

Cross-Cultural Competence in International Business: Toward a Definition and a Model

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# Cross-cultural competence in international business: toward a definition and a model

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**Abstract**

Many international business failures have been ascribed to a lack of cross-cultural competence (CC) on the part of business practitioners. However, the international business literature appears to lack an adequate conceptualization and definition of the term 'CC', focusing instead on the knowledge, skills and attributes that appear to be its antecedents. In this conceptual study, we propose a definition of CC as it applies to international business and develop a model for understanding how CC is nurtured in individuals, linking our definition to the concept of cultural intelligence. We discuss the components of the model and suggest that there are environmental and contextual impediments to the effective application of the requisite skills, knowledge and attributes that have been identified as necessary for CC, resulting in a gap between 'knowing' and 'doing'. We conclude by discussing the implications of the model for practitioners, and by suggesting appropriate directions for further research.

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**Introduction**

The pace of globalization has increased significantly since 1989, with the collapse of the Soviet bloc, the creation of a single Europe, the implementation of the North American Free Trade Agreement (NAFTA), and the establishment of the World Trade Organization (WTO). More recently, China's accession to the WTO, renewed interest in expanding NAFTA to central and south America, a single European currency, the expansion of the European Union to 25 member states, and the emergence of the United States from an economic recession have all given added impetus to flows of global trade and investment. Increased global activity has led firms around the world – often in collaboration with partners – to seek new markets for their products, new sources of raw materials, parts and components, and new, more cost-effective locations for manufacturing and assembly operations. Some of these foreign ventures succeed, but many do not, and the inability of firms and their managers to adjust to the demands of the international business environment has been advanced as a primary cause of international business failures (Tung, 1982; Doremus *et al.*, 1998; Ricks, 1999; Apud *et al.*, 2003). Two general themes emerge from the literature: expatriate failure, and a broader inability by headquarters managers to appreciate the cultural challenges of doing business overseas.

Since Tung's (1982) seminal study of the failure of expatriates in overseas assignments, which reported a high proportion of US managers returning home early from an overseas assignment compared with managers from Europe and Japan, the international business literature has continued to investigate the phenomenon of expatriate failure. Although it has been suggested that the earlier studies were methodologically flawed, and that the incidence of expatriate failure among US managers has been greatly exaggerated (Harzing, 1995), there is no doubt that the cost of failure when it does occur is high. Over 100,000 US expatriates are sent overseas each year (Baruch and Altman, 2002), but with the expatriate failure rate estimated at between 40 and 55% (Black *et al.*, 1999), this represents a significant cost to US firms. Cost estimates range from \$250,000 to \$1 million (Hill, 2001), depending on the level of the manager concerned and the speed with which a replacement must be found. In addition to the quantifiable costs of expatriate failure, there are additional costs associated with lost opportunities, reduced productivity, and damaged relationships that, in the long run, could cost the company much more (Storti, 2001). Furthermore, early return is not necessarily an accurate measure of expatriate failure, because ineffective expatriates might also remain overseas and do even more harm to their firms. There are yet other expatriates who satisfactorily complete their overseas assignment but, disillusioned with their new position or with their projected career path, leave the company within 2 years (GMAC, 2003). This attrition rate has been estimated as high as 22% during the first year after repatriation and a further 22% in the second year (GMAC, 2003), depriving the firm of the assets of a trained, experienced employee and creating the additional cost to the firm of recruiting and training a replacement. We acknowledge that firm performance is a multidimensional construct, so the failure of a single expatriate manager will not necessarily cause the firm to fail in some catastrophic way; nevertheless, such failure does have an impact on the firm. Thus, regardless of the overall level of expatriate failure, even a single incident can have severe short-term and long-term repercussions for a multinational firm.

Other types of business failure overseas do not involve the early return or loss of an expatriate manager. These include the poor choice of a local partner, the inability to effectively manage a foreign merger, acquisition or joint venture, and a

poor understanding of the local economic, political, and sociocultural environments (e.g., Black *et al.*, 1991; Hoecklin, 1995; du Bois, 1996; Barkema and Vermeulen, 1997; Doremus *et al.*, 1998; Hill, 2001). Academic and business authors alike identify as a key factor in the failure of international business firms the lack of what Gertsen (1990) terms 'cross-cultural competence (CC)' – the ability of individuals to function effectively in another culture. Indeed, a best-selling compilation of international business failures (Ricks, 1999) is now in its third edition and, in many documented cases, a major factor in the failure was the inability of managers to understand the local culture of a subsidiary and to interact effectively with their counterparts overseas, rather than a lack of ability in the technical aspects of their job. This is not to say that CC is a panacea for international business success; rather, it is a necessary but not sufficient ingredient for success. Business practitioners who are otherwise successful in their domestic markets may struggle and fail in the international business environment when cultural differences are at stake, because of their low level of CC (Trompenaars, 1994; Mishra and Sinha, 1999). Despite the mounting volume of academic research on cultural issues in international business, firms appear not to be doing enough to prepare managers for the international business environment (Apud *et al.*, 2003).

However, given the apparent importance of the topic of CC in the study of international business, our literature review shows four surprising results. First, there is a lack of agreement on what constitutes 'CC'. Second is the almost total absence of in-depth studies of CC in IB, with few papers focusing on the knowledge, skills and attributes that appear to be its antecedents. Third, studies of CC in IB tend to ignore the larger environments in which expatriate managers operate: the economic, political, and technological environments, for example, that can make an overseas assignment particularly challenging, as well as the contextual influences that can impede effective cross-cultural communication (Von Glinow *et al.*, 2004). Our fourth finding is that there is an extremely broad coverage of this topic in the literatures related to workplace diversity in the US and to intercultural communications. Interest in CC in the workplace seems to have been triggered by US federal governmental regulations regarding minority populations, particularly in relation to public health and education. The study of CC in intercultural communications, on the other hand, is a natural extension of



language teaching and political science, and examines the problems in communication among people from different cultural backgrounds. Although these two streams of research provide abundant material on cultural competence, some of which will be used in this paper, this literature does not fill the lacuna in the IB literature, which is the need to establish a definition and conceptualization of CC as it applies to international business: this is the objective of our study, given the importance of CC to firms operating in an international environment.

This paper is divided into four parts. First, we present our literature review. Then we seek to define CC as it applies to international business. We then propose a model for understanding how CC is developed in individuals, review the components of the model, and link our model to extant research, including the recently developed concept of cultural intelligence (Earley, 2002; Earley and Ang, 2003). Finally, we conclude by discussing the implications of the model for practitioners and by suggesting fruitful avenues for further research.

### **Cross-cultural competence definitions and frameworks: literature review**

Our quest for a definition of 'CC' led us to search two literature databases: EBSCO (2680 journals) and ABI-INFORM (1976–2004). Several different keywords were used, forming combinations of the terms 'competence' or 'competency', and 'cultural', 'intercultural', 'cross-cultural', 'global', 'international', or 'transnational'. We present the results of our review of how these terms are defined in the literature, grouped into three categories:

- (1) international business;
- (2) workplace diversity;
- (3) intercultural communications.

A fourth field of study, psychology, offered a discussion of 'cultural competence', but no clear definition. A summary of the findings is presented in Table 1.

