developed into means of achieving national prosperity (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 232). Today, IB in the form of cross-border transactions between two countries, including goods, services, technology, capital and knowledge is important for many reasons. It plays a crucial role in the well-being and prosperity of national economies all over the world. Notably, it allows for meeting countries' international trade quotas as well as debt servicing, promotes faster economic growth than domestic trade alone, improves the quality of goods while lowering the prices, increases the profitability of natural resources and provides numerous employment opportunities, in turn leading to higher national income and living standard (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 235).

From a corporate perspective, the drivers of IB are larger demand for the optimization of production capacity, mitigation of legal restrictions on the domestic market, higher relative profitability of the business, diversified business risk, increased productivity and social responsibility, exposure to technological improvements of the foreign markets, avoiding product obsolescence and others (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 235).

Besides the national and corporate point of view, IB is important from the global perspective as well, since it acts as a link between participating countries, bringing them closer and

diminishing their perceived differences, ultimately resulting in better social, economic, cultural and political relations in the world (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 236).

1.1   Globalization as the start of Culture in international business research

Whereas twenty-five years ago the prevalent term for economic relations between countries was international trade, today we talk about global economy. The transformation happened as a part of an economic, social, cultural, and national integration, called globalization. In its essence, it is an increasing economic interdependence among countries. Despite it being present for thousands of years, nowadays it has reached completely different dimensions (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 240).

The interdependence is reflected in the augmented cross-border flow of three sorts of entities: capital, goods and services, and know-how (Govindarajan & Gupta, 2001, p. 5). According to Drucker (1995, p. 153), "the global economy, as a result of the modern globalization starting in the 1980s, consists of flows of information, technology, money and people." The global economy is conducted by:

− international organizations like the North American Free Trade Agreement or the European Union;
− global organizations like International Organization for Standardization;
− multinational companies and cross-border alliances in their different forms–joint ventures, international mergers and acquisitions;
− small and medium enterprises, conducting their business internationally (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 239).

The globalizing wind has widened the mindsets of executives all over the world and stretched the geographical reach of firms, directing IB research some new trajectories. The primary goal was to identify the influencing factors of success and failure in IB encounters, in order to improve the odds of former and minimize the latter (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 237).

IB failure can occur due to influencing factors from an organizational and an individual level. At the organizational level, institutional barriers can hinder the adaptation of corporate strategy, operational systems and organizational structure to different cultural environments. More frequently, however, IB failure is ascribed to the lack of an IB mindset of people in managerial positions. Whereas IB research beginnings were predominantly concerned with differences in the economic and legal environment of countries, today, national culture (henceforth culture) has taken over as a research strand. Culture has gained popularity in the IB literature, as more and more IB encounters failed due to the lack of intercultural

competence of managers of internationally-operating firms and multinationals (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 242).

1.2   Culture and international business research

Culture as a social science concept has been widely studied by numerous disciplines like anthropology, sociology, archaeology, and even literature and music. In its most widely-acknowledged conceptualization, it represents a set of values, beliefs, norms and behavioral patterns of a national group. Geert Hofstede was one of the first to study the concept in the business environment, namely in the workplace setting. His work from 1980 on culture's influence on workplace values commenced the research of culture and its impacts on IB (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 236).

In the last three decades, culture has become one of the main consideration points in all aspects of IB, since it has been proven to influence major business activities, ranging from capital structure to performance (Chui, Lloyd & Kwok, 2002, p. 101). Much of the early research on culture in IB had a simplistic view on culture and perceived it as something fixed and static. Cultural elements were treated in isolation from other elements, and influencing variables such as the environment or contextual setting were left out of the equation. The novel perspectives, however, take a multi-layered, contextual point of view and study culture systematically, as something that is continuously changing. Researchers now emphasize culture to be more than the sum of its dimensions, emphasising that some of its elements are stable, whereas others are dynamic and changing (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 241). In the past decade, research on culture in IB has been mostly concerned with:

- cultural convergence and divergence, concerned with whether cultures will become so similar under the force of globalization that standard business practices will emerge;
- cultural change, its dynamics and how business practices will change over time;
- novel constructs of culture, together with new concepts for understanding cultural differences in business practices;
- moderating effects of culture and how business practices will adapt to support it;
- experimental approaches and the implementation of empirical research to better test constructs, relationships and impacts of culture (Leung, Bhagat, Buchan, Erez & Gibson, 2005, p. 242).

Research on culture is a growth area in the IB literature. Regardless of the contradictory perspectives on whether it plays a role of an antecedent, moderator, mediator or consequence in IB, culture is a building block of a substantial number of theories. As the research field progressed, theoretical models started emerging with an intention of answering one question: Why are some people more effective than others in culturally-affected settings? One of the research streams determined to answer this question is that of CCC.

2 CROSS-CULTURAL COMPETENCE

IB research builds upon encounters of managers and their interaction. Such interaction is a dynamic process that needs appropriate behavior and sufficient interaction competence in order to result in success (Elo, Benjowsky & Nummela, 2015, p. 39). This interaction competence is a non-imitable resource necessary for successful business, and is denoted various names in the IB literature: cross-cultural, intercultural, transnational, global, etc. (henceforth cross-cultural competence) (Johnson, Lenartowicz & Apud, 2006, p. 527). An overview of different conceptualizations in early CCC research is available in Appendix 2.

Cross-cultural competence (CCC) has cultivated a continually growing interest in the past few decades as the majority of business failure got assigned to a lack of intercultural interaction competence of business practitioners (Ricks, 1999, p. 40). Early competence research dated back to the 1980s when its primary focus was on the failure of Western expatriates in overseas assignments. Later, globalization increased the frequency of cross-cultural encounters, as well as the proportion of unsuccessful ones, which gained the attention of many researchers and practitioners (Bartel-Radic & Giannelloni, 2017, p. 634). Later on, the CCC research expanded in scope, spanning various topics outside IB, like studying abroad, cross-cultural training and immigrant acculturation, among others (Sinicrope, Norris & Watanabe, 2007, p. 22).

In 2006, the literature review on CCC in IB revealed shocking results that served as a wake-up call for the break-troughs of the past decade. The results were summarized in three main findings: there was a lack of agreement on what CCC was composed of, in-depth studies of CCC in IB did not exist, and the existing studies tended to ignore the influence of context and environment of IB encounters (Johnson, Lenartowicz & Apud, 2006, p. 529).

According to Johnson, Lenartowicz and Apud, there was an overabundance of CCC conceptualizations, as well as approaches aimed at defining it. Due to the heterogeneity of the research field, an agreement on the components of CCC was not in sight. A discovery of the persistent low level of CCC of managers was alarming, considering a decade of extensive training and importance assigned to the matter by companies. The review emphasized the poor up-to-date conceptualization, resulting in the lack of clear understanding of the concept (Johnson, Lenartowicz & Apud, 2006, p. 530).

From 2000 on, a surge of conceptualizations of CCC in IB has emerged, highly diverse in their applicable disciplines and terminologies, as well as in their scholarly and practical objectives (Johnson, Lenartowicz & Apud, 2006, p. 530).

2.1 Categorization of cross-cultural competence models

As outlined in the "20 Models of CCC" by Spitzberg and Changnon (2009), definitions, frameworks and models on the topic of CCC in IB fit into one of the three main categories:

− compositional models provide lists of components that constitute CCC, such as: knowledge, behavior, personality traits, attitudes, skills and behavior (e.g. Bartel-Radic & Giannelloni, 2017; Caligiuri, 2006; Deardorff, 2006; Gertsen, 1990; Johnson, Lenartowicz & Apud, 2006; Leiba O'Sullivan, 1999; Ruben, 1989; Tan & Chua, 2003);
− coorienational and adaptational models focus on communication and interaction processes between people from different cultures (e.g. Fantini, 1995), and
− developmental models include successive competence levels that can be reached through learning processes (e.g. Bennett, 1986; Hammer, Bennett & Wiseman, 2003).

The vast majority of contributions on CCC in IB falls into the first category – compositional conceptualizations. Spitzberg and Chagnon (2009) presented the ambiguity of the research on CCC by listing dozens of elements, mentioned in the literature, for each of the components. The models that included relationships between motivation, knowledge, context, skills and outcomes were classified as more advanced, with the work by Johnson, Lenartowicz and Apud on the first place (Spitzberg & Changnon, 2009, p. 36).

2.2 Johnson, Lenartowicz and Apud's model of cross-cultural competence

Johnson, Lenartowicz and Apud built upon CCC research from the 80s and 90s and designed a model of CCC in IB in 2006. The model has remained one of the most renowned and reflected upon up to today. As the first to construct a definition and model of CCC in IB, they focused on a gap between "knowing" and "doing" of IB practitioners. According to them, the gap was a consequence of the inaccurate definition of CCC that led to an overemphasis on "knowing" rather than on behavioral manifestation i.e. "doing". Both, the definition and the model, were designed to address this gap (Johnson, Lenartowicz & Apud, 2006, p. 525).

The Johnson, Lenartowicz and Apud's conceptualization of CCC in IB relied on the workplace-diversity and intercultural-communication literature, which based their definitions of CCC on the behavioral outcomes. Additionally, the authors incorporated Gertsen's definition from 1990. According to Gertsen, one of the fathers of CCC in IB literature, "CCC is the ability of individuals to function effectively in another culture" (1990, p. 346). He identified three interdependent dimensions of CCC as follows:

− affective – personality traits and attitudes;
− cognitive – processes in which individuals acquire and categorize cultural knowledge, and

- communicative i.e. behavioral – being an effective communicator (Gertsen, 1990, p. 348).

Johnson, Lenartowicz and Apud (2006) found the distinguishing relevance and usefulness of the above conceptualization in its inclusion of abilities, skills and knowledge, together with the behavior to use those effectively. Compared to other definitions of that time, it was one of the few not to exclude the extremely relevant behavioral component (Johnson, Lenartowicz & Apud, 2006, p. 528).

Furthermore, their definition included a well-known concept of "inventory of CCC" by Tan and Chua (2003). The so-called inventory of CCC consists of three necessary antecedents to CCC – attitude, skills and knowledge. The ability to apply these is essential for one to be able to interact effectively in a cross-cultural environment (Tan & Chua, 2003, p. 69). Most definitions before Tan and Chua's mentioned the same three factors but did not distinguish between the possession and the ability to use them in a cross-cultural environment, which is why it got incorporated into Johnson, Lenartowicz and Apud's definition from 2006 (Johnson, Lenartowicz & Apud, 2006, p. 528).

The definitions of CCC in IB were similar in how they used the above-mentioned antecedents as explanatory factors, but did not view them as substitutes for it. In contrast, Johnson, Lenartowicz and Apud presented a definition that viewed CCC in terms of performance and outcomes;

"CCC in IB 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, Lenartowicz & Apud, 2006, p. 530).

The emphasis was on the individual's proficiency in responding to different cultural contexts by appropriately applying their inventory of CCC. Another crucial point of difference was the inclusion of the IB context. The distinctive political, legal, technological and social systems that determine the IB environment have not been taken into consideration before. Namely, there are three imperative elements to Johnson, Lenartowicz and Apud's definition:

- CCC as a result of behavioral adaptation that one undertakes to interact effectively with people from different cultures – whether this interaction takes place in a domestic or alien culture is not of significant importance;
- focus on the usage of knowledge, attributes and skills, rather than on themselves alone;
- inventory of CCC from former conceptualizations is adopted but applied under specific conditions – only possessing this requisite set is not sufficient, one must apply it in difficult and trying circumstances. If one is deficient in these areas, it is unlikely they will perceive the need for behavioral adaptation or they do not have the repertoire to do so (Johnson, Lenartowicz & Apud, 2006, p. 531).

In addition to the definition, authors proposed a model designed for better understanding of CCC development through detailed explanation of its components.

Knowledge of a specific foreign culture is one of the three crucial instruments one needs to possess in order to function successfully in another culture i.e. be cross-culturally competent. Hofstede (2001) identified two types of cultural knowledge: culture-general and culture-specific knowledge, which together constitute the knowledge component of CCC.

Culture-general knowledge represents the foundation for acquisition of all other types of cultural knowledge. It embodies an awareness of cultural differences, that is, how one's mental set differs from those of others. It includes understanding of the components of alien cultures and the ability to identify similarities and differences between cultures. IB environment, together with its economic, legal, social, financial and technological systems, is a part of the first step of culture-general knowledge acquisition. When one possesses sufficient knowledge on these fundamentals, they can make the movement to culture-specific knowledge acquisition (Johnson, Lenartowicz & Apud, 2006, p. 530).

According to Bird, Heinbuch, Dunbar and McNulty (1993), there are three types of culture-specific knowledge: factual, conceptual and attributional knowledge. This exact order also represents the hierarchy of learning. Factual knowledge includes knowledge on the target country's history, political and economic systems, social structure and institutions. Conceptual knowledge incorporates understanding of culture's value systems and how these values are revealed in behavior. This step in the knowledge acquisition process requires an individual to step out of their cultural perceptions to understand those of others. Whereas these first two levels of culture-specific knowledge are explicit by nature, meaning they can be transferred through trainings, classes and lectures, attributional knowledge is not. It is informal, personal and extremely difficult, if not impossible, to convey in a formal environment. Instead, it is facilitated by socialization alone through frequent exposure to target culture in a form of visits, overseas postings, cross-cultural teams, etc. In its most simplified form, attributional knowledge is about "doing", whereas factual and conceptual knowledge are about "knowing". Most trainings are inefficient because they facilitate the transfer of the latter two, while in order to be cross-culturally competent, one must excel at the former. Tacit knowledge is the awareness of the appropriate behavior and builds upon factual and conceptual knowledge in order to correctly attribute behavior to the target culture (Johnson, Lenartowicz & Apud, 2006, p. 530).

As the only behavioral component in the model, skills include two important, often overlapping, concepts in the literature – abilities and aptitudes. Abilities, e.g. adapting to behavioral norms, effective stress-management, conflict resolution or, crucial for CCC development, foreign language competence, are acquired over time. Aptitudes, on the other hand, represent individual's remaining capacity to obtain additional abilities (Dunnette, 1976, p. 492).

Personality traits and attributes are synonyms and represent most frequently quoted component of CCC in the IB literature. They are perceived as most tightly connected with CCC itself. Some authors like Leiba-O'Sullivan (1999) or Bartel-Radic and Giannelloni (2017), even think of them as equivalent to CCC. Johnson, Lenartowicz and Apud affirm this notion, but rather treat them as antecedents to CCC, which can either promote or hinder the development of CCC. However, both opinions suggest that not all people are equally trainable; some individuals might even be unable to acquire needed knowledge and skills if they lack certain personality traits (Johnson, Lenartowicz & Apud, 2006, p. 531).

The leadership and management literature has produced numerous lists of personality attributes shared by good leaders and managers. Such attributes include ambition, curiosity, courage, enthusiasm, fortitude, integrity, loyalty, perseverance, tolerance for ambiguity, self-efficacy, decisiveness and others (Bass, 1990, p. 112). These lists have been present in the literature for a long time and are often studied as generally acknowledged theories in business schools. However, they are never scaled in their relevance for developing desired behaviors. Additionally, these lists do not include personality attributes that constrain the acquisition of desirable skills and, consequently, manifestation of appropriate behavior (Johnson, Lenartowicz & Apud, 2006, p. 532).

When analyzing IB encounters, previous research has focused on participants and the potential possession of the "inventory of CCC" only, isolating the effects of the environment. However, cross-cultural encounters happen in very volatile settings, full of environmental barriers that challenge IB operations. Therefore, one might possess the needed set of knowledge, skills and attributes, but still fail to apply it properly in the face of moderating external factors. In the model, authors present two such factors, institutional ethnocentrism and cultural distance, the presence of which negatively effects the development and application of CCC in IB and, consequently, hinder managers' performance (Johnson, Lenartowicz & Apud, 2006, p. 532).

Institutional ethnocentrism means promoting home culture's behavior and practices at the expense of the foreign. The processes and mentality imposed by the firm are designated as the only right ones, potentially enabling employees to work effectively with other national groups. Developing CCC is an ongoing learning process that requires strong institutional support. The absence of it or even the discouragement of the process will hinder CCC in IB even if the inventory of CCC is present. The second moderating external factor, cultural distance, denotes the overall distance between the home and foreign national culture. The construct has been a topic of research within many areas, the results of which showed that, as cultural distance increases, difficulties of IB processes increase. "Distance" includes values, political and legal systems, language and economic situation (Johnson, Lenartowicz & Apud, 2006, p. 533).

