

Review Paper

Intercultural Competence as a Condition for the Formation and Development (Improvement) of Soft Skills for Future Top Managers of International Financial Corporations

Nataliia Aleksandrova*, Olga Shevchenko, Olga Kapustina and Larysa Sluchaina

Department of Foreign Languages and Intercultural Communication, Kyiv National Economic University named after Vadym Hetman, Kyiv, Ukraine

*Corresponding author: nnalesandrova@meta.ua (ORCID ID: 0000-0002-7902-2434)

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ABSTRACT

The modern development of the information society, globalization processes, as well as the development of the international community at the economic, cultural and political levels, places new demands on the formation of the competencies of managers of powerful corporations, their training, as well as the conditions for the performance of their duties, which determines the relevance of this article. The purpose of the article is the analysis of intercultural competence as a condition for the formation and development (or improvement) of soft skills for future top managers of transnational financial corporations. Structural, functional and retrospective research methods were used to implement the goal. The results of the research underline the importance of modern cross-cultural management and the peculiarities of its implementation in Ukraine and determined intercultural competence and the factors of its formation in the system of training future top managers (using the empirical experience of Kyiv National Economic University named after Vadym Hetman). It has also proved the significance of mastering intercultural communication and the development of soft skills in the environment of top managers (based on the analysis of the global context). It has been concluded that there is a dependence of the mechanisms of formation of soft skills on psychological traits. As shown by the practice of teaching relevant academic disciplines at Kyiv National Economic University named after Vadym Hetman, based on mastering, among others, intercultural competence, future managers are able to develop social skills at an appropriate level.

HIGHLIGHTS

- The article aims to analyze intercultural competence as a requirement for developing soft skills in future top managers of transnational financial corporations, highlighting the significance of cross-cultural management, intercultural communication, and psychological traits in their training, using empirical evidence from Kyiv National Economic University.

Keywords: Cross-Cultural Management, Educational Competences, Experience, Intercultural Communication, Social Skills

The formation of the modern information society is based on the deep processes of integration, introduction of innovative solutions and globalization, as well as the growth of interaction at the intercultural level. The specified shifts actively affect the transformation of public perceptions, the development of tolerance, adaptability, the ability to think quickly and flexibly, to establish

communication links, as well as to interact quickly. Orientation in fast-moving and changing conditions has thus turned into one of the competencies

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that must be mastered even at the level of higher education students. Further on, there is already talk about the crystallization of certain communicative techniques, which are based on the practical experience of international cooperation and previously acquired knowledge, abilities and skills, although this process can be partially started at the stage of practical training within the framework of university education (Alabdulkareem *et al.* 2018; Almonte, 2021).

Globalization of the economy created a lot of difficulties for management, because it clearly demonstrated the need for the ability to establish contacts and conduct dialogue with representatives of different peoples and countries. The specified processes are usually united by the concept of “intercultural competence” (or “cross-cultural competence”). Its importance in the training of specialist managers at the current stage is difficult to overestimate. Given the global challenges faced by management of international companies, the mastery of this competence should be an important element of their training. At the same time, the very interpretation of “intercultural competence” and its tasks often becomes an important problem for teaching and practical use in management. For example, D. Kaur and R. Batra (2018) believe that intercultural competence forms a special set of social skills and abilities in specialists, using which they can freely communicate with partners from other cultures on professional and everyday topics. H.-Y.S. Cherng and L.A. Davis (2017) determine that intercultural competence is a unique characteristic of any person who possesses such qualities as a real assessment of the situation, knowledge of the past, and a constant readiness to act. Third experts emphasize the identification of specific psychological and cultural properties that have a direct impact on the formation of intercultural interaction. The opinion of Y. Liao and D.C. Thomas (2020) is also important: on the basis of the analysis of “cross-cultural competence”, it is possible to establish effective cooperation in a multinational team, the formation of soft-skills and the settlement of potential conflict situations.