### **International business**

As a result of our specific interest in IB, we started out by investigating how the terms 'CC', 'cultural competence' or 'cultural competency' have been defined and used in the international business literature. This was done in two stages. First, we searched ten top business journals over a 10-year period (1995–2004) for articles where national

culture was either the main topic or a variable explaining some business phenomenon. This search resulted in 189 articles, but the construct of our interest was found only once, in Leiba-O'Sullivan (1999). However, Leiba-O'Sullivan's aim was not to define CC but to argue for a distinction between two types of CC – *dynamic* and *stable* – with reference to Black and Mendenhall's (1990) three-dimensional taxonomy of cross-cultural competencies. Thus Leiba-O'Sullivan discussed CC in terms of 'knowledge, skills, abilities, and other', where 'other' included personal interests and personality constructs.

As this ten-journal search focusing on IB yielded limited results, we then conducted a wider database search, extending the timeframe to 1976, but few additional results were returned. Only Adler and Bartholomew (1992: 53) use the terms 'global' and 'transnational competence'. According to these authors, a 'globally competent' manager must:

- learn about many foreign cultures, perspectives, tastes, trends, technologies and approaches to conduct business;
- be skillful in working with people from many cultures simultaneously;
- be able to adapt to living in other cultures;
- know how to interact with foreign colleagues as equals.

This is good advice, but it does not constitute a definition of CC. A further expanded search revealed a study of CC and expatriates (Gertsen, 1990: 346), which defined CC as 'the ability to function effectively in another culture', consisting of three interdependent dimensions: an affective dimension (personality traits and attitudes), a cognitive dimension (how individuals acquire and categorize cultural knowledge), and a communicative, behavioral dimension (being an effective communicator). Although Gertsen did not examine each dimension in depth, nor offer insights into the relationships among them, the definition provided is a useful starting point for the present study because the three dimensions encompass both the requisite knowledge, skills and abilities and the behaviors necessary to use them effectively. A study from the same period by Black and Mendenhall (1990), cited by Leiba-O'Sullivan (1999), focused on the efficacy of cross-cultural training but did not use the term 'CC'. However, these authors proposed a three-dimensional taxonomy in which two implied cross-cultural competencies, *cross-cultural skills development* and

**Table 1** Defining cross-cultural competence

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

*adjustment*, result in improved expatriate performance. They stated:

Cross-cultural training enables the individual to learn both content and skills that will facilitate effective cross-cultural interaction by reducing misunderstandings and inappropriate behaviors. (p 120)

Again, CC is not clearly defined, but is implied to be 'effective cross-cultural interaction'.

The lack of a broadly accepted definition for the term 'CC' or its synonyms in the international

business literature prompted an expanded search for parallel definitions in other fields of study. We found established definitions for this concept in the workplace diversity literature in the USA as well as in the intercultural communications literature.

**Cultural competence and workplace diversity**

The term 'cultural competence' is widely used in the USA in the fields of health care, medicine, psychology, and education in reference to the interactions of minorities with governmental



agencies and systems. There is a myriad of books, articles, manuals and Internet sites about 'workplace diversity' and 'cultural competence', written and/or edited by private or governmental agencies, that deal with the issues of minorities in the workplace. This wealth of material was apparently triggered by current federal and state government regulations, laws and policies surrounding this issue. The definitions of CC are framed in the context of workforce diversity in the US – referring to the existing cultural subgroups classified by gender, ethnic origin, religion, sexual orientation, and age. Although this conceptualization of cultural competence is rather specific, and therefore not directly applicable to an international business perspective, we cannot ignore such an abundance of material and how it treats the concept of CC. The Appendix presents a sample of some of the many definitions of CC that can be found in this literature. The most frequently cited of these (Giachello, 1995; Barrera and Kramer, 1997; Hains *et al.*, 2000) is from the work of Cross *et al.* (1989):

Cultural competence is a set of congruent behaviors, attitudes, and policies that come together in a system, agency, or among professionals and enables that system, agency, or those professionals to work effectively in cross-cultural situations.

This is a very broad, culture-general definition, but it is to the point: cultural competence helps create an effective work environment in cross-cultural situations. Becoming culturally competent is a developmental process, and Cross *et al.* (1989) identify three common factors that can lead to an increase in the level of practitioners' cultural competence: personal attributes, knowledge, and skills. They also indicate that agencies must strive for the incorporation of cultural knowledge into policymaking and daily practice in order for cultural competence to develop. Thus, developing cultural competence is perceived as an ongoing process that requires continuous learning and strong institutional support. Interestingly, we later discovered that the same definition of CC was included by Tan and Chua (2003) in a book chapter on cultural intelligence, a concept that we discuss in more detail later in this paper. Tan and Chua refer to an 'inventory of cultural competencies' that includes knowledge, skills, abilities, and personal attributes.

### Competence in intercultural communications

Our review of the literature revealed that the field of intercultural communications offers an

overlapping set of definitions with a set of shared elements (Collier, 1989; Imahori and Lanigan, 1989; Kealey, 1989; Wiseman *et al.*, 1989; Redmond and Bunyi, 1993; Miller, 1994; Lustig and Koester, 1999). The consensus is that 'competence' in this field of study means to be appropriate and effective in interactions between individuals from different national cultures.

### Defining cross-cultural competence in international business

Based on the literature reviewed here, it seems that cultural competence requires or implies three factors: attitude, skills, and knowledge. Supporting this perspective, Hofstede (2001) proposes a process of intercultural communication competence that involves awareness, knowledge, and skills. He suggests that intercultural competence can be taught, but he indicates that personality factors also affect the levels of intercultural competence that individuals can attain (p 428). LaFromboise *et al.* (1993: 396) present a more detailed description of awareness, knowledge and skills. They suggest that in order to be culturally competent, an individual would have to:

- (1) possess a strong personal identity;
- (2) have knowledge of and facility with the beliefs and values of the culture;
- (3) display sensitivity to the affective processes of the culture;
- (4) communicate clearly in the language of the given cultural group;
- (5) perform specially sanctioned behavior;
- (6) maintain active social relations within the cultural group;
- (7) negotiate the institutional structures of that culture.

Byram (1997) concurs, and maintains that assessing knowledge is only a small part of what is involved. What also needs to be assessed is an individual's ability to step outside his/her cultural boundary, to make the strange familiar and the familiar strange, and to act on that change of perspective. Earley (2002), too, asserts that cultural knowledge and awareness are necessary but not sufficient for performing effectively in a cross-cultural setting, because an individual must also have the motivation to use the knowledge available. As most of the conceptualizations of CC previously presented in this paper had not adequately distinguished between the possession of various attributes, knowledge, and skills and the

ability to use and adapt them in a cross-cultural environment, Earley's inclusion of the motivational factor is an important contribution to our understanding of how CC is developed.