The model shown in Figure 1 compares antecedents to CCC to a box of tools acquired over time. Some of the tools can be genetic predispositions – certain components of CCC cannot

be taught and some individuals have an aptitude for developing CCC – whereas others do not. Therefore, some may have a limited set of tools that prevent them from being cross-culturally competent while others can possess a full package but not know how to use them properly, resulting in the lack of CCC. Through training and frequent exposure to foreign cultures, one is able to learn to select and apply tools, but the knowing-and-doing-gap remains, due to the moderating environmental factors (Johnson, Lenartowicz & Apud, 2006, p. 533).

Figure 1: Johnson, Lenartowicz and Apud's model of cross-cultural competence
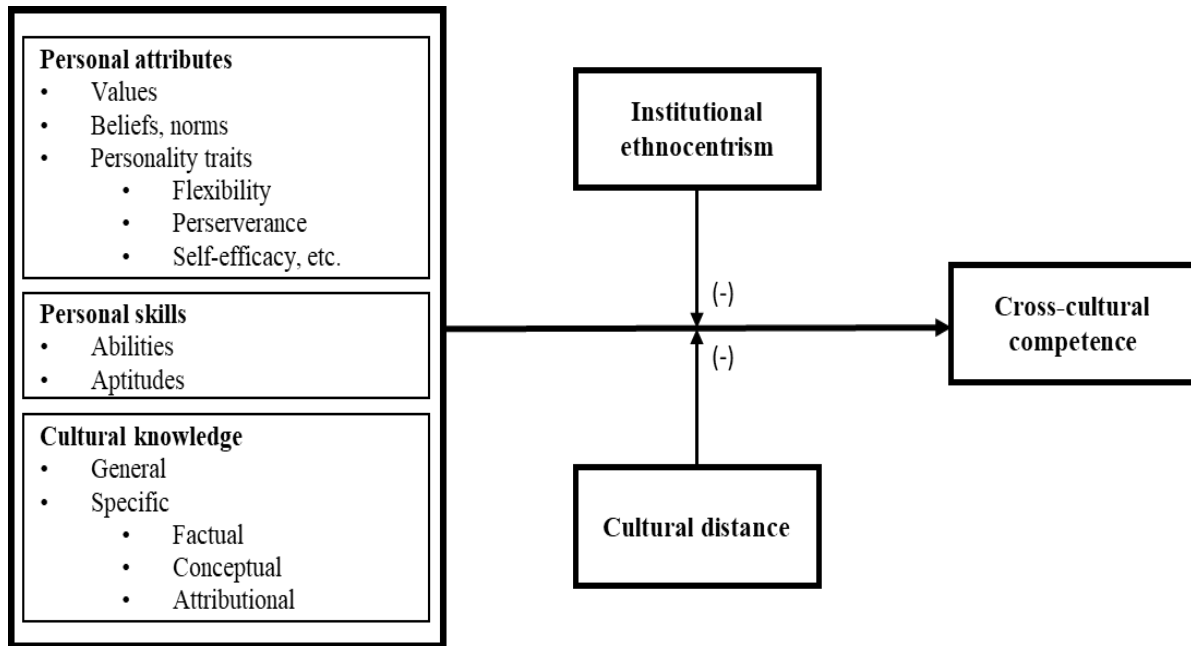
Source: Johnson, Lenartowicz & Apud (2006, p. 533).

2.3   Psychological model of cross-cultural competence

The main idea of IB interactions is to reach a successful outcome for one or more parties. The participants tailor their behavior, verbal and non-verbal expressions in a way that is most likely to result in success. CCC is considered one of the key enablers of business relationship development, as it is vital for the formation of trust. Another CCC in the IB research strand, psychology, took this point of view (Elo, Benjowsky & Nummela, 2015, p. 38).

International encounters have been excessively studied in light of the antecedents, influencing variables, and relationships between them. Psychologists omitted these narrowed-down perspectives and instead focused on behavioral schemes and encounter dynamics as a way to study IB interactions (Elo, Benjowsky & Nummela, 2015, p. 38).

According to Elo, Benjowsky and Nummela, behavior should be analyzed within interactions through the application of frames, schemes, mechanisms and forces. The focal

point of their research were schemes, deep-rooted within an individual, guiding the ability to develop and appropriately apply CCC. A change in these schemes could occur only through significant investment in behavioral training or therapy. However, the trainings have achieved a relatively low success rate, which, psychology has found, was due to cognitive schemes (Elo, Benjowsky & Nummela, 2015, p. 40).

People have static cognitive schemes that influence their learning ability and absorptive capacity for intercultural training or classes. Some people are scheme-restricted and lack suitable personal characteristics, which, combined with a lack of motivation or an inappropriate contextual setting, results in the failure of intercultural trainings and overall learning. Moreover, trainings tend to focus on specific examples instead of general learning principles. Trainees are often provided with an abundance of country-specific information, like the meaning of different face expressions, gestures and body language in different cultures, whereas, what they should be thought is how to learn to understand and master new situations. For that, the trainee needs to be involved and develop appropriate meta-cognitive strategies, which are discussed in detail in Chapter 4.1 (Elo, Benjowsky & Nummela, 2015, p. 43).

There is an evident discrepancy between the more contemporary research and established compositional models: the latter has found it impossible for some individuals to modify and apply their CCC, due to their inherent obstacles (Elo, Benjowsky & Nummela, 2015, p. 40).

Psychology analyses interaction dynamics in IB encounters. Encounters refer to "an episode of intercultural interaction in which two persons face each other in a business-related process" (Elo, Benjowsky & Nummela, 2015, page 38). Intercultural interactions take place in physical and socio-temporal context and are influenced by business goals, as well as individualistic drivers, emotions and mindsets. The encounter outcome is determined by the underlying dynamics, especially trust, which is reliant on participants' cognitive schemes. These schemes are applied through perception, understanding, and acting, and together dictate the interaction. They act as mental software which guides the behavioral software i.e. "the doing" (Elo, Benjowsky & Nummela, 2015, p. 45).

Participants influence each other with their own cognitive, behavioral and motivational schemes in dynamic episodes, known as IB encounters. In IB encounters, different cultural schemes are present, as two or more cultural heritages interact. In addition, each participant possesses their own motivational scheme that is influenced by their culture, experience, life cycle, and learning. The behavioral and motivational schemes form the dynamics in IB interactions, which serve as arena for the application of individual resources – competence, different forms of intelligence, communication and emotions (Elo, Benjowsky & Nummela, 2015, p. 39).

Each participant walks into the "arena" with their existing cognitive schemes, which they apply to perceive, understand, and act (Klein, Moon & Hoffman, 2006, p. 89). During the

encounter episode, one experiences learning effects and builds experiential knowledge. Crucial for the development of CCC, experiential knowledge is used as a building block for the upgrade or modification of one's cognitive scheme. Based on the result of the preceding encounter, one might choose to confirm their existing scheme in consequent encounters, or modify it accordingly. Psychologists call interaction a "negotiated reality" (Friedman & Berthoin Antal, 2005, p. 81), because individual perceptions influence subsequent interaction, either positively or negatively, by the application of their selected schemes. However, what makes intercultural encounters so complex from the interaction point of view, are not the cognitive schemes themselves, but the amount of them (Elo, Benjowsky & Nummela, 2015, p. 43).

Self-esteem models, temperament, and character are all examples of cognitive schemes. They are difficult to modify, much like learned behaviors and logic. Individuals need CCC to cope with these co-existing schemes of their counterparts during an interaction. In addition to these predispositions, both parties have their individual goals, expectations, and emotions, additionally influencing the course of interaction. Interaction is further determined by business goals and objectives. All of this combined can quickly lead to conflict, if neglected to be properly acknowledged and handled (Elo, Benjowsky & Nummela, 2015, p. 45).

The interaction can only develop in a positive way if the parties involved were able to produce trust in the relationship, as visible from Figure 2. Only the perception of established trust from both sides can lead to success of the encounter, and a mutually beneficial business relationship. Researchers from various disciplines agree on the fact that trust is a key antecedent for successful business interaction. If a business encounter does evolve in a successful manner, a so-called proximity behavior is displayed. Proximity is a behavioral product of interaction, applied through motivational schemes, found to positively affect trust creation. Even if all the factors that influence a business encounter, such as business goals, corporate strategies, environment, etc., hinder the outcome, the encouraging atmosphere and generated trust can override the negative effects and serve as potential basis for a second attempt. On the contrary, when an encounter is perceived as negative and the antecedents for positive cognition or affect are missing, avoidance behavior from one or both parties involved will be displayed, no trust will be generated, and failure will be pre-programmed, despite any potential alignments in business objectives (Elo, Benjowsky & Nummela, 2015, p. 44).

Psychologists consider CCC an imperative antecedent to successful interaction. Without CCC, one would be unable to apply the appropriate cognitive schemes or modify their existing ones in subsequent encounters. In turn, this would lead to an increase in the perceived "foreignness" between the parties involved and fail to produce trust in the relationship. Without the establishment of trust foundations, there are no subsequent interactions, and, therefore, no business relationship (Elo, Benjowsky & Nummela, 2015, p. 45).

Figure 2: The psychological model of cross-cultural competence
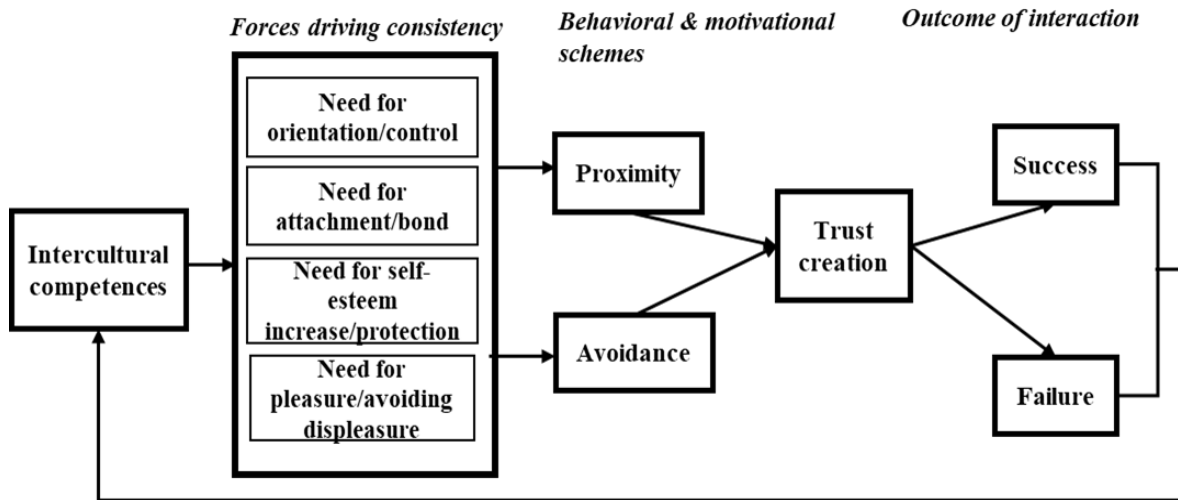
Source: Elo, Benjowsky & Nummela (2015, p. 44).

In essence, there are four imperative conclusions, which can be drawn from the psychological research on CCC:

−   CCC in IB is understanding behavioral and motivational schemes of the co-participant, like their personal and business objectives, cognitive needs, emotion and behavior during the process of interaction;
−   a high level of CCC in IB interaction is likely to have a positive effect on behavioral and motivational schemes of participants, stimulating proximity behavior;
−   a lack of CCC in IB interaction is likely to have a negative effect on behavioral and motivational schemes of participants, stimulating avoidance behavior, which often results in mutual frustration and de-motivation, amplifying the negative effect, making it even more likely to result in avoidance behavior of both parties involved;
−   trust creation determines the IB encounter outcome;
−   proximity behavior has a positive effect on trust creation, boosting the probability of success in IB encounters;
−   avoidance behavior has a negative effect on trust creation, diminishing the probability of success in IB encounters (Elo, Benjowsky & Nummela, 2015, p. 46).

An important point of difference between the psychological approach and the preceding, more-established, compositional theories is the dynamic vs. static nature of the IB encounter processes. Psychologists view encounters as an arena, constantly challenging and transforming one's cognitive, behavioral and motivational schemes, leading to the development of CCC. This contemporary perspective perceives IB encounters as evolving episodes with several phases – pre-encounter, encounter, and post-encounter. Each phase involves transformation of the cognitive scheme. In the pre-encounter phase, experience, cultural heritage and previous learning have already constructed behavioral schemes that

will influence the upcoming encounter. The second phase begins with the start of the encounter. It is when experiential learning and perception potentially guide creation of novel schemes or modification of existing ones. Integration of newly acquired experiences into the individual's "inventory of schemes" takes place after the encounter, in the third, post-encounter phase. However, self-reflection in this last stage is mandatory for learning, adaptation and further improvement of behavioral schemes (Elo, Benjowsky & Nummela, 2015, p. 46).

As presented, Elo, Benjowsky and Nummela take a critical perspective to the precedent studies that considered CCC a static component of IB interaction.

Johnson, Lenartowicz and Apud already called for a valid and reliable measure to properly assess CCC in their renowned work from 2006, since a concept is only deemed valuable when its practical implications can be verified and tested. In the subsequent years, there have been numerous attempts at developing the right set of measurement tools of CCC in IB.

2.4   Overview of cross-cultural competence measurement tools

From 1980, various measurement tools of CCC have been developed. Although a small proportion focused on levels reached in CCC (e.g. Hammer, Bennett & Wiseman, 2003), the vast majority concentrated on measuring the components of CCC, evaluating cross-cultural skills, knowledge and attitudes (Elo, Benjowsky & Nummela, 2015).

Leiba O'Sullivan (1999), as a part of his discussion on stable vs. dynamic CCC, reviewed 12 instruments designed to directly or indirectly assess CCC at the time. Those assessment scales covered business-related personal characteristics, on which cultures are likely to vary. Similarly, Lee and Templer (2003) reviewed seventeen cross-cultural assessment instruments, developed between 1974 and 2001. The most recognized, in a chronological order, are the following:

− Interpersonal Reactivity Index, developed by Davis in 1983, measures individual differences in empathy;
− Hogan Personality Inventory test is a well-known scale by Hogan and Hogan from 1992 that identifies twelve personality characteristics that predict career success;
− The Neo Five Factor Inventory from 1992, constructed by Costa and McCrae, examines person's Big Five personality traits: openness to experience, agreeableness, neuroticism, extraversion and conscientiousness;
− Intercultural Sensitivity Scale, by Chen and Starosta (2000), was designed to measure attitudes regarding cross-cultural situations, like engagement and motivation. It measures CCC based on five emotional dimensions: respect for cultural differences, self-confidence, enjoyment, interaction engagement and attentiveness;

- Attributional complexity construct by Porter and Inks (2000) is concerned about how complex knowledge structures affect behavior;
- Multicultural Personality Questionnaire by Van der Zee and Van Oudenhoven's (2001), measures CCC by assessing five personality traits: social initiative, cultural empathy, emotional stability, open-mindedness and flexibility (Lee & Templer, 2003).

CCC in IB literature is rich with personality characteristics assessment scales as its measurement tools, originating from the very start of the research and up to today. However, measuring antecedents does not equal measuring CCC itself. So far, these assessment methods focused on an idealized, rather than practical, understanding of the concept. According to Johnson, Lenartowicz and Apud (2006), research that observes and measures actual performance and assesses the appropriate and effective use of the cross-cultural knowledge, skills and personality traits in an IB context, is what was needed. They emphasized only an appropriate measurement tool could put a stop to the confusion about numerous conceptualizations of CCC and the lack of its understanding, proving the high usefulness and importance of the concept in the IB world (Johnson, Lenartowicz & Apud, 2006, p. 542).