The purpose of the article is to comprehensively investigate the role of intercultural competence as a condition for the formation and development of soft skills of future top managers of international financial corporations.

MATERIALS AND METHODS

This research determines the use of the analysis, synthesis, induction and deduction methods. With the help of analysis, the complex phenomenon of intercultural competence is divided into simpler parts of the study (analysis of specialized literature, coverage of cross-cultural management and its features in Ukraine, characteristics of intercultural competence as a factor in the formation of soft skills). As a result of using the synthesis, the abovementioned components were combined and their own recommendations have been formed. The inductive method was applied when characterizing individual soft skills. The comparison method was used in the analysis of Ukrainian practices of intercultural competence formation. The paper uses the axiological method of research, which involves the transition from theoretical theses (axioms) accepted in professional circles to the formation of one’s own judgments and conclusions. Empirical research methods are also used in the paper, which include survey and experiment. In particular, on the basis of the experiment, it was possible to check the effectiveness of the “Intercultural communication” discipline based on the definition of the main pedagogical conditions. Characterization of the formation of intercultural competence of future top managers require the creation of appropriate criteria for its formation.

The experiment involves the creation of artificial conditions for observing the object, so 50 students of Kyiv National Economic University named after Vadym Hetman majoring in “International Economic Relations” who studied the “International Communication” discipline were recruited as volunteers. Such a choice is justified by approximately the same age indicators of the studied group and the general and professional training, which is also at the same level, because the applicants of higher education undergo typical training during their studies, which differs only in the set of disciplines of free choice. A survey was conducted with the help of the situation modelling method, remote education, the use of modern communication technologies and cooperation with a group of foreign students, on the basis of which it was possible to generalize the level of students’ mastery of intercultural competence.

Several stages were envisaged in the research. In particular, at the first stage, specialized literature on the subject of research was analysed, little-studied aspects of the analysis of intercultural competence were highlighted as a factor in the development (improvement) of soft skills for future top managers. At the second stage of the research, it was possible to determine the state of development of cross-cultural management in Ukraine, and the conditions for its successful development were characterized. At the third stage of the research, based on the definition of methodological approaches or theoretical provisions, the basic conditions for the formation of intercultural competence for future top managers were formed. Based on them, an experimental study of the effectiveness of intercultural competence as a condition for the development of soft skills in the process of professional training was subsequently conducted. Own recommendations and conclusions were formed at the last stage.

RESULTS AND DISCUSSION

As of today, even despite the hybrid and military challenges and direct aggression of the Russian Federation, Ukrainian corporations and companies conduct an active policy in the international arena. One of its elements was the involvement of a considerable number of people with significant cultural differences in the staff, so the need for the possible internationalization of the views of managers, reducing this aspect to a certain common denominator became urgent (Vista, 2020). Taking into account these features, mental differences as well as the possibility of using the strengths of national traits (say, for example, management style, the behavior of superiors and subordinates, the motivation system) make it possible to establish fruitful cooperation within the team, in particular with representatives of other business cultures as well.

Researchers have determined that cross-cultural management is a community of different levels of culture in the business environment, which are based on the management of relationships that are formed at the intersection of different national and administrative cultures (Liao and Thomas, 2020). The effectiveness of these communications is primarily related to taking into account the national and cultural differences between representatives of

different countries and ethnic groups. This complex process, related to understanding the essence of cultural differences, can ensure productive cooperation at the transnational level. Established effective communications, therefore, will meet the requirements of credibility, timeliness, objectivity, transparency (accessibility), addressability (Bak *et al.* 2019). Cross-cultural management effectively combines the latest criteria around cross-cultural connections that will take place in the international dimension. International companies make an important mistake in establishing cross-cultural communications when they ignore knowledge of the cultural context. Such carelessness can lead to reduced work efficiency (Ting-Toomey and Dorjee, 2017). Understanding the cross-cultural context is an analysis of value attitudes, ethnic, religious, economic and geographical components, as well as taking into consideration the social status of the participants, gender and demographic characteristics (Klafehn, 2017).