What the previous definitions have in common is that they focus on what Tan and Chua (2003) refer to as an 'inventory of cross-cultural competencies' – the factors that must be present in order for an individual to be able to interact effectively in a cross-cultural environment. In essence, these factors are the necessary antecedents to CC: they help to explain CC, but they are not substitutes for it. In contrast, we view CC in terms of performance, or outcomes: that is, in terms of an individual's proficiency in responding to a different cultural context and cues by drawing appropriately upon the inventory of knowledge, skills and attributes and behaving accordingly. In addition, the previous definitions do not take into account the unique context of international business, in which expatriates are confronted not only with different cultural values but often with very different economic, political, legal, technological and social systems. Therefore, building upon the previous definitions and taking into account the complex environment of international business, we propose the following definition of CC for the IB field:

Cross-cultural competence in international business is an individual's effectiveness in drawing upon a set of knowledge, skills, and personal attributes in order to work successfully with people from different national cultural backgrounds at home or abroad.

This is also a broad definition, but one that is culture-general and goes straight to the point: CC is the result of behavioral adaptation that individuals undertake in order to interact effectively with people from different cultures, whether that interaction takes place in an individual's home culture or, more often in international business, in an alien culture. It differs from previous definitions in that it focuses on how an individual uses the knowledge, skills and attributes that he/she possesses, rather than on the knowledge, skills and attributes in their own right. The three antecedents of cultural competence in our definition are similar to Gertsen's (1990) three dimensions of CC – affective, cognitive and behavioral. However, we should note that possessing the requisite set of knowledge, skills, and personal attributes is insufficient; the individual must also apply them in what can often be difficult and trying circumstances. Conversely, an individual who is deficient in these

areas either is unlikely even to perceive the need for behavioral adaptation or does not have the repertoire to do so. Our definition also includes two of Black and Mendenhall's (1990) components of cross-cultural training – cross-cultural skills and adjustment. Their third component, performance, is implied in our phrasing 'effectiveness in drawing upon [the antecedents] in order to work successfully with people.' In the following section, we discuss each of the three dimensions of CC that we identify here – knowledge, skills, and personal attributes – and their role in an overall model for building CC.

## Developing a model of CC in IB

### The knowledge dimension

The knowledge component of CC has been of particular interest to business educators and researchers, who have devoted substantive efforts to generating knowledge about the effects of culture on business processes and outputs. The definition of CC presented above implies the need for cultural literacy, which is the acquisition of knowledge and information regarding different cultural groups (Miller, 1994). Wiseman *et al.* (1989: 351) state that

cultural knowledge is an important determinant of one's ability to minimize misunderstandings with someone from another culture. Cultural knowledge has a positive effect on other [cross-cultural competence] attributes and maximizes intercultural competency.

The knowledge dimension of CC includes specific and general knowledge, knowledge about culture, knowledge of language, and knowledge about the rules of interaction (Imahori and Lanigan, 1989; Redmond and Bunyi, 1993). Hofstede (2001) refers to two different types of cultural knowledge, culture-general and culture-specific:

- (1) *Culture-general knowledge* – a focus on awareness and knowledge of cultural differences. It includes an examination of the participant's own mental makeup and how it differs from that of others. This knowledge applies to any cultural environment; it deals less with how to live in any specific culture and instead focuses on how to work effectively in a cross-cultural environment. It includes the material that is typically taught in an international business survey course in US business schools: the components of culture, how cultural values are learned, and frameworks for understanding and

comparing/contrasting different cultures. It also includes a general knowledge of the complex environment in which international business operates, within the different economic, political, legal, social, financial and technological systems that co-exist.

- (2) *Culture-specific knowledge* – a focus on specific knowledge about another culture. This includes information about geography, economics, politics, law, history, customs, hygiene, what to do, and what not to do – but spends little time on the participants' own cultural introspection. Culture-specific training also includes learning the language of the culture, although the ability to communicate effectively in the foreign language is more properly categorized as a skill.

Bird *et al.* (1993) identify three types of culture-specific knowledge, which they perceive as a hierarchy of learning: factual, conceptual, and attributional. Factual knowledge deals with a country's history, its political and economic systems, institutions, and social structure. Conceptual knowledge is concerned with understanding a cultural group's value system and how values are reflected in people's behaviors. This type of knowledge requires individuals to 'step out' of their cultural preconceptions in order to understand another culture's values and beliefs (Byram, 1997). These two types of knowledge, factual and conceptual, are explicit, are easily transmitted through lectures and/or readings, and can be readily assessed. The third type of culture-specific knowledge, attributional knowledge, reflects a heightened awareness of appropriate behavior, building upon factual and conceptual knowledge in order to correctly attribute the behavior of individuals in the target culture. Attributional knowledge is a type of *tacit* knowledge (Polanyi, 1958); it is informal, personal, and difficult to communicate and thus difficult to convey in a formal environment, such as a classroom-based training program. Nonaka and Takeuchi (1995) assert that socialization can facilitate the transfer of tacit knowledge: thus frequent exposure to other cultures, through visits, through overseas postings, or through the establishment of cross-cultural teams, is a mechanism for fostering the transfer of tacit knowledge. Nonaka and Takeuchi (1995) also refer to culture-general and culture-specific knowledge, and suggest that 'the culture-general approach prepares for learning how to learn, provides broader experience, and eases the movement to culture specific knowledge' (p 430).

Thus culture-general knowledge appears to be the foundation for the acquisition of other types of knowledge and skills that facilitate CC in international business.

In addition to the general/specific categories of knowledge, Earley and Ang (2003) offer an approach that deals with the cognitive aspects of knowledge acquisition. These authors call this approach 'metacognition', and it seems to provide insights into three aspects of the knowledge acquisition process:

- (1) 'person' aspects – intra-individual, inter-individual, or universal;
- (2) task variables – the nature of the information acquired; and
- (3) strategy variables – the procedures for using the acquired knowledge (Earley and Ang, 2003: 100–102).

The personal aspects of metacognitive knowledge deal with how we view ourselves and others, which is an important element for the social interactions part of the cultural learning process. The second aspect of this metacognitive perspective deals with the nature of information that is being acquired by a person who is learning the culture – individuals analyze the degree of complexity of this task and become prepared, or not, to face it. The last aspect of this metacognitive perspective is about what to do and how best to use the acquired knowledge. This latter perspective of knowledge acquisition provides an interesting complement to the general/specific classification of culture: whereas the general/specific classification is concerned with the structure of knowledge, metacognitive knowledge operates at a higher level and provides useful insights into understanding the process of learning cultural knowledge.

### The skills dimension

The *Oxford Dictionary* defines skill as 'expertness, or practiced facility in doing something'. It is the behavioral component of CC, and includes abilities (such as foreign language competence, adapting to the behavioral norms of a different cultural environment, effective stress-management, or conflict resolution) and aptitudes. An ability is a set of specific skills that have been acquired over time, whereas an aptitude is an individual's capacity to acquire additional abilities in a specific skill-set (Dunnette, 1976). However, there is considerable overlap in the literature between 'skills', 'abilities' and 'aptitudes', because they are often defined in

terms of one another, and indeed it is not always necessary to distinguish clearly among them (Dunnette, 1976; Earley, 2002). For the present, we shall group them together under the same category of 'skills'.