2.5   Contemporary attempts at cross-cultural competence measurement tools

Contemporary research on CCC in IB has been fond of multidimensional, interdisciplinary approaches. Authors of novel CCC measurement tools have emphasized the need for utilization of various data collection strategies, as well as different approaches to data analysis (Bartel-Radic & Giannelloni, 2017, p. 640).

One of the more recent attempts at CCC measurement is the personality traits and the cross-cultural knowledge approach. Introduced by Bartel-Radic and Giannelloni in February 2017, it attempts to solve the poor conceptualization problem by confrontation with empirical data. In their opinion, the reason for prior studies' failure to adequately explain and measure CCC was in their theoretical nature. Their goal was to contribute to the conceptualization of CCC through questioning the existing measurement tools, presented in the preceding chapter (Bartel-Radic & Giannelloni, 2017, p. 639).

The vast majority of existing measurement tools deal with the antecedents of CCC – knowledge, skills and personal attributes. However, only one of these dimensions can be empirically measured – personal attributes, consisting of personality traits and attitudes. This lack of empirical measurement tools use in earlier publications resulted in the lack of clarity of the CCC components and relationships between them. According to Bartel-Radic and Giannelloni, testing the concept empirically allows for analysis of determinants, causalities and outcomes. More precisely, their study was concerned with the extent, to which personal attributes influence cross-cultural knowledge (hereinafter CCK) in IB (Bartel-Radic & Giannelloni, 2017, p. 640).

Bartel-Radic and Giannelloni (2017, p. 642) reviewed the available measurement tools and noted the following drawbacks:

− focusing on one component (supported also by Van der Zee & Van Oudenhoven, 2001; Chen & Starosta, 2000);
− lacking empirical support;
− increasing the likelihood of biased results due to self-assessments (supported also by Ang et al., 2007).

To fix the first shortcoming of precedent studies, authors included two components – personality traits and CCK. They tested the link between them by joining two measurement techniques: personality trait scales with fifty-six items and critical incident technique to measure CCK. Scales were developed for most frequently mentioned personality traits: sociability, emotional stability, self-confidence, empathy and tolerance of ambiguity (Bartel-Radic & Giannelloni, 2017, p. 639).

The authors were interested in empirically assessing the predictive power of personality traits on CCK, since personality traits were identified as direct antecedents of CCK. Four out of nine chosen personality traits had an insignificant relationship with CCK, based on the results of the study. In other words, 82% of understanding of cross-cultural situations was due to factors, other than personality. Personality was proven to have very little direct effect on CCK – knowledge that helps people adapt in intercultural encounters (Bartel-Radic & Giannelloni, 2017, p. 640).

Contrary to most CCC literature to date, the results of the personality traits vs. CCK study implied that personality as a whole had very little effect on the outcomes of cross-cultural situations. It found CCK closer to CCC's operational manifestation. Additionally, it has revealed that components of CCC were not equally important and did not determine each other. Among personality traits, motivation to understand human behavior was found to influence CCC the most, which acted as an important discovery, since the majority of interdisciplinary research on IB encounters to date emphasized the importance of motivational schemes. They have found their sample to be above-averagely motivated to understand cultural differences, since the participants had previously displayed high interest in intercultural encounters (Bartel-Radic & Giannelloni, 2017, p. 642).

2.6   A call for reevaluation of cross-cultural competence compositional models

Judging by the number of scholarly articles from the past decade, it is evident that a need for clear understanding and accurate conceptualization of CCC in IB remains. Particularly, empirical and psychological research streams were established, determined to close the gap between theory and practical usefulness. Whereas the former calls for the concept to be confronted with empirical data, as a way to provide solid and measurable evidence, the latter

relies on psychological analysis of the human brain during IB encounters (Bartel-Radic & Giannelloni, 2017; Elo, Benjowsky & Nummela, 2015).

Empirical researchers criticize established compositional conceptualizations on their narrow focus on one component only, disregarding the correlations between them. In their belief, former conceptualizations have been confusing due to the lack of proof for their findings, which could be corrected by empirically testing the concept. Lastly, empirical researchers have gone into great depth analyzing measurement tools of compositional researchers. They concluded these self-assessed measures have high bias potential, highlighting the need for empirical measure to test several components and their interdependencies (Bartel-Radic & Giannelloni, 2017, p. 639).

Psychological researchers, on the other hand, have been critical to the compositional conceptualizations' focus on antecedents when analyzing CCC. Rather than examining the antecedents and components, influencing variables and relationships between them, future research should focus on behavioral schemes and dynamics. Instead of considering CCC as something that organizations possess, future studies should investigate CCC from an individual's point of view. Psychological research on CCC emphasized that individuals play a crucial role as carriers and users of CCC through interaction phases. According to them, future research should separate behavior and knowledge – instead of identifying cultural, emotional and social intelligence, research should discuss how the knowledge is applied and ultimately transferred to behaviour (Elo, Benjowsky and Nummela, 2015, p. 39).

The primary distinctive point of the psychological research stream is that CCC is not a static construct and that it can be learned by anybody, whereas the established compositional research has found some individuals possess inherent behavioral obstacles that prevent them from modifying and applying their CCC. Psychologists emphasized the application mechanism of each individual and their potential to provoke the needed behavioral products i.e. proximity behavior, ultimately leading to the development of trust, modifying and developing cognitive schemes that are responsible for the "production of CCC". Their model explains how behavioral and motivational schemes enable or deter trust creation, influencing the outcomes of encounter that determine the development of CCC (Elo, Benjowsky and Nummela, 2015, p. 44).

Both camps agree that motivation or motivational schemes are vital for CCC creation. Motivation has been proven to have a direct effect on trust, with motivational schemes intertwined in all human behavior, guiding action and influencing cognition. Furthermore, motivational schemes have been found to influence the level of activation of CCC and the respective experiential learning in IB encounters. When individuals are motivated to understand differences, the application of CCC is supported. On the contrary, when avoidance behavior is displayed, due to the lack of motivation, the application of CCC will be deterred. When both parties display avoidance, activation of CCC is limited, resulting in no positive learning effects and, ultimately, no improvement of cognitive schemes, leaving

the behavioral schemes unchanged for the next encounter (Bartel-Radic & Giannelloni, 2017, p. 642; Elo, Benjowsky & Nummela, 2015, p. 44).

3   CULTURAL INTELLIGENCE

The reasoning behind the vast research on culture within the IB literature is that "cultural settings affect our everyday optics and understanding of the environment around us" (Rašković & Kržišnik, 2010, p. 18). Every manager working in an international environment strives for understanding with their colleagues from other cultures, since it is necessary for their success on the job (Rašković & Kržišnik, 2010, p. 20). However, one's behavior, as a result of their competence, is not the same in every cultural setting. Cultural differences often lead to complications and conflicts. CCC is not the only concept that has emerged in order to intervene regarding this problematic. Another approach to address the issue of intercultural misunderstandings is also the construct of intelligence.

In the beginning of the IB research, empathy was perceived as crucial for understanding others' actions. Many advances followed as part of the notion of multiple intelligences, which went against the dominant view of intelligence as a one-dimensional construct, reflecting a general factor "g". Social intelligence was the first to be separated from the cognitive skills, thought to define general intelligence. Thordnike (1920, p. 228) defined social intelligence as involving capabilities to understand others and to behave or act wisely in relating to them. Another concept related to social intelligence, emotional intelligence, has become extremely popular in 1997, when Mayer and Salovey (1997, p. 5) referred to it as "the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge and to reflectively regulate emotions so as to promote emotional and intellectual growth." People with high social or emotional intelligence were perceived as abler to empathize, cooperate, lead and interact with others (Earley & Ang, 2003, p. 16).

In the beginning of the 21st century, approaches like identifying social intelligence, emotional intelligence, physical intelligence, artistic intelligence, practical intelligence and successful intelligence, among others, have emerged to address the problematic of interpersonal misunderstandings. However, Earley and Ang highlighted an important constraint of these methods in 2003 – they were culture-bound. This means that, if an individual was proficient in understanding cues about behaviors of other people in their home culture i.e. was socially intelligent, these same perceptions could prove irrelevant, if not misleading, in another culture. They emphasized that research on intelligence still lacked a cultural viewpoint (Earley & Ang, 2003, p. 18).

Therefore, in their work from 2003, Earley and Ang were able to introduce a construct of intelligence that addressed the cultural gap by adapting intelligence to different cultural contexts. They proved, from vast experience of international managers, that someone skilful

within their own culture, often failed to quickly and thoroughly adapt to a new cultural environment. The same occurred vice-versa: someone who appeared to be lacking in social skills proved competent in adjusting effectively to new cultures. Therefore, it was not the fact that one was unable to understand and manage people (lacking social intelligence) or not willing to show empathy (lacking emotional intelligence) that disabled them to function effectively in new cultures – it was because of their lack of cultural intelligence (Earley & Ang, 2003, p. 24).

Whereas CCC as an IB research topic dates back to the 1980s, the closely-related concept of cultural intelligence (CQ) appeared in more recent literature from 2002 and has cultivated a growing interest up to today. For the recent development in CQ research, please refer to Appendix 3.

3.1   Earley and Ang's model of cultural intelligence

Addressing the question of why some were better in culturally diverse situations than others, Earley and Ang developed a construct of CQ based on contemporary theories of intelligence, where a culturally-intelligent individual was able to generate novel appropriate responses when exposed to a foreign cultural environment. (Ang et al., 2007, p. 337).

Much like social, emotional, and practical intelligence, according to Earley and Ang (2003), CQ is an individualistic concept and a component of general intelligence (IQ). It guides adjustment to, and interaction with, culture, other than one's own. Earley (2002) defined CQ as a construct, intended to improve intercultural understanding. CQ refers to "a person's capacity to adapt to new unfamiliar settings, attributable to cultural context. It consists of cognitive, motivational and behavioral elements" (Earley & Ang, 2003, p. 9). The cognitive aspect highlights the question of "Am I aware of what is happening?", the motivational "Am I motivated to act?" and behavioral "Can I respond appropriately and effectively?" (Earley & Ang, 2003, p. 12).

In 2003, they constructed a framework for understanding variation in people's capacity to adjust to new cultures. They designed a theoretical model consisting of multiple facets to explain how CQ functions, as well as to provide a less bounded view on intelligence itself. Further, the model provided basis for intervention that could be used to improve user's intercultural interactions. The model focused on different aspects of intercultural adjustment through three dimensions of CQ – cognition, motivation and behaviour, displayed in Figure 3 (Earley & Ang, 2003, p. 17).

Figure 3: Earley and Ang's model of cultural intelligence
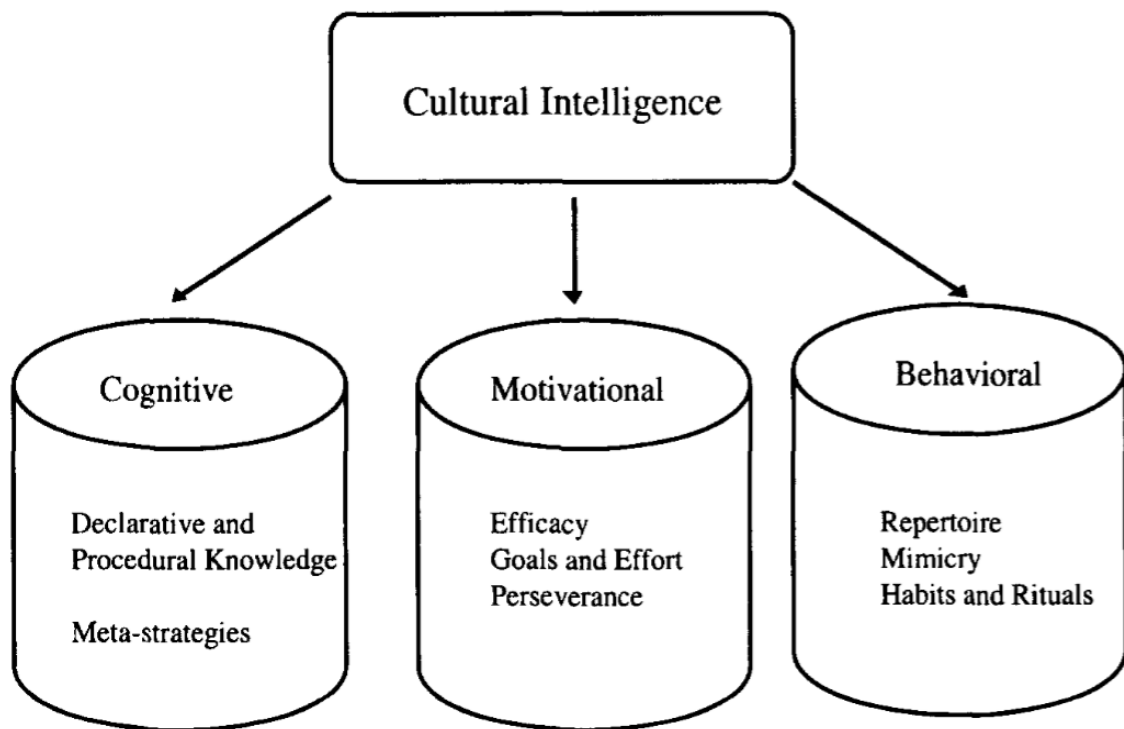
Source: Earley (2002, p. 274).

The cognitive dimension of CQ involves a person's general cognitive abilities to create new conceptualizations of appropriate functioning and operating within a new cultural environment. For one to be highly culturally intelligent, they need to possess the following cognitive abilities:

−   cognitive flexibility of self-concept – ability of reshaping and adapting one's self concept in order to understand new cultural settings;
−   cognitive differentiation – capability of reorganizing pre-existing conceptualizations and knowledge on people, places and events, and the ability to incorporate new information, using the self as a complex filter to understand new situations;
−   inductive reasoning – ability to make sense of a variety of social and environmental cues in a new cultural setting and an ability to step beyond one's existing knowledge structures to solve ambiguous, and often, misleading cues (Earley & Ang, 2003, p. 16).

If one scores high on the cognitive dimension of CQ, they are able to develop patterns from cultural cues. Cognitive intelligence refers to intelligence-as-knowledge concept, which argues for the importance of knowledge as part of the intellect. Cognition has two facets: categories of definition (correct interpretation of facial expressions as an example), and categories of procedures (styles of recognizing these definitions in another culture) (Earley & Ang, 2003, p. 16).

Essential to cognitive functioning and compulsory for CQ are metacognitive strategies. Metacognition is, in its most simplified form, "thinking about thinking". It is comprised of acquired knowledge about people, the nature of the information, and procedures used to achieve a desired goal (Earley, 2002, 275). Metacognitive intelligence refers to the control of cognition – the processes, individuals use to acquire and understand knowledge. Metacognitive processes happen in a human brain whenever one finds themselves in an intercultural context. An effective meta-strategy helps crystalize patterns into a clear picture, even though one is unaware of what the clear picture should look like. For this to happen, one must know how to learn about new people, places and events (Earley & Ang, 2003, p. 18).

Besides being able to cognize and understand the host culture, one must feel motivated to engage and adapt to the new cultural setting, in order for successful adjustment to take place. Put differently, it is not enough to have the knowledge on different group's behavior, one must also be motivated to use that knowledge to construct a culturally appropriate reaction. Therefore, the second feature of CQ is motivational dimension. Motivational intelligence refers to capabilities of directing and sustaining energy on a certain assignment or situation. Motivational capabilities are critical to real-world problem solving. Motivation, as person's aspiration and focused effort to engage others and act, can come from different sources. The authors mention one's values, preferences and goals as dominant sources of motivation (Earley & Ang, 2003, p. 20). Engaging in culturally adaptive behavior can come as a consequence of self-efficacy expectations, identity perceptions or individual goals. Self-efficacy is one of the most widely acknowledged theories of individual's motivation. Earley and Gibson (2002, p. 98), denotes self-efficacy as "a judgment of one's capability to accomplish a certain level of performance." In this light, a person will choose to engage in situations or tasks that have a high probability of success and avoid the ones that they believe to exceed their capabilities (Bandura, 1986, p. 366).

The final step in successful adaptation to a foreign culture, and the third of the three features of CQ, is the behavioral dimension. Behavioral intelligence refers to the external manifestations or evident actions i.e. what people do, rather than what they think. Capability to engage in an adaptive behavior in accordance with cognition and motivation forms CQ altogether (Earley & Ang, 2003, p. 29).