### The personal attributes dimension

This dimension includes personality traits in addition to the internalized values, norms and beliefs of one's home culture. Leadership studies typically list personality traits as antecedents to the effective acquisition of management and leadership skills (e.g., Bass, 1990): such traits include ambition, courage, curiosity, decisiveness, enthusiasm, fortitude, integrity, judgment, loyalty, perseverance, self-efficacy, tolerance for ambiguity, etc. The disadvantage of such lists is that they can contain dozens of desirable attributes, yet do not indicate which attributes are more essential than others in developing the required behaviors. In addition, such lists usually do not include personality traits that can constrain the acquisition of desirable skills (Tannenbaum and Yukl, 1992). Leiba-O'Sullivan (1999) classifies personality traits as 'stable cross-cultural competencies', suggesting that: (1) personality traits are competencies in themselves, rather than antecedents to cultural competence; and (2) individuals who lack certain traits cannot easily acquire them. Although we accept the latter, we disagree with the former, because we treat personal attributes as antecedents that can either help or hinder the development of CC. However, Leiba-O'Sullivan's perspective does suggest that all employees are not equally trainable, and that there are some individuals who may lack the personality traits necessary for them to acquire certain knowledge and skills. This is a valid point, and one to which we shall return later in this study.

So far, we have presented the elements that we believe are important to individuals who intend to operate in a cross-cultural business context, and therefore these elements will have an effect on their effectiveness (cultural competence). We find strong support for this list in Tan and Chua (2003), who list these elements (personal attributes, skills, and knowledge) and call them collectively an 'inventory of cross-cultural competencies', although 'competencies' here refers to the prerequisites for, or antecedents to, CC. In the following subsections, we introduce and discuss two environmental factors whose presence can impede CC in the IB context: institutional ethnocentrism and cultural distance.

### Moderating external factors

As noted earlier, previous conceptualizations of CC have tended to ignore the environment in which cross-cultural interactions occur. Individuals who possess the necessary skills, knowledge and attributes that will allow them to perform effectively in a cross-cultural setting might still find it difficult to achieve a high level of effectiveness in CC in the face of the environmental barriers that challenge international business operations. These include, but are not limited to, the physical, economic, political and legal environments in which an expatriate manager might find him or herself. Here, we examine how two factors that are related to the cultural environment – institutional ethnocentrism and cultural distance – can moderate an individual's application of these skills, knowledge, and attributes. Later, we shall address how other environmental factors can affect an expatriate manager's overall performance.

### Institutional ethnocentrism

Although ethnocentrism is frequently discussed at the individual level of analysis (Wiseman *et al.*, 1989), it can occur at the organizational level, too. Perlmutter (1969) originally identified ethnocentric multinationals as those that appointed home-country nationals to key executive positions in overseas affiliates. More generally, ethnocentrism in multinational business corporations is defined as imposing on affiliates abroad 'the ways of working' at the headquarters in the home culture (Hofstede, 2001: 441). It is closely related to Bartlett and Ghoshal's (1998) concept of administrative heritage, and to institutional isomorphism (Dimaggio and Powell, 1983), representing in multinational firms the persistence of structures, processes and management mentalities imposed by the parent organization on overseas affiliates, even when it is not appropriate to do so. We term this type of ethnocentrism 'institutional ethnocentrism'. Institutional ethnocentrism promotes the home culture's ways of doing things, and this is one factor that differentiates CC in international business from CC in a domestic setting. However, the extent to which institutional ethnocentrism affects the operations of a foreign subsidiary depends on the tightness of the organizational culture: where the corporate culture is strong and the MNC imposes on foreign affiliates the home culture's way of doing things, making few if any allowances for differences in the local national culture, we would expect institutional ethnocentrism to be high. This

type of institutional ethnocentrism can impair the expatriate employees' ability to work effectively with other national groups, especially if the expatriates perceive that there is no organizational support for doing so and that they will be rewarded instead for their ability to do things 'the company way'. As Cross *et al.* (1989) noted in the context of workplace diversity, developing cultural competence is an ongoing process that requires strong institutional support. The absence of that support or, worse, the promotion within a multinational firm of the home country's perspective, whether or not it is appropriate, can impede the development of CC by expatriate managers. The issue of US ethnocentrism and its effects on the management of US corporations overseas has been mentioned by Adler (1991: 11–12) as one explanation of the low levels of CC in corporate America:

Why have many Americans ignored the need to think and act globally? Due to Americans' parochialism ... [and] former American political and technological dominance, which led them to believe that they can conduct business strictly from an American perspective.

We should, therefore, expect institutional ethnocentrism to have a negative effect on an individual's ability to respond appropriately to cultural differences in the workplace.

**Cultural distance**

Kogut and Singh (1988) defined cultural distance in terms of Hofstede's (1980) dimensions of culture. Cultural distance aims to capture the overall difference in national culture between the home

country and affiliates overseas, and it has been used extensively in the study of the effects of national cultures on processes and outputs of multinational corporations. The construct has been used in many different areas of international business research, including human resource management, mergers and acquisitions, joint ventures, and marketing (e.g., Rosenzweig and Nohria, 1994; Roth and O'Donnell, 1996; Gomez-Mejia and Palich, 1997; Tung, 1998; Luo and Peng, 1999; Caligiuri, 2000; Merchant, 2000; Thomas and Mueller, 2000; Brouthers and Brouthers, 2001). In most of these studies, the dependent variable was negatively related to cultural distance, implying that as the cultural distance increases, the difficulties facing business processes overseas also increase. For the expatriate manager, a large cultural distance not only reflects a difference in cultural *values*, but also in many cases reflects a significant difference in other environmental variables, too, such as the language, the economy, and the political and legal systems. In combination, these environmental differences may constitute a formidable barrier for expatriate managers to overcome. Thus, we posit a negative moderating influence of cultural distance on an individual's ability to respond appropriately to cultural differences in the workplace. (See Figure 1.)

In summary, then, CC in IB is an individual's effectiveness in drawing upon a repertoire of skills, knowledge, and attributes to work successfully with people from different national cultural backgrounds, at home or abroad. The framework for this study of CC in international business

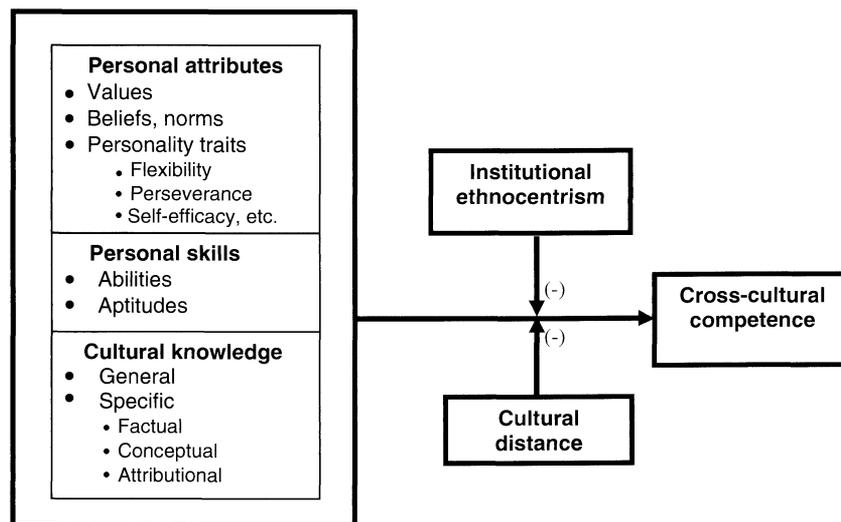


Figure 1 A model of cross-cultural competence in international business.

incorporates an ‘inventory of cross-cultural competencies’ (Tan and Chua, 2003) that includes both general and specific cultural knowledge, personal skills, and personal attributes. In turn, institutional ethnocentrism and cultural distance (cultural differences) impact on the effective implementation of the elements of this inventory in cross-cultural contexts and, thus, the CC levels of business practitioners (see Figure 1). In this model, the antecedents to CC are located on the left side. The list of antecedents here is not exhaustive, but collectively they constitute an inventory of knowledge, skills, and personal attributes that are required for CC. These antecedents are akin to a box of tools that individuals acquire over time, some of which may indeed be genetic predispositions. Some individuals may have a limited set of tools at their disposal, or may not know how to use them appropriately. Through training, and through exposure to other cultures, other individuals learn to select and apply the appropriate tools, adapting them when necessary in the face of environmental barriers.