Cultural encounters often evolve in an unsuccessful way due to misunderstandings that result in conflict. CQ "reflects a person's ability to generate appropriate behaviors in a new cultural setting" (Earley & Ang, 2003, p. 10). While one might be able to recognize the appropriate in a certain culture and feel motivated to act, it will be irrelevant, if a suitable reaction is not in a person's behavioral repertoire. Thus, even if one understands behavior displayed in their host culture, and wishes to act in an appropriate way, their behavioral reactions are so deep-rooted, that they will be unable to adapt them appropriately. Hence, if any of the three mentioned facets – cognitive, motivational, or behavioral are missing, an individual is going

to be ineffective in engaging with people from different cultural backgrounds. A highly culturally intelligent individual possesses competency in all three facets. This reflects the difficulty of cross-cultural encounters (Earley & Ang, 2003, p. 11).

3.2 Cultural intelligence and cross-cultural competence

There is a division of opinion when it comes to the relationship between CQ and CCC. Some think of them as synonyms, others see CQ as one of the components of CCC or as its consequence, while some perceive them as completely different constructs. Johnson, Lenartowicz and Apud clarified their stance on the relationship shortly after the introduction of the CQ concept in 2002. They suggested CQ to be understood as a latent antecedent of CCC, playing an essential role in the development of CCC (Johnson, Lenartowicz & Apud, 2006, p. 535).

In their opinion, facets of CQ – cognitive, motivational and behavioral derive from the three dimensions of CCC – knowledge, skills and personal attributes. They included the three facets in their model of CCC, the relationship between the two shown in Figure 4.

Figure 4: Cultural intelligence within Johnson, Lenartowicz and Apud's model
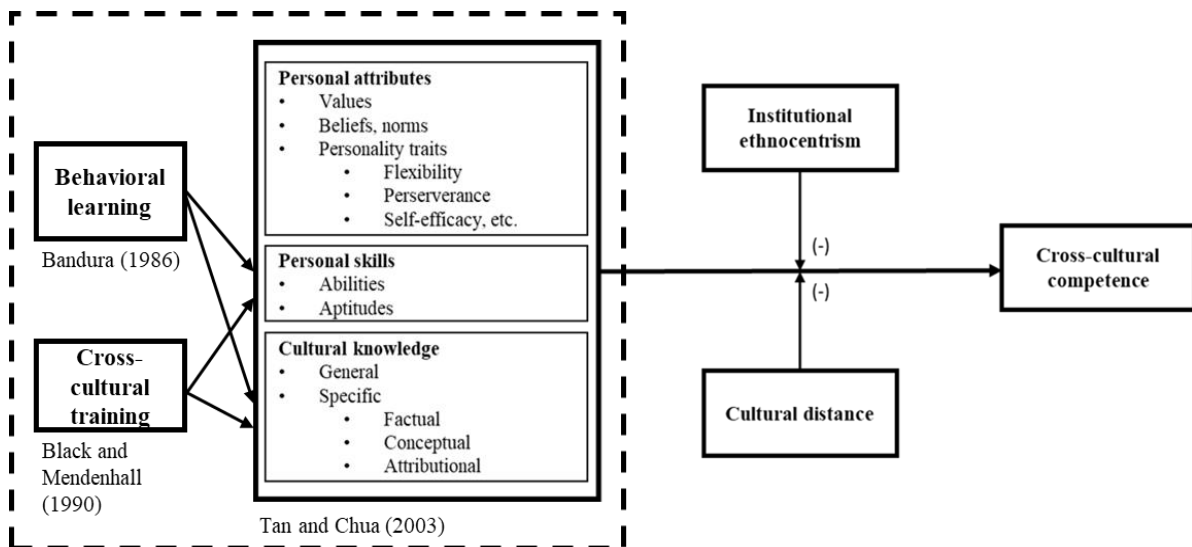
Source: Johnson, Lenartowicz & Apud (2006, p. 536).

The cognitive component of CQ is included in the model as the inventory of CCC – knowledge, skills and personal attributes. The motivational component helps understand how CCC is achieved. In the model of CCC, motivational component of CQ is included as internal and external factors of motivation. Self-efficacy, one of the theories behind motivation of individuals, is included among personal attributes, as an internal factor. External motivational factor, according to Johnson, Lenartowicz and Apud, is institutional ethnocentrism. Finally, the behavioral component of CQ, mostly concerned with behavioral

learning and means of acquiring appropriate behavioral repertoire, is incorporated in the model of CCC as an antecedent to the inventory of CCC. The authors of the model criticize the inventory of CCC for being more concerned with acquiring behavior than with actual real-life application (Johnson, Lenartowicz & Apud, 2006, p. 536).

According to Johnson, Lenartowicz and Apud (2006), the big discrepancy between the two concepts is in their behavioral manifestation – CQ's behavioral component is, much like the traditional research, more concerned with learning i.e. "knowing", whereas CCC's is more concerned with performance i.e. "doing".

According to other researchers, on the other hand, CQ is conceptually removed from personality traits, other intelligences and CCC and is seen as a form of intelligence itself (Ang et al., 2007, p. 354).

3.3   Cultural Intelligence Scale

In order to theoretically enrich the concept of CQ, Ang et al. (2007) invented a twenty-item Cultural Intelligence Scale (Appendix 4). It consists of four metacognitive, six cognitive, five motivational and five behavioral statements with strong psychometric properties. Each statement should be denoted a one to seven grade, depending on self-assessment of capabilities in question (Ang et al., 2007, p. 365). Its core intention was to further break down the multidimensional construct, concerned with cross-cultural interactions, full of differences in ethnicity, nationality and race. The model was tested and published with the primary objective of identifying relationships between the four dimensions of CQ – metacognitive, cognitive, motivational and behavioral, and three intercultural effectiveness outcomes – cultural judgment and decision making, cultural adaptation, and task performance in intercultural settings (Ang et al., 2007, p. 366). Besides expanding the CQ empirical research, scarce due to the novelty of the construct, the objective of the CQS was to deepen the theoretical understanding of CQ. In that light, Ang et al. defined four dimensions of CQ, rather than the three, originally introduced by Earley in 2002. They denoted CQ as multidimensional construct, consisting of mental and behavioral capabilities. Mental capabilities included in the model were: metacognition, cognition and motivation, whereas behavioral capabilities were narrowed down to overt actions. The model enhanced theoretical precision of CQ by building upon the construct from 2003, adding other authors and researchers' notions to it (Ang et al., 2007, p. 365).

Metacognitive CQ:

−   is an advanced mental capability to think about one's own thought processes, predict cultural preferences of others and alter mental models during and after intercultural experiences (Ang et al., 2007, p. 367);

- encompasses mental processes that are used by an individual to acquire and understand cultural knowledge – the knowledge of one's own thought processes, as well as control over them (Flavell, 1979, p. 909);
- includes capabilities such as planning, monitoring and modifying one's own mental models in connection to cultural norms of a country or a group of people (Ang et al., 2007, p. 367);
- is on a high level when one is consciously aware of cultural preferences of others during, and after, interaction (Brislin, Worthley & MacNab, 2006, p. 43).

Cognitive CQ:

- encompasses knowledge of norms, practices and ways of conduct in foreign cultures – acquired from education or personal experiences (Ang et al., 2007, p. 368);
- includes knowledge of economic, social and legal systems in a culture or subculture (Triandis, 1994, p. 15) and knowledge of cultural values;
- is on a high level when one understands differences and similarities between different cultures (Brislin, Worthley & MacNab, 2006, p. 41).

Motivational CQ:

- encompasses ability to direct energy and attention toward learning about, and effective functioning in, intercultural situations (Ang et al., 2007, p. 369);
- is on a high level when one directs attention and energy toward cross-cultural situations as a consequence of their confidence or intrinsic interest (Bandura, 2002, p. 273).

Behavioral CQ:

- encompasses ability to portray correct verbal and nonverbal actions – tones, gestures and facial expressions in cross-cultural interactions (Ang et al., 2007, p. 369);
- is a result of a wide and flexible repertoire of behaviors (Ang et al., 2007, p. 370);
- is on a high level when one exhibits culturally-appropriate behaviors, based on their rich spectre of verbal and nonverbal capabilities (Gudykunst, Ting-Toomey & Chua, 1988, p. 33).

To test relationships between the four components of CQ and their impacts on intercultural encounters, three desired behavioral outcomes were chosen as criteria for intercultural effectiveness: cultural judgment and decision-making, cultural adaptation and task performance (Ang et al., 2007, p. 337).

Cultural judgment and decision making (hereinafter CJDM) emphasizes analytical abilities that include information processing for decision-making. These tasks require strong reasoning skills, thoughtful evaluation of information at hand and thorough comparison of alternatives. The CQ model is concerned with the quality of decisions in intercultural

interactions, which derive from an understanding of cultural concerns and correct interpretations of cultural values (Mendenhall & Oddou, 1985). The studies, testing CQS, showed that metacognitive and cognitive CQ positively relate to successful CJDM. People with higher cognitive CQ have been proven to have more developed mental representations of social interactions of different cultures i.e. cultural schemes (Triandis, 1994, p. 25). That enabled them to identify and understand potential issues for CJDM and avoid them. Individuals with higher metacognitive CQ were able to interpret behaviors from the actor's perspective and assign them the same meaning as intended by the actor. Furthermore, they were capable of acknowledging, but rising above, cultural stereotypes and accepting unique individual characteristics, which resulted in high-quality intercultural decisions. Relationships between motivational and behavioral CQ and CJDM were not identified because reasoning about cultural issues is not related to the ability of channelling energy or displaying appropriate behaviors (Ang et al., 2007, p. 369).

Following CJDM, cultural adaptation is a successive aspect of intercultural effectiveness, especially important for its emotional component. It includes sociocultural sense of fitting in and psychological feelings of wellbeing (Searle & Ward, 1990, p. 452). When one moves to a foreign culture, they experience stress due to the unfamiliarity of foreign norms and behaviors. Therefore, cultural adaptation is closely related to subjective assessments and affective implications. Whereas the first two dimensions of CQ, cognitive and metacognitive, affected cultural judgment and decision-making, motivational and behavioral CQ predicted successful cultural adaptation. Motivational CQ has been proven to positively affect cultural adaptation because people with higher motivational CQ have been found to possess genuine interest in foreign cultures and expectations of success in culturally diverse situations. Those, able to successfully choose the right behavior, and display it, had less problems with achieving a sense of wellbeing or fitting in in foreign culture contexts. High behavioral CQ people have been identified as skilled in demonstrating wide variety of behaviors, essential for generating positive impressions in intercultural interactions. The relationship between metacognitive and cognitive CQ and cultural adaptation were not recognized, since cognitive capabilities do not automatically transfer into behavior (Ang et al., 2007, p. 369).

The final aspect of intercultural effectiveness is task performance, which is assessed by the degree to which one meets their role expectations. To portray the desired role-prescribed behavior, one must possess appropriate knowledge, skills, abilities and motivation. In culturally diverse situations, cultural values influence the role expectation perceptions, due to the poor understanding of cultural differences and inability to conform. Many researchers expected all of the four dimensions of CQ to predict task performance, since all – cognitive understanding of the varying role expectations, motivation to act, and behavioral manifestation, are logically related to it. Some of the researchers' arguments were as follows:

- cultural schemes, as a part of cognitive CQ, should enable understanding of foreign-culture role expectations. Further, cognitive CQ should provide a clearer image of appropriate social interactions, as well as potential differences in role expectations (Ang et al., 2007, p. 370);

- high metacognitive CQ individuals should know better when, and how, to apply their cultural knowledge, using their multiple knowledge sources. Additionally, they would know when to dismiss stereotypical judgment and seek additional cues, which should lead to a better understanding of expected role behaviors, resulting in better task performance (Triandis, 2006, p. 23). Those with high motivational CQ should have a higher task performance because they would want to learn the role expectations, even if they seemed confusing in intercultural interactions. They would have the energy and persistence to practice novel behaviors, which would improve their performance (Ang et al., 2007, p. 370);

- behavioral CQ was expected to predict task performance through flexibility in verbal and nonverbal actions. When one's performance equals the expectations, potential for misunderstandings is minimized and the possibility of good task performance increases (Ang et al., 2007, p. 370).

Results, however, showed only metacognitive and behavioral CQ have a significant relationship with task performance. The reasoning behind was that task performance expectations are typically well specified and tend to be effectively communicated, which explains why little cultural knowledge (cognitive CQ) is needed. Moreover, intrinsic interest in foreign cultures (motivational CQ) did not significantly influence task performance results (Ang et al., 2007, p. 371).

The vast amount of research over time, geographical locations and cultural contexts showed cognitive capabilities, like rich cultural schemas, altering of mental models and questioning own assumptions, were incremental for accurate decision-making when cultural diversity was involved. Next, motivational capabilities of channelling one's energy productively and behavioral capabilities of flexible actions have been repeatedly proven to lead to successful cultural adaptation (Ang et al., 2007, p. 371).

Results of the study demonstrated that CQ predicted intercultural effectiveness. A consistent pattern was found, showing metacognitive and cognitive CQ predictive of good decision-making, motivational and behavioral CQ foretelling successful adaptation in a foreign-culture context, and metacognitive and behavioral CQ forecasted successful task performance. The quality of decisions, the sense of well-being and self-confidence, as well as successful task performance in an international environment, were proven to be a result of the appropriate characteristics, such as mental ability, emotional intelligence, rhetorical sensitivity, social desirability and cross-cultural experience (Ang et al., 2007, p. 371).

4   METHODOLOGY

For the purpose of this research, a field study in the form of in-depth, semi-structured, interviews was conducted. On average, interviews lasted forty-five minutes and consisted of two parts. The main intention was to extend the already acknowledged CCC research to Europe, namely to Slovenia. The interviews included two components: a CQS scale, as well as thematic analysis of CCC in actual IB scenarios.

To test CQS, interviewees were asked to self-assess the competences in question on a scale from one to seven. The original structure of CQS, constructed by Ang et al. (2007), was preserved in order to enhance the validity and relatedness of this research. The questionnaire consisted of seventeen statements, designed to test the four components of CQ – metacognitive, cognitive, motivational and behavioral. The original CQS was translated to Slovene, in order to avoid inaccurate results due to imprecise understanding (available in Appendix 6).

Following the completion of the questionnaire, a discussion was led by 10 open-end questions, constructed to answer the following originally stated research questions: "What is the impact of culture on CCC in IB?", "What does CCC represent to managers of Slovenian small companies operating internationally?", and, "What are the obstacles to CCC development, as perceived by managers of Slovenian small companies operating internationally?". The question list was composed with respect to similar research found online, where subjects needed to reflect on themselves (refer to Appendix 5 for the interview guide used). In the end, all questions were modified to fit the purpose of this research and some were added. When applicable, depending on the path of individual discussion, follow-up questions in a form of "critical incidents", described below, took place. These were designed to provoke storytelling, as well as reflection on experience and practical examples e.g. "Please provide an example when post-interaction you second-guessed your reaction" or "please describe a misunderstanding that has occurred during an intercultural interaction." Whenever discussion regressed, follow-ups asked for opposing ideas, experiences of third parties or theoretical examples and associations.

The semi-structured interviews included a questionnaire, open-end questions and critical incident follow-ups in order to get to the roots of the problem. The focus of the interviews was on the details of the answers in order to arrive to realistic conclusions, rather than the speculative ones. These various data-collection methods were used for the purpose of methodological triangulation. Finally, the CQS results were compared to CCC thematic analysis results to answer the initially proposed research question of: "In what ways can the CCC and CQ research methods be combined?"

4.1 In-depth interviews

The open-ended approach to interviewing is a qualitative-based method of data gathering specifically appropriate when topics like behavior, representation, boundaries, identity, cultural ideals, imagined realities, or emotions are in question. Interviews are a relatively inexpensive method of factual data collection, which results in reasonably accurate projections of population characteristics. Although the data collected through interviews, is generally not as accurate as real-life observations, in-depth interviewing includes some elements of observation as well (Lamont & Swidler, 2014, p. 154).

In-depth interviewing means investigating a variety of facts, responses, situations or even imaginary scenarios, not visible in everyday life. As such, it has been found to reveal facts of reality better than immediate observation. Some methodological advantages of in-depth interviews include:

− encouraging attention to research design, such as situations, groups of people and contexts;
− allowing combination of deep understanding and systematic, or analytical, research design, which provides firm basis for answering theoretical questions;
− revealing emotional states within social experiences that cannot be evident solely by observing subjects' behavior;
− providing consequential relationships and
− probing different settings, social contexts and institutional situations to prove their accuracy (Lamont & Swidler, 2014, p. 155).

There are, however, differences in how natural it is for people to converse and answer questions, particularly personal ones, which is in part predicted by their culture and social class. In-depth interviews on sensitive topics are a special challenge for researchers, since it is their responsibility to judge how inaccurate the gathered data is and whether the inaccuracies will make it impossible to generalize the findings. Other limitations of in-depth interviews involve:

− focusing on individuals, which promotes methodological individualism;
− encouraging coherence, leading to unpredictable and contradictive conclusions (Lamont & Swidler, 2014, p. 158).

According to many qualitative researchers, all qualitatively based research should be based on methodological pluralism i.e. combine different data-collection methods to achieve the most relevant and representative results (Lamont & Swidler, 2014, p. 160).

4.2 Critical incident technique

As a part of follow-up questions, the critical incident technique was incorporated. The critical incident technique is a generally accepted tool for measuring cross-cultural knowledge developed in 1954 by John Flanagan. It represents a good tool for measuring the cognitive dimension of CCC because it captures tacit knowledge, a crucial component in development of CCC. The respondent is asked to choose the most appropriate response or reaction to a short story of cross-cultural situation. It is considered critical because it is likely to be interpreted differently by people from different cultures and is based on common misunderstandings, which often result in conflict in business settings. This technique can be structured in a way that it is culture-specific, meaning that the critical incidents are relevant to only one particular host culture; or they can include critical incidents in different cross-cultural settings. (Flanagan, 1954).

4.3 Sample description

The target group of this research was, in accordance with the title, composed of managers of Slovenian small companies that operate internationally. The definition of a small company by Slovenian Statistical Bureau is any enterprise with less than fifty employees in total and less than 10 million euro turnover (European Commission, 2018).

The research sample was chosen through convenience sampling, which is one of the nonprobability sampling techniques used when the statistical population is very large and, thus, randomization is impossible. With convenience sampling, a researcher selects the sample based on their convenient accessibility and proximity. The subjective nature of choosing the sample makes it less representative of the whole population, but useful when a researcher has limited resources, time, and workforce (Etikan, Musa & Alkassim, 2016, p. 2). Due to the large number of Slovenian small companies that conduct business internationally, generalizing about the entire population of their managers would be impossible.

The research sample consisted of five Slovenian small companies' managers, who were of the average age of forty-nine. They have been interacting with foreign cultures in a form of business relationships every day for the past fifteen years, on average. Their communication channel of choice was e-mail, followed by phone calls. Face-to-face interactions were not very frequent in the course of their business activities – on average, they encountered their business partners/customers/suppliers two to three times per year.

With the aim of achieving a high variability degree, the sample members are representatives of both genders and several age groups, with professional experience in different types of companies, industries and cultures of interaction. More details on the research sample can be found in Table 1.

Table 1: Research sample

	Focus of the company	Position/job title	Gender	Age group	Cultures of interaction
Interviewee 1	Packaging products and electrical motors manufacturer (B2B)	Manager/Owner	M	45-50	Bosnia, Croatia, England, Germany, Russia, the USA
Interviewee 2	Rubber products manufacturer (B2B)	Manager/Owner	F	40-45	Canada, China, Italy, Serbia, Sweden, Turkey
Interviewee 3	Packaging products and protective materials wholesale (B2B)	Manager/Owner	M	40-45	Austria, Croatia, Germany, Italy, Romania, Serbia
Interviewee 4	Packaging products wholesale and distribution and logistics provider (B2B)	Manager/Owner	F	50-55	Austria, Bosnia, Croatia, Japan
Interviewee 5	Ceramics and sanitary equipment retail and wholesale (B2C & B2B)	Manager/Owner	M	55-60	China, Italy, Spain

Source: Own work.

4.4   Data analysis

Qualitative research methods have long been unaccepted among the mainstream scientific research. The biggest issue was the transformation of data into factual results, as well as valid reasoning behind it. In 1998, Boyatzis named one of the most-frequently used methods for encoding qualitative data "thematic analysis".

Thematic analysis works based on themes. Researchers seek for patterns within the data in order to, at the minimum, describe and organize plausible observations, and, at the maximum, interpret the phenomenon. Themes can be generated from the raw data, using one of the qualitative methods, or they can be deducted from theory or prior research (Boyatzis, 1998, p. 10; Braun & Clarke 2006, p. 82).

The information collected through in-depth interviews was transcribed – the audio recordings were put into writing and synthesized. Thematic analysis was utilized to analyze the data with an intention to recognize some patterns. The patterns were reflected to information, presented in the literature review on CCC and CQ, transforming them into relevant themes, which are presented in the following chapter.

The CQS results were analyzed in accordance with instructions of the scholars who developed the scales. Scores of all statements within the four thematic groups were summed up, revealing how interviewees scored on their metacognitive, cognitive, motivational and behavioral CQ. These findings were then statistically examined to determine the averages, ranges, and some other simple statistical measures that helped with the CQ findings presentation and their integration into CCC thematic analysis findings.

5   FINDINGS

Analyzing data collected through interviews, five themes emerged, which will be discussed in this section. The five main themes were:

− the diminishing impact of culture on IB relationships;
− CCC's manifestation in practice is the ability to build and maintain functional IB relationships;
− CCC is developed through experience and international exposure;
− the obstacles to development and effective implementation of CCC are mostly external, the most common that of communication;
− integration of CQ and CCC research enriches the findings and proposes further research avenues.

5.1 The diminishing impact of culture on international business relationships

Distinct national cultures are blurring out. So-called "regional cultures" were recognized within Europe, regarded to as the "North-European", "West-European", "Mediterranean", "Central-European", "Balkan", and others.

Differences between these identified regional clusters were especially found in how official or unofficial the nature of the business relationship is and the importance of the off-job relationship building, how strict or flexible individuals are in their requirements, the contact-team dynamics i.e. the size, the presence of hierarchy and the level of authority, negotiation types – how much, if any, room for negotiation there is regarding price and other terms of business, specifics of individual behaviour, and work ethics.

The interviewees themselves pointed out to the differences in different clusters of cultures, combining them together, and not discussing distinct national cultures:

– "There are huge differences between the regional cultures: the Mediterrean culture is different to the North or Central-European. The biggest differences are in behavior, communication styles and rules of negotiation. There are also big differences in how official or unofficial the relationship is. I have been working with certain partners for over 20 years and we still address each other formally, whereas with some I quickly use more familiar and unofficial tones. Some cultures only stick to the business relationship, whereas with others you can also have fun. We have predominantly unofficial business relationships with Slovenian suppliers, whereas with foreign ones we still keep some distance." (Interviewee 3)
– "We have some operational problems with some of the partners that come as a consequence of their regional culture. It makes it difficult to work with them because they are less strategic and more impulsive which conveys poor quality, missed deadlines and inaccurate deliveries, disturbed information flows, etc." (Interviewee 4)

Stereotypes are not a big thing in practice. Generally, the interviewed managers found cultures very alike in many respects. Based on their experience, stereotypical behavior in business settings was not present. Instead, they identified similarities in business challenges across cultures, and an increasing trend of altering behavior depending on what culture one culture deals with:

– "It is difficult to do business with people in general; it is hard to work with 80% of Slovenian companies and I think this ratio is relevant everywhere. I do not think it is less or more difficult in different countries, it is just different in some ways." (Interviewee 2)
– "I refuse to accept cultural stereotypes. I do not prepare in advance for the first encounter with a specific culture by learning its characteristics from theory or others' experience. Not all Italians or Germans are the same. Every individual is specific and there are no

patterns or generalizations about members of same cultures, which would prove true in practice." (Interviewee 3)

- "I see differences within one culture performing business with several different cultures – there is where differences are found. I do not believe in stereotypes – I have never found strong differences between cultures, they are all very alike." (Interviewee 5)

Furthermore, cultures appear to stereotype themselves, instead of other cultures.

- "The Chinese are extremely sensitive to others' perceptions of them. They are trying to avoid being taken as cheap suppliers, low quality producers or less educated. Because of their sensitivity, they easily get offended or misinterpret you." (Interviewee 1)

Additionally, other factors play a more important role in IB relationships than culture itself. Perceived cultural hierarchy, for instance, plays a major role in IB relationships. Nationalities construct their hierarchies of cultures, which reflect their perceptions of how important or strong a certain culture is. These perceptions vary throughout the world and are denoted different relevance. However, according to interviews, people behave according to where, on the hierarchy of cultures, they perceive their foreign counterpart to be. Therefore, it appears that business relationship is more strongly influenced by hierarchical perceptions, than by culture.

- "I can sense disapproval one culture's nation of another in business meetings, for example. I observed disrespectful West German's attitude toward an East German. There was one time when I witnessed our customer from China, mistreating his Korean partner. There are huge differences in people's behavior, depending on how valuable, in terms of culture or social class, they find their foreign partners." (Interviewee 1)
- "Hierarchy between countries is felt. Southern cultures are generally dedicated lower positions on the hierarchy of cultures. To foreigners, Slovenia is the Balkans and a way of conducting business with the Balkans is different to conducting business with the customers in Germany or Switzerland. Everything is good enough for the Balkans – oftentimes, our suppliers from Italy and Spain tend to miss our deadlines because the Germans are stricter and have different requirements, and we can wait." (Interviewee 5)

Another factor identified by managers of Slovenian small companies, is the industry. Industry plays a major role in how IB is conducted. It affects business characteristics, like the frequency and preferred means of contact. Certain industries require frequent meetings, whereas some can go for years without face-to-face interaction.

- "More than from culture, differences stem from industries. That is because different industries employ different kinds of people. For example, manufacturing employs its own social class and the way of conducting business is much different from the chemical industry in what is important – paying attention to detail vs. rule of thumb, for example. Business characteristics are set by an industry, it operates in." (Interviewee 2)

– "The ceramics business was developed in Italy and has migrated to other countries – first to Spain and recently to Poland and Ukraine." (Interviewee 5)

The size of the company and the corporate culture are of high importance in IB relationships. The size of the company and the corporate culture appear to impact communication styles and overall treatment in a business relationship, like attention, tolerance to mistakes and respecting the agreed-upon terms.

– "Individuals are highly influenced by their corporate environment, with corporate culture often overtaking their national one. Big corporations tend to have stronger, more superior corporate culture and worse attitude than the small and medium-sized companies." (Interviewee 4)

The general reputation of the company is important for its treatment by business partners, customers and suppliers.

– "In the past decade, a lot has changed for us as we have transformed our role on the Slovenian ceramics market. Partners treat us differently now that we are a market leader, as compared to when we were just a follower. Since we have grown our business, our foreign suppliers and partners have a higher interest for doing business with us. They treat us with lots of respect, patience and tolerance. However, it was tough in the beginning – all our potential partners saw was the geographical distance, relatively small market size and pertaining customer pool, lower development of Slovenia etc." (Interviewee 5)

Besides company characteristics, the perceived potential of its country as the next market is important in IB relationships.

– "Slovenia is a small nation and cannot offer the same quantities as a supplier, or market size as a distributer, compared to larger countries." (Interviewee 2)
– "How our partners and suppliers evaluate the potential of Slovenia as their next market, determines how much power we will have in the relationship. The higher the possibility of their expansion, the more important we are. That is the ultimate determining factor of their treatment of us." (Interviewee 5)

Furthermore, the position in the supply chain defines the characteristics of an IB relationship.

– "The position of a seller is very different to the position of a buyer. As suppliers, we are often perceived as necessary evil and are treated in such a way. We sell packaging materials that our customers need, but would prefer not to, since they are not making any money on them. We get treated accordingly." (Interviewee 3)

- "As a retailer, we are a crucial link between the manufacturing and the end consumer. When one is in the role of a customer, they are allowed a lot more mistakes and enjoy more patience and tolerance, as compared to the role of a supplier." (Interviewee 5)

However, different countries seem to treat their supply chain differently.

- "Especially German companies are respectful to their suppliers – even though we supply marginal products, they realize that a supplier is crucial for their normal business operations and that they cannot function successfully without one. In Slovenia, we still need to get to this point." (Interviewee 3)

The influence of national culture on IB relationships is diminishing, as national cultures become increasingly similar due to globalization; instead, industry, perceived cultural hierarchy and the potential of the country as the expansion market, as well as the company's reputation, size, position in the value chain and corporate culture, have been identified to affect IB relationships.

5.2   Importance of building and maintaining functional relationships

CCC, as seen by managers of Slovenian small companies operating internationally, is the ability to observe, process, and apply the observed for identification of specifics, which are kept in mind in subsequent encounters for better decision-making. In practice, CCC represents the ability of flexible thinking and conceptualizations as well as sense-making and behavior. These interview findings were supported by the CQS results – the highest average self-assessment score pertained to the metacognitive component of cultural intelligence. Managers assessed their inductive reasoning and ability to question own expectations at an average of 30 out of total 35 points i.e. 85.7%.

- "I adapt my behavior based on my previous experience with a certain culture. For example, Chinese tend to over-sell everything and I need to be cautious, pay attention and allow for some reservations. When I deal with Germans, I tend to hold myself back, listen carefully and talk less to really get a sense of their non-verbal behavior, as well as hierarchy – who can speak on their team and who cannot and then I adapt our team accordingly." (Interviewee 1)
- "Cross-cultural competence is about basic behavioral skills and common sense." (Interviewee 2)
- "Cross-cultural competence in practice is the attitude you display. I think business is a relationship and if one does not have the right attitude, they will fail, regardless of the cultures involved. Business is performed by a person and no other factor can influence it to such an extent." (Interviewee 3)

The managers identified European cultures as relatively similar. Instead, they emphasized the importance of an individual, rather than national cultures – the familiarization to the individual before getting to know them, like their company, position, personal characteristics, etc. This conclusion was backed up by the CQS results of the motivational cultural intelligence component. As the second highest self-assessed aspect of CQ, with an average of 72.5%, it portrayed the managers' interest and confidence in cross-cultural interactions, as well as the effort and energy they direct toward them.

The interviewed managers did not recognize cultural specifics or stereotypes as important in IB relationships. They found generalizations about different cultures meaningless and pointed out many other factors that affect their business relationships, other than national culture (presented in chapter 6.1). These interview outcomes – low perceived need for preparation and cultural knowledge acquisition were supported by the CQS findings. Managers scored an average of 18.3 out of the total 28 points in the cognitive cultural intelligence section. The average self-assessment score of 65.4% portrayed a moderate level of knowledge of norms, practices and conventions in different cultures. The range of results of the cognitive component was, however, much bigger than in the case of metacognitive CQ. We can conclude that cultural knowledge levels differ between the interviewed managers.

Furthermore, the interviewed managers said they engage a lot in learning-by-doing and post-encounter reflections, rather than up-front preparation and scenario tailoring. They are allegedly not afraid to ask for more clarification when in doubt and do not perceive asking for feedback as a sign of incompetence. The interviewees highlighted that CCC is built through experience.