## Discussion

### Implications of the model

We have identified several possible causes of failures in international business. At the organizational level, institutional ethnocentrism can create institutional barriers to the adaptation of a firm’s strategy, structure and systems to the cultural environment of an overseas affiliate. At the individual level, business failure has often been ascribed to a low degree of CC by business practitioners (Ricks, 1999). However, to date the business literature has not adequately explained why this low level of CC persists. Management researchers Pfeffer and Sutton (1999) have identified a gap between ‘knowing’ and ‘doing’ that explains why firms fail to implement the knowledge, experience and insight that they have worked so hard to acquire, and we propose that there is a similar gap in international business behavior, one brought about by an imprecise and inaccurate definition of CC that has led, in turn, to an overemphasis on its antecedents (‘knowing’) rather than on its behavioral manifestations (‘doing’). We believe that our definition of CC and our model can provide an explanation for why this gap has come to exist.

It is remarkable that a field of study dedicated to the opportunities and challenges faced by firms and managers has devoted little attention to defining a

concept that, most practitioners would agree, is a highly desirable outcome: CC. Our review of the IB literature found that IB researchers had not adequately distinguished between the possession of various attributes, knowledge, and skills, and the ability to use and adapt them in a cross-cultural environment – thus the ‘knowing’ and ‘doing’ gap. In contrast, the literature on workplace diversity and cross-cultural communications, respectively, offers definitions that focus on behavioral outcomes that we have drawn upon in our definition of CC.

Having distinguished between CC and its antecedents in our definition, let us discuss the relationship between CC and its antecedents as shown in our model (Figure 1). Earley (2002: 277) claims that many cultural training programs fail because they tend to put too much emphasis on culture-specific knowledge ‘at the expense of a more general learning principle’, even though it is the latter that helps individuals to understand and deal effectively with new situations. One explanation for why this occurs points to the widespread use of two types of culture-specific knowledge: factual and conceptual. These types of knowledge are relatively easy to assemble and transmit, and can be readily applied to a specific training context. In contrast, the other types of knowledge that promote CC are fuzzier. For cross-cultural trainers, then, it is straightforward to prepare a training syllabus for culture-specific knowledge that focuses on factual and conceptual knowledge, teach the training course, and then assess the effectiveness of training. Although factual and conceptual types of culture-specific knowledge are an important aspect of cross-cultural training, we maintain that they do not provide a sufficient base of knowledge for developing CC. A secondary reason is that firms need to justify the expense of training programs by validating the training: that is, the training program should be evaluated to ensure that it is meeting the needs of the trainees and achieving its goals. As tacit knowledge is not amenable to assessment via standardized objective tests, it is likely that trainers neglect this type of knowledge in favor of the other, more easily assessed types. Furthermore, tacit knowledge by its very nature cannot be easily transferred through training programs. Nevertheless, the acquisition of tacit knowledge appears to be essential in developing CC.

In all cases, the model predicts that those with a small inventory of antecedents to CC will fare poorly on CC whereas those with an expanded

inventory are more likely to perform well. However, we return again to the 'knowing' and 'doing' gap: we view the antecedents as representing the ability to learn, whereas CC is the ability to perform – to apply skills, knowledge, and personal attributes appropriately in a cross-cultural situation. Thus the model suggests that their application is not always without difficulty. Despite the admonitions of Boyacigiller and Adler (1991), the parochial dinosaur may yet be thriving in overseas corporate America, imposing administrative barriers on adaptive behavior by US expatriates. In such circumstances, the model should be able to explain equally well both the expatriate's failure to adapt *and* the adaptive behavior of local employees, who are forced by the company's policies to conform to US-based norms and values. Therefore, the model should be equally reliable in predicting the performance of expatriates overseas and of local employees working within a subsidiary of an ethnocentric organization.

Similarly, a large cultural distance between an individual's home culture and the local culture can constrain adaptive behavior by an expatriate. Although, to some extent, personality traits such as strong self-efficacy and perseverance can help to overcome cultural distance, nevertheless living in and/or interacting with people from a very different cultural environment can induce a psychological strain on individuals, reducing their capacity to adapt effectively.

An additional issue for practitioners is the extent to which individuals can be trained to acquire the requisite skills for CC. As we mentioned earlier, Leiba-O'Sullivan (1999) suggested that there are 'stable' competencies, such as personality traits, that can facilitate or constrain the acquisition of the 'dynamic' competencies, such as language skills or strategies for conflict resolution. This is similar to the 'aptitudes' that we discussed above. Research in foreign language acquisition, for example, suggests that certain personality traits and demographic variables are correlated with success in foreign language learning (Ehrman and Oxford, 1995). Similarly, openness to new ideas and tolerance for ambiguity are examples of attributes that facilitate the learning of cross-cultural knowledge and skills, but these are attributes that cannot easily be acquired by individuals who don't already possess them. This suggests that certain components of CC cannot easily be taught, and that certain individuals may have an aptitude for developing CC whereas others do not.

Finally, although we have argued here for a new conceptualization and definition of CC that focuses on how individuals actually apply the cross-cultural skills, knowledge and abilities that they have acquired or developed, this conceptualization of CC is of little practical value unless it can be properly assessed. There is therefore a need to develop a valid, reliable measure of CC that would serve several practical purposes. First, it could be used as a selection tool for IB positions that require a high degree of CC. Second, it could be used as a diagnostic tool, to determine areas of strengths and weaknesses in an individual's cross-cultural repertoire. Alternatively, a combination of these two purposes would be to use the measure to screen applicants for certain IB positions, identifying areas in which further cross-cultural training is needed. The measure could also be used alongside other appropriate tools for expatriate performance appraisals, thus avoiding the introduction of cultural bias into performance appraisals completed by a supervisor from a different culture.

### Integration with the existing literature

As CC is not an end in itself, we here link our framework to the existing body of IB literature (see Figure 2). In addition to the inventory of cultural competencies (Tan and Chua, 2003) that has already been discussed in this paper, we integrate the CC framework with four topics:

- (1) cultural intelligence (Earley, 2002; Earley and Ang, 2003);
- (2) behavioral learning and cross-cultural training (Bandura, 1986; Black and Mendenhall, 1990; Earley, 2002; Earley and Ang, 2003);
- (3) the effect of the country environment on a global firm's success (Daniels *et al.*, 2004); and
- (4) the firm's related blunders in international business (Ricks, 1999).