– "International business relationships are just like monocultural ones. In order to make them work, a good, or at least functional, interpersonal relationship needs to be built." (Interviewee 3)
– "To develop the right attitude, one needs to be aware of the dos and don'ts of encountering a specific person, which are learned in the first interactions with them. The way to learn is through active and attentive listening, focus on verbal and non-verbal reactions and, when in doubt, feedback." (Interviewee 2)
– If you do not have sufficient information, you can ask. I do not have problems with not knowing something, but that goes against the general perspective nowadays when one is expected to know, and be prepared for, everything." (Interviewee 4)
– "Differences are between people, not cultures. Some pay a lot of attention to the other party's behavior and are very sensitive, and others are not." (Interviewee 1)
– "I perform cultural assessments during first interactions – either face-to-face or not. In the beginning, I am more cautious and preserved. I wait for initial reactions, especially non-verbal, with the intention to see that they are comfortable." (Interviewee 3)

- "I put a lot of importance on examining the foreign culture and getting properly introduced to it. Only then I start communicating." (Interviewee 1)
- "There are a lot of books that emphasize the importance of preparation for international business relationships. In my opinion, the knowledge one gets from reading books, or any kind of professional literature, is limited to general guidelines. For example, to avoid sensitive topics, forbidden in the business world, like religion or politics, since they can destroy the relationship in a matter of seconds, regardless of how solid or long lasting it might be. No readings, however, can provide one with the right attitude – that comes with experience and feedback." (Interviewee 5)
- "Even today, I sometimes misinterpret something that was said. But I ask for more clarification and I am more direct now, when I started it was all more preserved." (Interviewee 2)
- "I do not prepare for meetings, only in a really rough sense. If I prepared, I would contemplate and speculate about the options I thought of and would be stuck, if the conversation got to something I did not think of. I want to use my real knowledge to get the best out of a given situation. If there is something I do not know, I will ask." (Interviewee 3)
- "One can prepare for individuals in advance, but not cultures themselves. I find it important for one to be able to adapt to the relationship as it progresses." (Interviewee 1)
- "One needs to be prepared for the first meeting with a foreign culture to the extent to be able to predict how the meeting will progress. Those, who have been in a similar situation before, can provide advice. However, our generation is a self-learning one – it stems from our professional beginnings when we were dropped into new markets and had to make it work. The best learning is on own mistakes." (Interviewee 5)
- "By listening and observing, the most can be found out about an individual. I pay attention to what someone may, and may not, find acceptable. However, that comes with time and encounters, as you get used to functioning within a new culture." (Interviewee 1)
- "I always thoroughly analyze my mistakes. Everybody makes mistakes and it is important to go over them post-encounter to improve for future interactions." (Interviewee 2)

There have been numerous debates about conformity to national specifics in business conduct i.e. business meals, alcohol etc. Managers of Slovenian small companies operating internationally do not strive to being liked, but rather portray their true self and see whether the relationship will function, explaining that, if one needs to pretend in the beginning, the relationship is unlikely to succeed in the long run. They choose freely which behaviors to engage in. They would not engage in uncomfortable behaviors or adopt someone else's behavior because they were from a foreign culture. When it comes to altering of verbal and non-verbal behavior when the intercultural interaction demands it, the CQS results showed a great division. Half of the interviewees scored high (above 65%) on the behavioral cultural

intelligence, whereas the other half scored low (below 45%). On average, the self-assessed score was 15.8 out of 28 i.e. 52.4%. However, managers were unanimous about common sense and basic behavioral skills being an essential part of CCC in practice. According to them, one should never try too hard to conform and change because it can be perceived as pretending, which never results in a long-term successful relationship.

- "It is not about portraying yourself as someone else, as the person of the same culture as your partner, but finding the right level of communication through establishment of trust." (Interviewee 3)
- "I think about their and my perception and evaluate which is likely to produce better results. I do not think about whether one is wrong or right. If I assess their way of thinking or perception to be better, more useful or productive, then I want to gain it myself. If not, I stick to mine. I would not adopt or portray a certain mindset for someone to like me because that would not be constructive on the long run." (Interviewee 1)
- "If someone finds certain action/behavior acceptable and I do not, I would not engage in it. However, if they find unacceptable something that is acceptable for me, I would stop doing it. But that would be the same in any culture given culture, foreign or domestic. I do not adapt to others' behavior just because they are from a foreign culture." (Interviewee 4)
- "I do not think one can adapt more than to a certain extent. One has to apply common sense and basic behavioral skills. I have not yet been in a situation, where I had to change my behavior to fit foreign culture's standards. Probably, that is due to the fact that I have not dealt with very distant cultures." (Interviewee 2)

The best strategy for avoiding damage to the IB relationship, when culturally specific behavior is in question, is honesty, involvement and effective communication, as recognized by Managers of Slovene small companies operating internationally.

- "I think one should never change to be liked by other people, but rather find the right level of communication. If the relationship is straightforward, the potential to avoid problems is at its maximum. But if it is not, then problems can arise easily." (Interviewee 3)
- "Business relationship can only function if the parties involved are similar on crucial levels of business-making. If they are far apart, a functional level of communication will not be established, forming grounds for misunderstandings and conflict. The relationship is mutually-beneficial only when communication types are compatible (winner-winner vs. winner-looser mindsets and cooperational vs. exploiting communication styles)." (Interviewee 4)
- "I find it irrelevant whether I am meeting a potential new customer/partner from Slovenia or somewhere else because for me it all comes down to one simple thing – communication between people." (Interviewee 2)

– "Germans like to drink a lot of beer in casual business settings and Serbians tend to overeat. I do not drink alcohol and like to eat lightly, which could potentially be a problem for our business relationship. However, I think if one is able to communicate themselves effectively, hard feelings or damage to the relationship can be avoided. Honesty and involvement are key." (Interviewee 3)

5.3   Obstacles from the external environment

External factors like communication, technology, time zones, geographical distances, etc., appear to be more challenging for IB relationships than the internal ones – fear, discomfort or other personal restrictions to working with other cultures.

– "I see the biggest obstacles to success of international business relationships in differences in habits like food or drinks, the language, the hierarchy and means of communicating." (Interviewee 3)
– "The application of CCC can be obstructed by specific cultural habits, which, if not conformed to, can be taken as an insult or a sign of disrespect. These are very sensitive situations, in which there are several possible responses – one can excuse themselves and explain they cannot overcome their beliefs or suffer through them, if at all possible." (Interviewee 1)
– "External factors are definitely more influential when it comes to CCC application in international business relationships. I am very open and have no reservations, let alone problems, to working with foreigners. If I do not want an interaction, I move away from it. Therefore, if there are obstacles, they are of external nature." (Interviewee 2)

The biggest obstacle to the development of CCC, as seen by the interviewees, is communication, due to linguistic barriers, educational differences, ability of free thought and native vs. foreign language use of the parties. When communicating in a foreign language, the ability of free thought is compromised. Furthermore, language can quickly put one party in disadvantage, when it is another's native. The communication channel choice is an essential factor in mitigating these potential risks.

– "Communication is what makes international business relationships challenging and can enable one to function in them effectively i.e. develop and apply their CCC." (Interviewee 5)
– "Language poses an obstacle because one can quickly miss the hidden meaning of words when conversing in a foreign language. In addition, non-natives do not know the specific laws of the language. For example, Italians tend to write something, whereas they were thinking something else. In such a case, a phone call-follow up is needed to clarify the matter. It is much easier when both parties are non-natives." (Interviewee 3)

- "Often, natives communicate locally – use their slang, speed and accent, so a lot of follow-ups are needed to clarify matters, especially when specifics are in question." (Interviewee 4)
- "The biggest barrier to effective functioning in a cross-cultural situation is communication. Most of the time, two parties communicate in a foreign language, which makes it harder to be correctly understood. In addition, differences in education need to be accounted for. Those differences are purely individualistic and not cultural." (Interviewee 2)
- "Communication channels are a matter of preference, I tend to adapt to other party's wishes. Communication channels vary tremendously in how much they complicate or ease communication. I prefer electronic channels to phone calls because I have more idle time to brainstorm and construct the message in peace." (Interviewee 1)

Internal obstacles to CCC development were found in the lack of motivation to dedicate enough resources – time, will or finance, to business relationships. Moreover, distorted objectives and goals further hinder the effective development and implementation of CCC, since the prevailing goal is not to build a long-lasting, mutually beneficial business relationship, but rather purely individualistic gain. In other words, performance indicators as criteria to progress in career and climb the organizational ladder are the objectives, rather than personal growth, learning or accepting new opportunities. Individualistic goals are in the front at the expense of CCC, according to the managers.

- "Most problems arise from poor relationships and not enough emphasis and resources dedicated to building strong relationships. Individualistic culture prevails and organizational control mechanisms are still very effective. Taking a small percentage of other's gross margin with a sole reason to benefit oneself – is it worth it? People are only striving to show their numbers to their superiors to progress in their career. Everybody's sight is narrowed down to profitability figures at the expense of growing, learning or taking on new opportunities. This is detrimental for interpersonal relationships, including the business ones." (Interviewee 3)
- "I am equally comfortable and willing to work with all people, regardless of where they come from." (Interviewee 1)

Misunderstandings in IB relationships occur as a consequence of misinterpretations, failure in effective communication and difficulty of clarification.

- "Potential misunderstandings arise from communication – how loud or quiet one talks, their non-verbal behavior, like posture, facial expressions, etc. Non-verbal misinterpretations are not as common as verbal ones." (Interviewee 2)
- "Misunderstandings are common when communicating via email – but they do not happen due to different cultural backgrounds, it is a matter of business. How you behave

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post-misunderstanding is essential. The first step is clarification, which is more difficult in a foreign language." (Interviewee 1)

5.4   Avenues for further research

This research has opened two interesting areas that could be further explored: generational differences in the development and implementation of CCC in IB and intercultural restrictions of CCC in IB.

According to the interviewed managers, foreign countries were a taboo and something unknown at the time they entered the business market, regardless of the industry. The world has changed significantly in the last couple of decades, along with the business market throughout the world. Based on the interviews, generations entering the business world these days seem to have an open market, where everything is international, multinational and globalized. Some important points of difference between generations, recognized by the interviewees, are:

− foreign languages knowledge;
− communication styles;
− frequency of previous international exposure through education, living abroad, traveling or other;
− ease of connectivity due to technological advances.

All of the distinctive factors above, combined with many potential others, provide new generations with a feeling of familiarity and comfortability in working with other cultures, which is something that the interviewed generations did not possess.

Consequently, there is reason to believe that the nature of contemporary IB relationships has significantly changed as well. It would be interesting to examine in what ways the modern IB relationships, including parties of thirty-five years of age or less, differ to the ones presented in this research, identified by members of older generations.

In addition, due to the recent economical shifts and catastrophic events that took place, it would be interesting to examine the intercultural restrictions of CCC in IB. Nowadays, there are official as well as unofficial restrictions to what cultures certain countries can conduct business with. E.g., Israelis cannot work with just every culture, neither can the Americans, businesses encounter problems if their Bosnian partners find out they work with both, Serbian and Muslim, entities, etc. There is still an ongoing debate whether CCC is a culture-specific or culture-general concept, which could have been resolved in light of these intercultural restrictions.

5.5   Limitations to methodology

Increasing the research sample in size would allow for the identification of more significant relationships within the data set, ultimately generating more accurate results. In addition, a higher level of the sample heterogeneity, in the form of a wider span of ages, industries and experience base, could enhance the generalizability of the findings. It there were no resource constraints, this research could include additional research objectives, more narrowly formulated, allowing the discussion more depth and scope. Furthermore, diversifying data collection techniques, as well as analysis methods would be implemented to achieve a wider range of results and ideas.

6   DISCUSSION AND RESEARCH IMPLICATIONS

As an answer to globalization-imposed difficulties, IB research has witnessed an upsurge of studies aimed at revealing the trend and the means of successful adoption. Research streams focused on economic, legal and organizational issues, as well as the role of culture and its effects on IB relationships. The latter has accumulated vast interest and support among researchers and academics from various disciplines (Gould & Grein, 2009, p. 237).

Culture gained recognition as a critical variable in IB mainly after the renowned work from Hofstede, the father of the "values approach to culture". He defined culture as "the collective programming of the mind which distinguishes the members of one group or category of people from another" (1991, p. 5). He scored countries on several value dimensions: power distance, individualism, masculinity, uncertainty avoidance index and long-term orientation. In this regard, national culture was treated as an independent variable, predicting people from certain places to act in certain ways. Furthermore, one of the strongest implications of the value approach to national culture were its stability and the relatively low change potential. This independent, context-free, shared and stable concept soon prevailed in the Culture in IB research, with many researchers building upon it and extending its implications. Hofstede's cultural differences were taken as pervasive and enduring, with members of the same national culture assumed to converge on traits, their culture is commonly characterized by (Hofstede, 1991). However, recent empirical research patterns showed misfit of the value approach assumptions, thus supporting the development of alternative mechanisms of cultural influence (Gould & Grein, 2009, p. 238).

Managers of Slovene small companies operating internationally identified the increasing irrelevance of national culture in IB relationships, as well as distinguishing distinctiveness of national cultures as a consequence of globalization. Instead, they have exposed a variety of other factors, found to influence IB relationship and the development and application of CCC. Namely, those factors were: the industry, the size, reputation and the position in the value chain of the company, the perceived cultural hierarchy and potential of the country as the expansion market of the other party. These findings are closely related to those of recent

scholarly articles. The problematic of limiting the concept of culture to national culture per se has been identified, emphasizing the relatively low practical usefulness of focusing solely on how people differ across national cultures to predict CCC in IB. The critics stress that models, reliant on national culture to explain problematics of CCC implementation are actively limiting their view to macro-level only, failing to account for all the micro-level variables, such as people's lifestyles or characteristics, and macro-global variables, changing cultural worlds (Adams & Markus, 2004, p. 351). Membership in a certain culture consistently failed to determine individual's characteristics or behavior in recent empirical research results. Based on Gould and Grein (2009, p. 244) "individuals can identify with, against or not identify with their national culture", which disregards the generalizations across national culture completely. According to Adams and Markus (2004, p. 355), one can pertain to a certain national culture, while being impacted by another national culture, that they are not a member of.

The relatively low preparation of managers of Slovenian small companies operating internationally for first-time encounters with a certain foreign culture, accompanied by the emphasis on common sense and basic behavioral skills, as well as the focus on building relationships, implies the unique context of situations, rather than their generalization, implied by the national culture perspective. In literature, this emphasis on context is another increasing objective, sometimes identified as "glocalization". According to Gould and Grein (2009), glocalization should be added to the list of variables, influencing the culture's impact on IB, since universal attributions have made profound changes to the business world. Researchers call for the situational view of culture, emphasizing context should necessarily be situated in international encounter analyses. According to the contextual framework of culture, individual theories, practices and beliefs should be considered embedded in situational circumstances. According to Gould and Grein (2009, p. 241), "meanings are glocalized in terms of interpretation." Increasingly, there are urges to displace the term "national culture" by "global culture", wide-spanning cultural spheres that include global flows of ideas, people, images, capital and technology. The s.c. glocalization process i.e. "global–regional movements and trends such as emerging global business processes, political interdependencies, global financial linkages and global diffusion of technology" (Gould & Grein, 2009, p. 246), supports the CCC development. Recent research has found that national culture should be used as a mediator between global culture and specific perceptual and behavioral dependent variables. Additionally, in light of the globalization, national culture lost its position as the only community, influencing an individual and became one of many. Gould and Grein (2009) stated that an individual adopts lifestyles and norms of several global membership communities, like institutions and organization, cultural geographies, lifestyle communities and communities based on personal characteristics, together constituting the "glocalized community". In conclusion, the shift from national culture to culture in general aims at limiting the individualistic role of nation in IB and integrate it in contexts and dynamic interactions. Many IB scholars argue that context should be imperative to culture in IB research and that rigor gaps could be closed by

contextualization and overall use of dependent variables and disregard of theoretically constructed independent variables (Leung & Morris, 2015, p. 1031).

As a part of the notion to re-assess the importance of national culture for the IB relationships, its established measurement tools have come under scrutiny. Amongst the recently reviewed CCC constructs is also the CQS. According to Thomas et al. (2015, p. 1105), CQS, too, does an inadequate job of linking context to human behavior in IB interactions. Figure 5 illustrates how CQS was developed to capture the effects of individual differences in cognition, metacognition, motivation and behavior, rather than generalizing people on their national culture, and how it fails to aggregate its components. Despite the fact that CQS was proven to show relationships between the four components and intercultural effectiveness, Thomas et al. (2015, p. 1106) criticized its failure to integrate the components or account for their interdependencies, which, they stated, defects the multidimensionality of the concept as a whole.
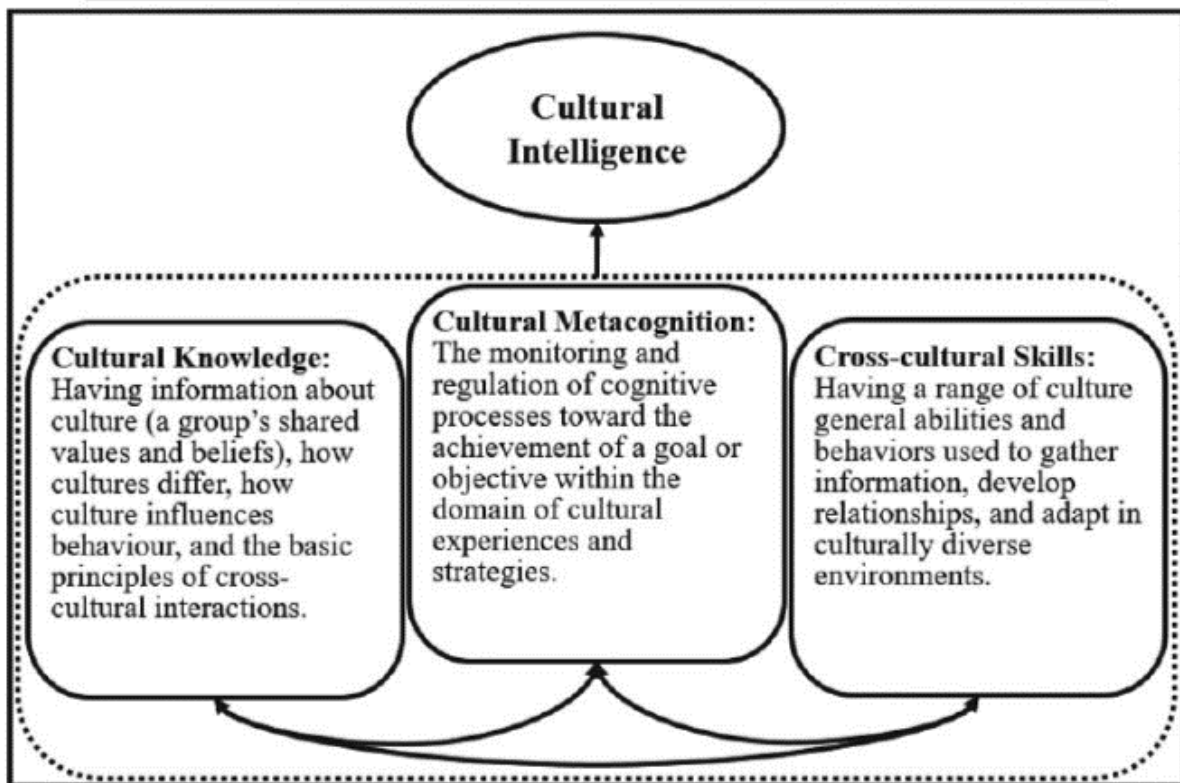
Figure 5: Cultural intelligence facets according to Earley and Ang
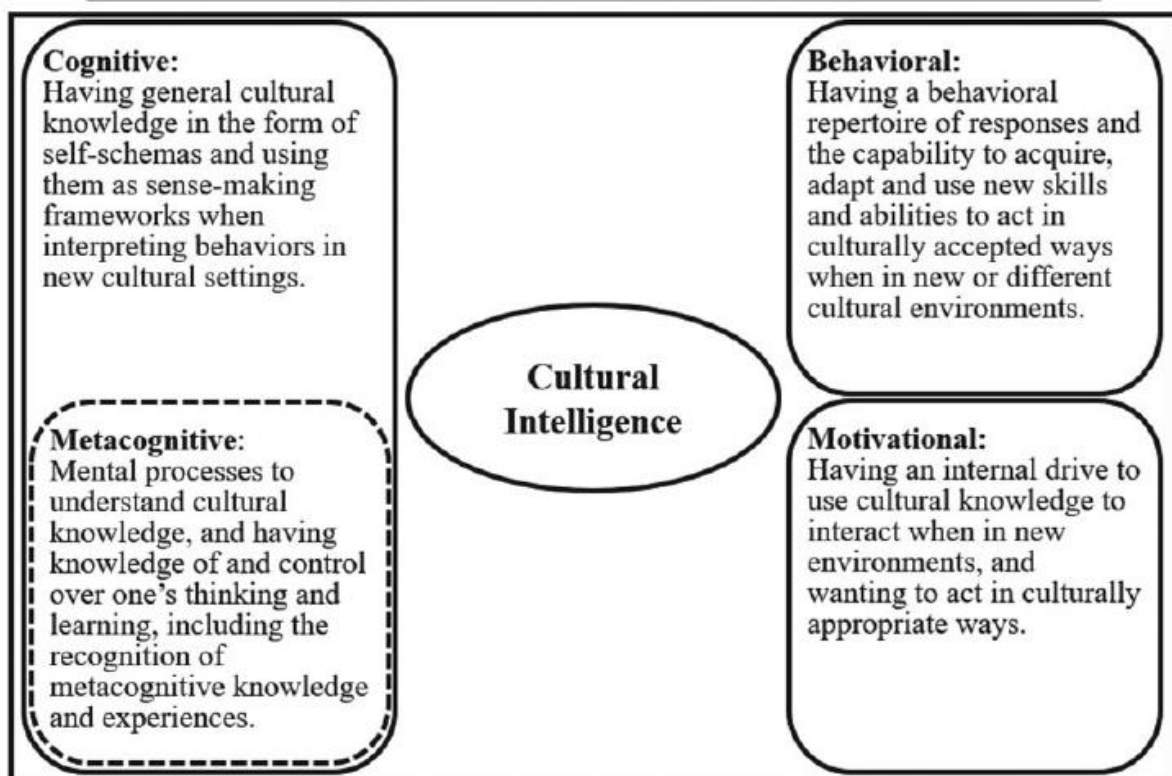
Source: Ott & Michailova (2018, p. 104).

The new CQ measurement scale, presented in 2015 by Thomas et al., considered CQ an indirect reflective model because cultural knowledge, cross-cultural skills and cultural metacognition were mediated by many constructs, which is shown in Figure 6.

The main difference between the two CQ scales is the absence of motivational component in the novel model. According to Thomas et al. (2015), inclusion of motivational component of CQ is in the same way problematic as considering motivation to influence general intelligence (g), since the former is the willingness for something, whereas the latter is a capability, external to one another. Further, they found the metacognitive component a key construct for intercultural effectiveness, for its ability to monitor the other two – cognition, including knowledge and affective state, and behaviour (Thomas et al., 2015, p. 1110).

The findings supported the theoretical move from national culture to contextualization and multicultural experience as the main predictors of intercultural effectiveness. The main conclusions of recent research on CQ were as follows:

– cultural variation does not define CQ for the explanation of culturally different behavior, CQ is a culture-general construct;
– cross-cultural differences in the way CQ is operationalized, related to low vs. high context of cultures;
– "Culture is an accumulated loose network of multiple, and sometimes conflicting, knowledge structures, which can be activated (or suppressed) depending on the demands of the situation." (Thomas et al., 2015, p. 1110)

– highly culturally intelligent people are effective in new intercultural situations due to their ability to engage in a process similar to "cultural frame switching" (Thomas et al., 2015, p. 1110).

Research on CCC and its measurements has gone through a transforming journey. It created a lot of hype in its beginnings, retaining attention up to today. The first years of CCC were focused on definitions and conceptualizations, which, around 2008, provoked a wave of empirical testing. The validation of established constructs was conducted mainly by focusing on antecedents and their direct effects, with indirect effects being considered only recently. The majority of the recent research on CQ and CCC is focused on assessment methods aimed at proving the practical implications of the concepts. In the past two years, the number of articles on the topic of CCC or CQ amounted to between thirty and forty annually (for an overview of recent development in CQ research refer to Appendix 3). Novel attempts at CCC measurement have been multidimensional and based upon specific cultural contexts, allowing for a high number and types of constituent elements and, more importantly, their circumstances and combinations. Recent advances in CQ research, built upon the well-studied ideas of cognitive psychology, have given way to a popular culture-general concept of "global mindset" (Levy, Beechler, Taylor & Boyacigiller, 2003, p. 232).

The global mindset is a special information-processing model, shown in Figure 7, identified as associated with effective management in intercultural interactions. It is manifested in the ability of good decision-making, a critical success factor in IB relationships. Due to globalization, global mindset has become required for success in IB. The prerequisite for the development of a global mindset is a specific cultural perspective, called "cosmopolitanism" (Hannerz, 1996, p. 31). Cosmopolitanism is deemed a competence, reflecting individual ability to make a transition into other cultures, by listening, looking, intuiting and reflecting (Hannerz, 1996, p. 31). Managers of Slovene small companies operating internationally see CCC and effective IB relationships achieved by active and attentive listening, observation and reflection upon specifics. In this way, they portrayed a reasonable level of global mindset. They reconcile the global differences with their local knowledge and custom practices, which is in theory represented as a cognitive process, encompassing information acquisition, interpretation and, subsequently, action i.e. behavior, a part of the global mindset and cosmopolitanism constructs (Levy, Beechler, Taylor & Boyacigiller, 2003, p. 232).

Figure 7: Information-processing model of global mindset
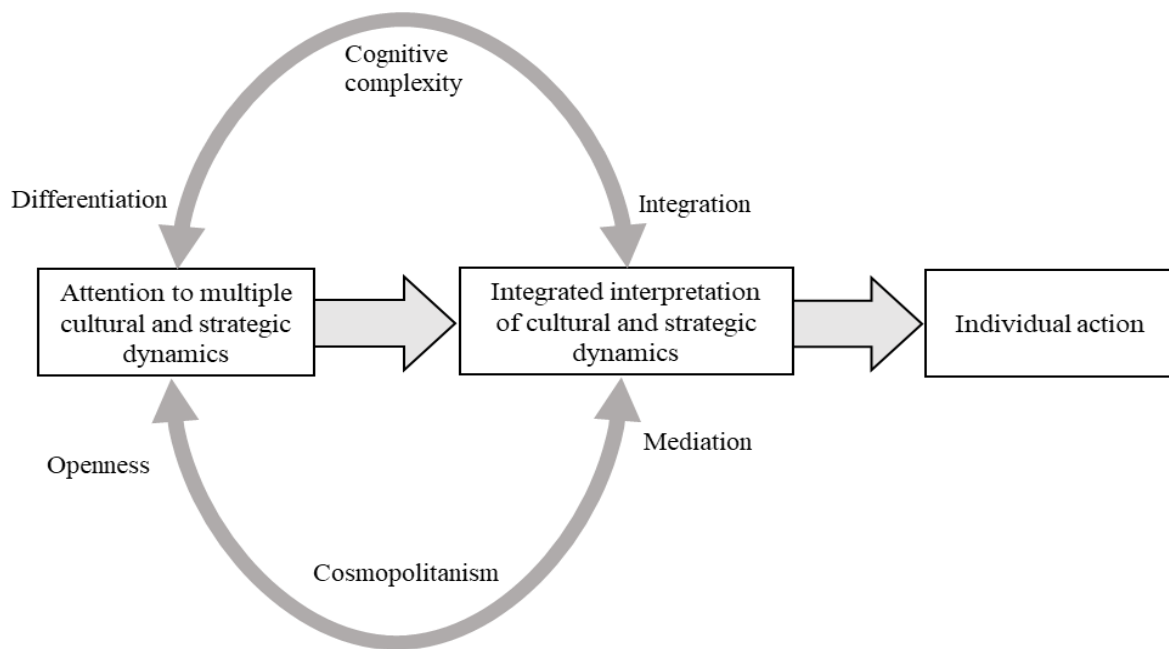
Source: Levy, Beechler, Taylor & Boyacigiller (2003, p. 244).

Another way in which this research correlated with recent research on CCC, is its finding of experience being essential for the CCC development, with theoretical preparation and education being less important. The latest research by Fang, Schei and Selart (2018) found that, while users can benefit from learning about how to develop and use CCC, interaction between individuals from different cultural backgrounds is paramount. Managers of Slovene small companies operating internationally exposed a variety of problems, which they experienced when starting out. Those pertained to communication and overall internal resistance to cross-cultural interactions and IB in general. As Fang, Schei and Selart (2018) stated, international experience provides crucial contexts for CCC learning and development, which is in line with the interviews' findings. Intercultural experience has been proven one of the most notable predictors of CCC, with many of the studies in the past few years showing a positive relationship between the two (Fang, Schei & Selart, 2018).

The intergenerational differences in IB relationships and CCC development, identified in this research as a potential further research avenue, have actually been under close observation lately. The empirical research results stated different forms of intercultural experience to have varying effects on the components of CQ and overall CCC development. While studying abroad was found to positively impact all CQ dimensions, employment showed significant relationship only with metacognitive and behavioral CQ. The studies have shown that the number of countries and the duration of previous intercultural experience predicted higher levels of CCC (Fang, Schei & Selart, 2018).

CONCLUSION

Instantly available information, standardization, rapid technology advancements, cost optimization and risk mitigation, along with other operational and strategic innovations, have accompanied the trend of globalization in the past few decades. Restructuring the business market, globalization has changed business practices together with the recipe for success. Companies have become increasingly extroverted, networked and ready to cooperate, recognizing interaction with other entities as paramount for their success. Through either expansion, re-allocation or solely through partnerships, companies of all sizes have shifted their focus from self-reliance to understanding globalization, together with its prospects and downfalls. Along with advantages, globalization generated barriers in many areas of business, increasing the occurrence of misunderstandings and conflict. In order to achieve the desired performance and strategic targets, managers have been striving for ways of effective functioning in modern IB contexts, placing harmony between own and foreign culture central to their business practice.

A fundamental implication of this thesis is the identification of what CCC represents in practice, as seen by the managers of Slovene small companies operating internationally. In this regard, the theoretical contribution of this research is found within four major areas:

- the influence of national culture on IB relationships is diminishing, as national cultures become increasingly similar due to globalization; instead, industry, perceived cultural hierarchy and the potential of the country as the expansion market, as well as the company's reputation, size, position in the value chain and corporate culture, have been identified to affect IB relationships;
- CCC's manifestation in practice is the ability to build and maintain functional IB relationships, and it's development a concern of global mindset – active and attentive listening, together with observation and information processing as means to reconcile the foreign with the common;
- CCC is developed through experience and international exposure, with common sense and basic behavioral skills being required personal characteristics and learning-by-doing, post-encounter reflections and feedback seeking being main supporting activities;
- the biggest obstacle to the development and effective implementation of CCC is communication as a result of linguistic barriers, educational differences, compromised ability of free thought and native vs. foreign nature of language to the parties.

This research proposed further research avenues, most importantly in examining intergenerational differences in IB relationships. CCC development and application vary greatly between generations, together with the frequency of international exposure, proven to enhance CCC. Due to the increased ease and accessibility of international exposure through studying, working or living abroad IB relationships are changing, together with the difficulty of CCC development and application.

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APPENDICES

Appendix 1: Povzetek (Summary in Slovene language)

V magistrskem delu sem predstavila medkulturne sposobnosti managerjev malih slovenskih podjetij, ki poslujejo mednarodno. Tematika medkulturnih sposobnosti je obsežno raziskovalno področje že vse od leta 1980, ki je bilo doslej omejeno predvsem na področje multinacionalk v Severni Ameriki. Cilj magistrskega dela je prenesti obstoječe raziskave na, še dokaj neraziskano, področje Slovenije in preizkusiti koncept na vzorcu malih podjetij, zaradi njihove rastoče pomembnosti za globalno in slovensko gospodarstvo.

V zadnjih nekaj letih je raziskovalno področje medkulturnih sposobnosti doživelo metodološko preobrazbo. Medtem ko so začetki temeljili predvsem na določanju teoretičnih definicij in modelov, so raziskovalci v zadnjem desetletju začeli poudarjati pomen empiričnih raziskav kot edine metodologije, zmožne osvetliti praktično uporabnost koncepta.

Z magistrskim delom sem želela ugotoviti vpliv nacionalne kulture na mednarodno poslovanje, prikazati kaj medkulturne sposobnosti predstavljajo v vsakdanjem poslovnem svetu, prikazati ovire za razvoj in uporabo medkulturnih sposobnosti ter ugotoviti povezave med konceptom medkulturnih sposobnosti in kulturne inteligence.