Recently, Earley introduced the concept of cultural intelligence (Earley, 2002; Earley and Ang, 2003). According to Earley (2002: 283), cultural intelligence 'reflects a person's capability to adapt as s/he interacts with others from different cultural regions'. Unlike emotional intelligence (Goleman, 1995) and social intelligence (Vernon, 1993) – both of which, Earley argues, are culture-bound – cultural intelligence:

- (1) requires the use of metacognitive strategies to overcome new social contexts;

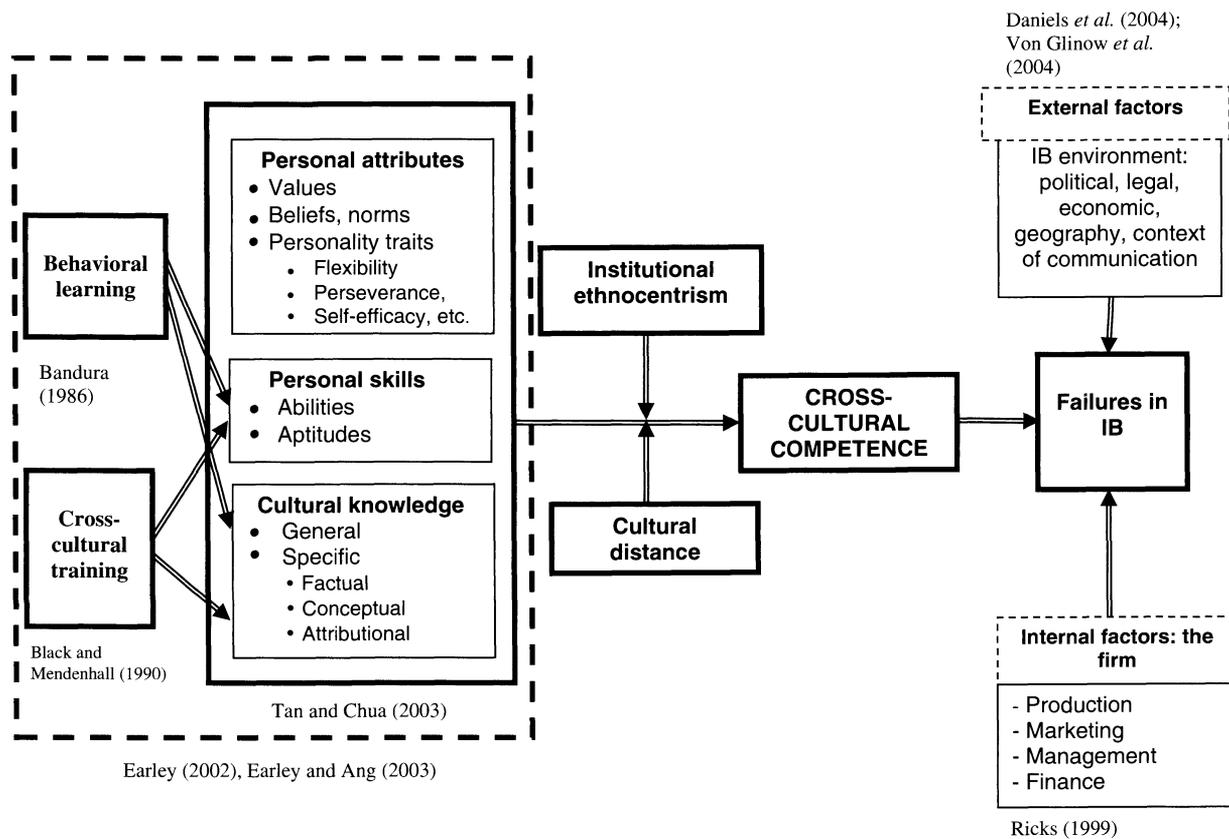


Figure 2 Cross-cultural competence in IB: integration with the literature.

- (2) forces individuals to seek new information outside their realms of knowledge and experience; and
- (3) demands perseverance in the face of obstacles and setbacks (Earley, 2002) (see Figure 3).

In our view, the concept of cultural intelligence plays an important role as a latent construct in the development of CC. Cultural intelligence has both process and content features: it has cognitive, motivational, and behavioral facets that derive from the three dimensions described earlier – knowledge, skills, and attributes – and which explain the dynamic processes that occur in adapting these dimensions to new cultural contexts. That is, an individual with a high level of cultural intelligence has:

- (1) the cognitive skills that allow him/her to function effectively in a new culture;
- (2) the motivational impetus to adapt to a different cultural environment; and
- (3) the ability to engage in adaptive behaviors (Earley and Ang, 2003).

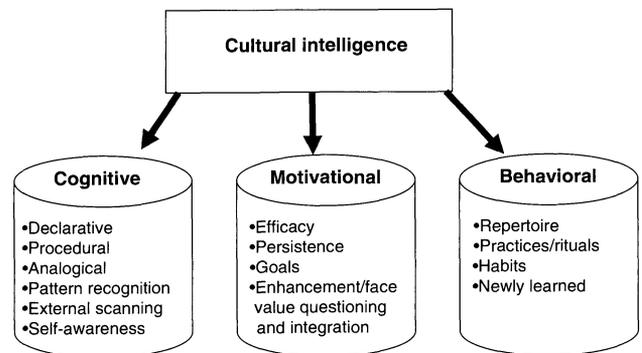


Figure 3 Facets of cultural intelligence (Earley, 2002).

The cognitive component is included in our model as the antecedents to CC, or the ‘inventory of cross-cultural competencies’ (Tan and Chua, 2003). However, with his second component, Earley’s inclusion of a motivational facet to cultural intelligence is an important contribution to understanding how CC is achieved. Although we agree that the motivation to succeed in a cross-cultural environment is an important differentiator among



individuals, motivation is a complex construct that includes both internal and external factors. In our model, we include self-efficacy and perseverance as examples of personal characteristics (Bass, 1990) that can foster motivation (Bandura, 1986), and we deal partially with the external aspects of motivation in our concept of institutional ethnocentrism. We should emphasize again, however, that the SKA's listed in the model are illustrative, not exhaustive, and space does not permit the inclusion of other factors that drive motivation. Finally, cultural intelligence goes a step beyond our model's antecedents to CC with the inclusion of a behavioral facet that deals with behavioral learning, which we include as an antecedent to our inventory of cross-cultural competencies (see Figure 2). Cultural intelligence is not just about having the 'behavioral repertoire' but also about 'how to learn them' (Earley and Ang, 2003). Yet even though cultural intelligence has a behavioral component, it appears to be concerned more with acquiring and practicing appropriate behaviors than with applying them in real-life situations. In this respect, cultural intelligence, like traditional conceptualizations of cultural competencies, emphasizes learning over the application of that learning.

Next, we want to recognize the vast literature on cross-cultural training, already mentioned in this study, which can influence CC by enhancing people's skills and knowledge (Black and Mendenhall, 1990). However, our perspective is that cross-cultural training programs focus too much on factual and conceptual knowledge at the expense of developing a broader set of knowledge, skills and abilities that will enhance CC. In addition, there is an overemphasis in the literature on measuring these antecedents to CC rather than on assessing how individuals apply them in real cross-cultural situations.

With regard to the other two topics, we acknowledge that cultural factors are not the sole cause of success or failure in international business, and although cultural differences are regarded as a major factor, many other reasons can provoke failures in IB. On the one hand, there are the external influences emanating from political policies, legal practices, economic forces, and geographic influences (Daniels *et al.*, 2004), as well as contextual influences that can impede effective cross-cultural communication (Von Glinow *et al.*, 2004), while on the other hand problems may arise within the functional areas of companies operating abroad (Ricks, 1999). In other words, even a

culturally competent manager might not be successful in a company that manufactures products that are unsuited to the local market and/or is located in a country that is experiencing a deep economic recession.

Although the challenges imposed by differences in the external business environment have been well documented in the IB literature, Von Glinow *et al.* (2004) have recently identified an aspect of cross-cultural communication that deserves more attention: *polycontextuality* in multicultural teams. All communication occurs within a context (Hall, 1976); in high-context cultures, much of the information is contained in the context of the communication, whereas in low-context cultures the message is primarily in the words. However, even in low-context cultures, there may be subtle contextual clues and conventions – such as gestures, touch, irony, attitudes to time, and paralinguistic behavior – that influence how the message is interpreted; these conventions may apply not only to face-to-face communications but also to electronic communication via telephone and e-mail. As Von Glinow *et al.* (2004: 583) indicate, the meaning of such contextualization conventions is often culture-specific and, to make matters worse, we often use multiple contextualization conventions at the same time, creating a polycontextual environment of communication in which non-natives might find it impossible to discern the true meaning of a message. This, in turn, may lead to emotional conflict within the multicultural team, such as anger and frustration, which can have a detrimental effect on team performance.

The last part of Figure 2 deals with factors internal to the firm. In the introductory section of the paper, we cited several examples of failures of global companies abroad. Ricks (1999) describes several functional areas of a firm in which mistakes may cause an international venture to be unsuccessful. These functional areas can be grouped into four: production, management, marketing, and finance. For production, a poor location decision is considered to be the most expensive mistake that a firm can make abroad (Ricks, 1999), although procurement and quality are also two important issues for production. In the management area, most of the failures in the international arena can be traced to problems in the selection and training of suitable personnel by human resources managers, an issue that we have discussed in relation to our framework; strategic management can also be responsible

for blunders in IB, and entry mode decisions and supply problems are listed by Ricks (1999) as the more frequent sources of failures in this area. Marketing, too, can be responsible for many failures in IB despite the perceived cultural competence of marketing managers. Technical incompetence in marketing, such as wrong pricing, inadequate product line selection, and poor distribution and promotion can make a company fail in an international venture. In such cases, a major source of the failure is often a lack of cultural knowledge by individual managers.

### Implications for researchers

Having presented our model of CC, the next stage is to operationalize the constructs and test the model. Fortunately, some of the preliminary work has been done, because measures have already been developed for most of the concepts in the antecedents discussed above (see Leiba-O'Sullivan, 1999; Earley and Ang, 2003). Lee and Templer (2003) identified and reviewed 17 different cross-cultural assessment instruments that were developed between 1974 and 2001, 11 of which were developed since 1994. Most of these instruments focus on the antecedents of CC as outlined on the left side of Figures 1 and 2. More problematic, however, is the concept of 'CC' itself, because what is required is not a measure of cross-cultural knowledge, skills, and attitudes but a measure that assesses the appropriate and effective use of cross-cultural knowledge, skills, and attitudes in an IB context. We agree with Lee and Templer (2003: 208), in their discussion of appropriate methodologies of cross-cultural assessment, that 'the most effective data-collection strategy is one that uses multiple measures and multiple methods of data collection'. A thorough discussion of a suitable measure of CC is beyond the scope of the present study, but we present here some possible approaches to the assessment of CC.

Black and Mendenhall (1990) included a performance component in their discussion of the efficacy of cross-cultural training, noting that 11 out of 15 studies that they reviewed found a positive correlation between cross-cultural training and performance. However, it was not clear how 'performance' was defined in the different studies, or what aspects of performance were measured. Indeed, the authors commented that 'no universally accepted definition of performance exists in the cross-cultural literature' (p 131), although they acknowledged that assignment completion and performance evaluations are two commonly used

measures of performance. Yet, as we discussed earlier, it is not always the case that an ineffective manager returns home prematurely from an overseas assignment; in many other cases, early repatriation is due to the spouse's or family's inability to adapt, not the manager's. Thus, remaining overseas until the completion of the assignment does not appear to be a valid measure of CC. Performance evaluations by a supervisor, in contrast, are relevant to the manager's actual job performance, but cultural competence in the workplace is just one dimension of successful cross-cultural adjustment; others include cultural competence in one's daily life, and social interactions with others both in and out of the workplace (Palthe, 2004). Workplace CC includes the ability to perform job-related tasks such as planning, organizing, and delegating. It also includes appropriate supervision of employees. CC in daily life includes the ability to perform daily chores such as commuting, shopping, and other housekeeping tasks. Social interactions reflect an orientation to others or an 'emotional connection' to others (Gregersen *et al.*, 1998) that is positively correlated with successful cross-cultural adaptation; social interactions also include the ability to manage the emotional conflicts caused by poly-contextuality (Von Glinow *et al.*, 2004). An adequate measure of CC should, therefore, capture these multiple dimensions of performance. Also, because a high degree of CC implies that an individual has successfully assimilated tacit knowledge about the culture, the CC measure should be capable of assessing tacit knowledge. To this end, the triangulation method for assessing tacit knowledge, as expounded by Sternberg *et al.* (2000), should prove useful for capturing both the multi-dimensional nature of the construct and the tacit-knowledge aspects of CC. This method develops written scenarios, and the respondent is asked to select the most appropriate response. The respondent should not perceive that there is a single 'right' or 'wrong' answer; rather, the responses are graded on a scale that reflects the application of cultural intelligence, yielding an inventory similar to the Meyers-Briggs type indicator typology. Byram (1997) suggests using portfolios in which individuals record critical incidents from their own experience and explain how they reacted to them: such portfolios could be used to supplement the written scenarios.

An alternative starting point might be Roberson *et al.*'s (2002) study of instructor CC in the classroom. They developed an Instructor Cultural



Competence Questionnaire (ICCQ), based on written scenarios and scored along Bennett's (1993) model of cultural competence, which defines six developmental stages of cultural awareness and competence: denial, defense, minimization, acceptance, adaptation, and integration. We envisage starting with cultural-general scenarios, so that the CC measure would be equally valid across cultures. (Later, additional scenarios could be introduced to include culture-specific factors, such as negotiation in China or performance appraisal in Mexico.) In order to develop a sufficient number of valid scenarios, researchers must seek extensive support and input from practitioners in the field. The resulting scale must then be validated and tested for reliability. Thus developing a satisfactory scale to assess CC is likely to be a resource-consuming endeavor; however, it is one that is long overdue.