Kot temelj za lastno raziskavo sem najprej opravila pregled obstoječe literature v obliki predstavitve in primerjave najbolj prepoznavnih teoretičnih modelov na področju medkulturnih sposobnosti in kulturne inteligence različnih raziskovalnih področij – od poslovnih ved do psihologije. Bistvo magistrskega dela je empirična raziskava kvalitativne narave, ki sem jo izvedla v obliki intervjujev odprtega tipa s petimi managerji malih slovenskih podjetij, ki delujejo mednarodno. S kvalitativno raziskavo sem preizkusila priznan samoocenjevalni vprašalnik »Lestvico kulturne inteligence« (angl. Cultural Intelligence Scale), zasnovan z namenom izmeriti kognitivno, metakognitivno, vedenjsko in motivacijsko komponento kulturne inteligence. Poleg testiranja vprašalnika na področju Slovenije, je kvalitativna raziskava obsegala tudi intervjuje, ki so potekali na podlagi desetih vprašanj odprtega tipa.

Analizo kvalitativnih podatkov sem izvedla v dveh korakih. Intervjuje sem analizirala s pomočjo Boyatzisove (1998) ti. tematske analize (angl. Thematic analysis) – v naboru informacij iz intervjujev sem prepoznala vzorce in jih povezala v različne teme. Rezultate Lestvice kulturne inteligence sem ovrednotila po navodilih avtorjev (Ang et al., 2007), pri čemer sem seštela ocene, ki so si jih managerji pripisali znotraj posameznih komponent. Teme, ki sem jih prepoznala s pomočjo tematske analize, in seštevek ocen Lestvice kulturne inteligence sem povezala med seboj in prikazala na integriran način.

Rezultati raziskave kažejo, da nacionalna kultura izgublja vpliv na mednarodna poslovna razmerja, saj postajajo nacionalne kulture po svetu čedalje bolj podobne kot posledica globalizacije. Mesto nacionalne kulture, kot visoko vplivne na obnašanje vpletenih v

mednarodni poslovni odnos, zasedajo številni drugi dejavniki, kot so: panoga, velikost in poslovna kultura ter sloves podjetja, mesto v dobavni verigi, ocena možnosti za širitev na trg matične države podjetja ter prepričanje o pomembnosti in strukturi kulturne hierarhične lestvice.

Medkulturne sposobnosti se v praksi kažejo kot zmožnost izgradnje ter ohranjanja delujočih mednarodnih poslovnih odnosov. Razvijajo se s pomočjo globalnega razmišljanja skozi pozorno poslušanje, opazovanje ter obdelavo informacij na način, ki teži k usklajevanju tujega in domačega. Medkulturne sposobnosti so zgrajene preko izkušenj in mednarodnih stikov, pri čemer razum in osnovne vedenjske sposobnosti igrajo pomembno vlogo kot najpomembnejše osebnostne lastnosti. Učenje preko izkušenj ter razmislek po srečanju sta poglavitni podporni dejavnosti za dosego medkulturnih sposobnosti. Največjo oviro za razvoj in učinkovito uporabo medkulturnih sposobnosti predstavlja sporazumevanje zaradi jezikovnih preprek, razlik v izobrazbi in otežene možnosti prostih misli.

V zaključku naloge sem predlagala tudi področje za nadaljnjo raziskavo, medgeneracijske razlike v mednarodnih poslovnih odnosih, ki sem ga odkrila tekom izdelave magistrskega dela. Razvoj in uporaba medkulturnih sposobnosti se razlikuje med generacijami v veliki meri, saj so medgeneracijske razlike v dostopnosti mednarodnih izkušenj zelo velike. Zaradi razmeroma velike dostopnosti mednarodnih izkušenj, bodisi v obliki študija, dela ali stalnega prebivanja v tujini, se narava mednarodnih poslovnih odnosov spreminja skupaj s težavnostjo razvoja in uporabe medkulturnih sposobnosti.

Appendix 2: Beginnings of cross-cultural competence as a research subject

Authors	Elements of intercultural/cross-cultural competence
Ruben (1976, 1989) *Cross-cultural communication* competence	Dimensions of competence: – ability to express respect and positive regard for other individuals – ability to respond to others in a descriptive, non-evaluative, and non-judgmental way – ability to recognize the extent to which knowledge is individual in nature – ability to put [him/herself] in another's shoes – ability to be flexible and to function in [initiating and harmonizing] roles – ability to take turns in discussion and initiate and terminate interaction based on a reasonably accurate assessment of others' needs and desires – ability to react to new and ambiguous situations with little visible discomfort
Gertsen (1990) *Cross-cultural* competence	– ability to function effectively in another culture through an affective, cognitive, and communicative dimension
Adler and Bartholomew (1992) *Global and transnational* competence	– skills in working with people from many cultures simultaneously – ability to adapt to living in other cultures – knowing how to interact with foreign colleagues as equals
Beamer (1992) *Intercultural communication* competence	– acknowledging diversity – organizing information according to stereotypes and posing questions to challenge the stereotypes – analyzing communication episodes and generating another "culture"
Bush and Ingram (1996, 2001) *Intercultural* competence	– ability to deal with psychological stress – ability to establish interpersonal relationships – ability to communicate effectively
Earley (2002) *Cross-cultural* competence	– cultural knowledge and awareness – motivation to use competences
Johnson et al. (2006) *Cross-cultural* competence	– performance, i.e. the "doing" is focal – cultural intelligence as a latent construct – effectiveness in drawing upon a set of knowledge, skills, and personal attributes to work successfully with people from different national cultural backgrounds at home or abroad – application of skills in addition to possession
Deardorff (2006) *Intercultural* competence	– ability to interact efficiently and appropriately in intercultural situations – supported by specific attitudes and affective features, intercultural knowledge, skills, and reflection
Fantini (2006) *Intercultural* competence	– comprises intercultural communicative competences: transcultural communication, cross-cultural adaptation, and intercultural sensitivity
Muzychenko (2008) *Cross-cultural* competence	– antecedents: knowledge, personal attributes, and abilities/skills/behavior

Source: Johnson, Lenartowicz & Apud (2006, p. 528).

Appendix 3: Recent development of cross-cultural competence research

Author and year	Scale	Results
Ward et al. (2009)	CQS	Proposed four-factor model of CQ was confirmed. CQ was distinct from general cognitive ability and multicultural personality but had a strong correlation with EQ. CQ failed to predict adjustment over and above EQ, general cognitive ability, and multicultural personality.
Moon (2010a)	CQS	CQ and EQ were distinct but related constructs. EQ factors related to social competence (social awareness and relationship management) explained CQ over and beyond the EQ factors related to self-competence (self-awareness and self-management).
Crowne (2013)	CQS	CQ and EQ were distinct but related constructs. Social intelligence failed to be superordinate to EQ and CQ.
Klafehn et al. (2013)	CQS-Peer-report measures	CQ was distinct from Big Five personality dimensions. Peer-report measures were better at assessing CQ than self-report measures. Self-reported metacognitive CQ failed to predict sociocultural adaptation.
Şahin et al. (2013)	CQS-Turkish	Proposed four-factor model of CQ was confirmed in the Turkish context. CQ was distinct from EQ and Big Five personality dimensions. CQ predicted task performance over and above EQ.
Moyano et al. (2015)	CQS-Spanish	Proposed four-factor model of CQ was confirmed with the Spanish version. Only motivational dimension of CQ had a significant positive correlation with self-esteem.
Thomas et al. (2015)	Short form measure of cultural intelligence (SFCQ)	A 10-item scale was used to measure three dimensions of cultural intelligence: cultural knowledge, skills, and metacognition. Sample questions include: I know the ways in which cultures around the world are different. (K); I can change my behavior to suit different cultural situations and people. (S); I am aware of the cultural knowledge I use when interacting with someone from another culture. (M)
AL-Dossary (2016)	CQS-Arabic	Four-dimensional structure of CQ was confirmed in a Saudi Arabian context. CQS showed adequate internal consistency and test-retest reliability.
Alon et al. (2016)	Business cultural intelligence quotient (BCIQ)	BCIQ measurement includes 18 self-report questions and 20 true/false questions. Sample questions include: I am open to new ideas, people, and culture. (C); I pay close attention to how my words affect the people with whom I interact. (L); I read editorials on international business. (M); A knife is not an appropriate gift in Russia. (True/False)
Bücker et al. (2016)	CQS (20-item and 12-item short versions)	In a comparison of the CQ results for Chinese and Dutch samples, the short 12-item CQS version showed good discriminant validity and cross-cultural invariance, which is lacking in the full 20-item CQS version.
Schlägel and Sarstedt (2016)	CQS	In a comparison of CQ results across five countries (China, France, Germany, Turkey, and the US), partial measurement invariance was established only between the Turkish and U.S. samples. The Chinese sample showed a lack of discriminant validity between metacognitive and behavioral dimensions. Metacognitive CQ and behavioral CQ had no significant effect on expatriation intention.
Putranto et al. (2018)	CQS	Overall CQ and all CQ components were positively correlated with EQ. CQ was negatively correlated with students' performance measured by GPA, while EQ was positively correlated with students' performance.

Note. CQ = Cultural intelligence; CQS = Cultural Intelligence Scale; EQ = Emotional intelligence; GPA = Grade point average.

Source: Fang, Schei & Selart (2018).

Appendix 4: Cultural Intelligence Scale

Figure 29.1 Cultural Intelligence Scale (CQS) – Self-Report.[a] Read each statement and select the response that best describes your capabilities. Select the answer that BEST describes you AS YOU REALLY ARE (1 = strongly disagree; 7 = strongly agree).

CQ Factor	Questionnaire Items
Metacognitive CQ	
MC1	I am conscious of the cultural knowledge I use when interacting with people with different cultural backgrounds.
MC2	I adjust my cultural knowledge as I interact with people from a culture that is unfamiliar to me.
MC3	I am conscious of the cultural knowledge I apply to cross-cultural interactions.
MC4	I check the accuracy of my cultural knowledge as I interact with people from different cultures.
Cognitive CQ	
COG1	I know the legal and economic systems of other cultures.
COG2	I know the rules (e.g., vocabulary, grammar) of other languages.
COG3	I know the cultural values and religious beliefs of other cultures.
COG4	I know the marriage systems of other cultures.
COG5	I know the arts and crafts of other cultures.
COG6	I know the rules for expressing nonverbal behaviors in other cultures.
Motivational CQ	
MOT1	I enjoy interacting with people from different cultures.
MOT2	I am confident that I can socialize with locals in a culture that is unfamiliar to me.
MOT3	I am sure I can deal with the stresses of adjusting to a culture that is new to me.
MOT4	I enjoy living in cultures that are unfamiliar to me.
MOT5	I am confident that I can get accustomed to the shopping conditions in a different culture.
Behavioral CQ	
BEH1	I change my verbal behavior (e.g., accent, tone) when a cross-cultural interaction requires it.
BEH2	I use pause and silence differently to suit different cross-cultural situations.
BEH3	I vary the rate of my speaking when a cross-cultural situation requires it.
BEH4	I change my nonverbal behavior when a cross-cultural situation requires it.
BEH5	I alter my facial expressions when a cross-cultural interaction requires it.

Source: Ang et al. (2007, p. 366).

Appendix 5: Interview guide (in Slovene language)

<u>Warm-up questions:</u>

Katera je glavna dejavnost vašega podjetja?

S katerimi kulturami delate?

Kako pogosto delate z vsako od teh kultur?

Kakšne vrste komunikacijskih kanalov uporabljate za interakcijo s tujimi kulturami?

<u>In-depth interview open-end question:</u>

1) V čem je poslovanje s tujimi dobavitelji/partnerji/strankami drugačno od poslovanja s slovenskimi?
2) Preden s tujo kulturo (dobavitelji/partnerji/strankami) prvič stopite v stik, ali se na to posebno pripravite? Kako?
3) Ali lahko opišete primer sodelovanja s tujci, ko ste morali podrobno razmisliti (niste bili sigurni) o svojem ustaljenem načinu dojemanja povedanega ali dogodka, da bi uspešno izpeljali srečanje/odnos. Ali ste na koncu spremenili ustaljen način razmišljanja/dojemanja?
4) Ali lahko opišete primer sodelovanja s tujci, ko ste morali podrobno razmisliti (niste bili sigurni) o svojem ustaljenem odzivu (obnašanje ali verbalno) na povedano ali dogodek, da bi uspešno izpeljali srečanje/odnos. Ali ste na koncu spremenili ustaljen odziv (obnašanje ali verbalno)?
5) Ali lahko opišete primer sodelovanja s tujci, ko ste morali biti zelo pazljivi pri svojem obnašanju, da ne bi tujci o vas dobili slab vtis?
6) Ali lahko podate primer sodelovanja s tujci, ko ste opazili, da so bile razlike v dojemanju povedanega, stvari. Kakšne so bile te razlike?
7) Ali lahko opišete primer, ko ste bili presenečeni nad verbalnim odzivom ali obnašanjem tujca?
8) Ali lahko podate primer nesporazuma pri sodelovanju s tujci? Ali je nesporazum nastal zaradi neke poteze pri obnašanju, verbalni komunikaciji, neverbalni komunikaciji, zunanjih faktorjev? Kako se je nesporazum rešil? Koliko časa je popravek nesporazuma zahteval? Kakšne so bile posledice nesporazuma?
9) Ali lahko opišete primer, ko je bilo težavno delati z nekom iz tujine?
10) Ali lahko opišete primer, ko ste po koncu določenega dogodka poslovanja s tujci obžalovali izrečeno/obnašanje? Kaj je bil razlog - njihov odziv, vaše prepričanje, slab rezultat…?

Source: Own work.

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Appendix 6: Cultural intelligence scale (in Slovene Language)

SAMOOCENJEVALNA LESTVICA MEDNARODNEGA POSLOVANJA

Za vsako trditev izberite število od 1 do 7, ki vas, glede na dosedanje izkušnje, najbolje opiše. (1 = se popolnoma ne strinjam, 4 = niti se strinjam niti ne strinjam, 7 = se popolnoma strinjam).

Vse trditve so postavljene v scenarij poslovanja z ljudmi (partnerji, strankami, dobavitelji…) iz tujih držav.

1. Zavedam se svojega znanja o tuji kulturi, s katero poslujem.	1 2 3 4 5 6 7
2. Ko sem v stiku z ljudmi iz tuje kulture, prilagajam svoje znanje o tej kulturi.	1 2 3 4 5 6 7
3. Zavedno uporabim svoje znanje o tuji kulturi.	1 2 3 4 5 6 7
4. Ko sem v stiku s tujo kulturo, sproti ocenjujem, ali je moje znanje o tej kulturi primerno.	1 2 3 4 5 6 7
5. Navadno se o posebnostih tuje kulture pozanimam, preden prvič stopim v kontakt z njo.	1 2 3 4 5 6 7
6. Poznam pravni in ekonomski sistem tuje kulture.	1 2 3 4 5 6 7
7. Poznam jezikovna pravila (slovnico, pravopis) tuje kulture.	1 2 3 4 5 6 7
8. Poznam kulturne posebnosti in verska prepričanja tuje kulture.	1 2 3 4 5 6 7
9. Poznam pravila nebesednega izražanja tuje kulture.	1 2 3 4 5 6 7
10. Uživam v stikih z ljudmi iz tujih kultur.	1 2 3 4 5 6 7
11. Prepričan/a sem, da se lahko sproščeno družim z ljudmi iz tujih kultur.	1 2 3 4 5 6 7
12. Prepričan/a sem, da lahko prenesem stres, ki ga prinaša navajanje na novo kulturo.	1 2 3 4 5 6 7
13. Z veseljem bi živel/a v tuji državi.	1 2 3 4 5 6 7
14. Spremenim svoje besedno izražanje (npr. naglas, ton govora, hitrost), kadar to zahteva medkulturna interakcija.	1 2 3 4 5 6 7
15. Spremenim svoj običajen karakter, kadar to zahteva medkulturna interakcija.	1 2 3 4 5 6 7
16. Spremenim svoje običajne navade, kadar to zahteva medkulturna interakcija.	1 2 3 4 5 6 7
17. Spremenim svoje nebesedno izražanje (izraz na obrazu, geste), kadar to zahteva medkulturna interakcija.	1 2 3 4 5 6 7

Adapted from S. Ang et al. (2007, p. 366).