Beyond developing a scale to measure CC, a further avenue for useful research that emerges from the previous discussion is the investigation and identification of those personality traits that facilitate or constrain the learning of cross-cultural knowledge and skills. Although some preliminary studies have been done for language learning, there is an apparent need to extend the scope of the study to include antecedents to the acquisition of a wider range of cross-cultural knowledge and skills. In particular, further research is needed into the transfer of soft skills, including tacit knowledge, to determine how the acquisition of these types of skills can be better facilitated.

### Summary and conclusions

In this paper, we examined the concept of CC (CC) and how it has been addressed in the international business literature. Although international business failure has often been ascribed to the low levels of CC of individual managers – especially of US-based managers – we found that CC in an IB context is ill defined, especially when compared with other areas of the social sciences. IB researchers have tended to characterize CC in terms of variables that can be relatively easily defined and measured, and this approach has resulted in a circular definition of CC in terms of its evident antecedents – the knowledge, skills and personal attributes that constitute an inventory of cross-cultural competencies (e.g., Leiba-O'Sullivan, 1999; Earley, 2002; Tan and Chua, 2003) – rather than focusing on how effectively these antecedents are applied. Cross-cultural training programs tend to emphasize the elements of this inventory that can be taught in short training

programs, typically focusing on culture-specific behavioral skills and knowledge whose learning can easily be assessed, at the expense of culture-general knowledge and attributional knowledge that might enhance the trainees' metacognitive skills. More recently, Earley and his colleagues expanded the traditional notion of CC by introducing the concept of *cultural intelligence*, which includes both behavioral and motivational facets as well as a metacognitive aspect. However, cultural intelligence, too, focuses more on learning than on doing. In order to understand and study CC, we must first be clear about what it really is, so we offered a definition of CC as it applies to the field of international business that focuses on performance (*doing*) rather than on a set of knowledge, abilities and skills (*knowing*). We developed and discussed a model of CC that incorporates Earley's (2002) concept of cultural intelligence without compromising the behavioral nature of CC, and we posited that institutional ethnocentrism and cultural distance are moderating variables that have a negative impact on CC. We anticipate that this definition and model of CC will result in a shift of emphasis in the IB literature away from the constituent dimensions of CC and towards the behavioral outcomes that CC implies.

Finally, we discussed the implications of the model for practitioners and researchers. The next step is to develop a valid, reliable measure that captures the multidimensionality of CC and is culture-general. Later, it should be possible to refine the measure to include culture-specific items that will allow an assessment of CC in a culture-specific context. Testing the model will also scrutinize our underlying assumptions that institutional ethnocentrism and cultural distance play a central role in international business failure. In conclusion, our expectation is that the development of a valid, reliable measure of CC will be an important step in helping international firms create an environment that is conducive to the exercise of appropriate cross-cultural expertise.

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## Appendix

Definitions of cultural competence from workplace diversity: a sample

- (1) Cross T., Bazron, B., Dennis, K. and Isaacs, M. (1989) *Towards a Culturally Competent System of Care*, Volume I, Washington, DC: Georgetown University Center for Child and Human Development. Cultural competence is a set of congruent behaviors, attitudes, and policies that come together in a system, agency, or among professionals and enables that system, agency, or those professionals to work effectively in cross-cultural situations. (pp iv–v)
- (2) National Association of Social Workers (NASW). *NASW Standards for Cultural Competence in Social Work Practice*, 2001, Washington DC: NASW Press. Operationally defined, cultural competence is the integration and transformation of knowledge about individuals and groups of people into specific standards, policies, practices, and attitudes used in appropriate cultural settings to increase the quality of services, thereby producing better outcomes... Competence in cross-

cultural functioning means learning new patterns of behavior and effectively applying them in appropriate settings.'

- (3) US Department of Health and Human Services (HHS). *Assuring Competence in Health Care*, Washington, DC: Office of Minority Health, [www document] <http://www.omhrc.gov/clas/finalcultural1a.htm>, Accessed February 10, 2004.

Cultural competence includes being able to recognize and respond to health-related beliefs and cultural values, disease incidence and prevalence, and treatment efficacy. Examples of culturally competent care include striving to overcome cultural, language, and communications barriers; providing an environment in which patients/consumers from diverse cultural backgrounds feel comfortable discussing their cultural health beliefs and practices in the context of negotiating treatment options; using community workers as a check on the effectiveness of communication and care; encouraging patients/consumers to express their spiritual beliefs and cultural practices; and being familiar with and respectful of various traditional healing systems and beliefs and, where appropriate, integrating these approaches into treatment plans.

- (4) Western Interstate Commission for Higher Education (WICHE). *Cultural Competence Standards in Managed Care Mental Health Services for Asian and Pacific Islander Americans*, Boulder, CO: Western Interstate Commission for Higher Education, [www document] [http://www.wiche.edu/MentalHealth/Cultural\\_Comp/](http://www.wiche.edu/MentalHealth/Cultural_Comp/) Accessed February 10, 2004.

Cultural competence includes attaining the knowledge, skills, and attitudes to enable administrators and practitioners within systems of care to provide effective care for diverse populations, i.e., to work within the person's values and reality conditions. ... Cultural competence acknowledges and incorporates variance in normative acceptable behaviors, beliefs, and values in: determining an individual's mental wellness/illness, and incorporating those variables into assessment and treatment.

- (5) Vonk, M.E. (2001) 'Cultural Competence for Transracial Adoptive Parents', *Social Work* 46(3): 246-255.

Knowledge is needed to understand the client's life experiences and life patterns. Skills are

tailored to meet the needs of a client from a different culture, including cross-cultural communications skills. Attitude is related to social workers' awareness of assumptions, values, and biases that are a part of their own culture and worldview and understanding the worldview of the client who is a member of a different culture. It includes principles such as understanding ethnocentric thinking and learning to appreciate differences. (p 247)

- (6) Child Welfare League of America. *Cultural Competence and the New Americans*. Washington, DC: Child Welfare League of America, [www document] <http://www.cwla.org/programs/culturalcompetence/> Accessed March 9, 2004.

Cultural competence is the ability of individuals and systems to respond respectfully and effectively to people of all cultures, classes, races, ethnic backgrounds, and religions in a manner that recognizes, affirms, and values the worth of individuals, families, and communities and protects and preserves the dignity of each. The knowledge and skill set necessary to identify and address the issues facing your organization, that have cultural implications, and the ability to operationalize this knowledge into the routine functioning of the agency.

- (7) McPhatter, A.R. (1997) 'Cultural Competence in Child Welfare: What Is It? How Do We Achieve It? What Happens Without It?' *Child Welfare* 76(1): 255-278. Source: Minnesota Department of Human Services, Guidelines for Culturally Competent Organizations (Appendix: E Definitions of Cultural Competence), [www document] [http://www.dhs.state.mn.us/main/groups/agencywide/documents/pub/DHS\\_id\\_016426.hcsp](http://www.dhs.state.mn.us/main/groups/agencywide/documents/pub/DHS_id_016426.hcsp)

Cultural competence means an ability to provide services that are perceived as legitimate for problems experienced by culturally diverse persons' (p 261). 'Cultural competence denotes the ability to transform knowledge and cultural awareness into health and psychosocial interventions that support and sustain healthy client system functioning within the appropriate cultural context' (p 261).

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