In a certain way, cross-cultural management is based on a cultural-cluster approach to taking into account the cultural factor in conducting international business. It is about recognizing the multi-level influence of national cultures on management processes in business, the need to take into account this influence and use its advantages for the functioning of intercultural interaction and increasing the effectiveness of the international work of a corporation, a company or an enterprise. In particular, successful cross-cultural management means collegial conduct of business activities with partners representing other cultures, which is based on mutual respect for intercultural differences and leads to the creation of a single corporate system of values, which, in turn, would be accepted by all members of a multinational team (Alabdulkareem *et al.* 2018). It has been determined that the formation of intercultural competence of future top managers is facilitated by the linguistic and intercultural environment of a higher education institution (Lnenicka *et al.* 2020). The latter is understood as a condition of the subject context of the future professional work of students (Slamet *et al.* 2021). The formation of intercultural competence of future top managers of international corporations shall be considered as an inseparable combination of various processes of interpenetration of various subject skills, knowledge and abilities (Ulloa-Cazarez, 2021).

Therefore, the designed course helps students develop an awareness of intercultural communication and understand its undeniably pivotal role in conducting modern business. The analysed course focuses mainly on the definition of culture and the impact of cultural differences on communication, covers various approaches, principles and theories of cultural studies and communication. It also introduces students to various communicative strategies that contribute to intercultural interaction. Therefore, the coordination of educational programs makes it possible to apply the capabilities of certain educational disciplines with the aim of forming intercultural competence. On the basis of certain methodological principles, some pedagogical conditions for the development of intercultural communication have been formed as preconditions for the development of social skills for future top managers: formation of the future top managers' own orientation to mastering intercultural competence; the orientation of the content of cross-cultural management to the formation of higher education students' knowledge about the values of future professional work and the norms of intercultural interaction, the formation of a special linguistic and intercultural environment using modern multimedia technologies; ensuring the students gain the experience of professional communication by implementing an interdisciplinary approach to the training of future top managers.

On the basis of an experimental verification of the effectiveness of the formation of intercultural competence as a condition for the development of soft skills of future top managers, the initial level of intercultural competence among students has been characterized based on the established criteria, a statistical analysis of the research results has been determined, and the perspective of the implementation of this competence has been analysed. Determining the stage of formation of intercultural competence of future top managers requires the creation of appropriate criteria for its formation. Taking into account the content of intercultural competence for students of the "International Economic Relations" specialty, the following criteria and indicators have been compiled: motivational (understanding aspirations, key needs and motives in the essence of the value-

motivational element of intercultural competence of future top managers); cognitive (availability of knowledge and skills presented in the informational-cognitive component of intercultural competence); personal (this refers to the formation of individual qualities (professionally important ones), which are specified in the content of the personal component of intercultural competence); operational (professional skills for the implementation of successful top managerial activities in global companies); communicative (the presence of formed communicative skills in the system of intercultural interaction).

Motivational and personal criteria were checked using an anonymous questionnaire. Respondents (50 people) had to answer questions about self-analysis of their own abilities to perceive intercultural competence, understanding key needs and motivations in the essence of the value-motivational element of intercultural competence. At the cognitive stage, the grades obtained by the representatives of the focus group during their studies at the previous courses of the "International Economic Relations" specialty were taken into consideration. The communicative criterion was formed on the basis of standard situations simulated in communication with foreign students who also voluntarily agreed to participate in the study. All this made it possible to formulate a general impression of the initial level of mastery of intercultural competence in a focus group of 50 students. The majority of respondents (32 out of 50) did not express a desire (motivation for actions) to acquire cross-cultural competence. Simulated situations demonstrated that it is difficult for students to establish communication and act as managers of a simulated division of foreigners, to resolve conflict situations in a cross-cultural environment, as well as to motivate conditional foreign workers to perform their duties well. Only 8 people managed this task at a high level. There was also an issue of understanding the culture of communication, because there wasn't much previous experience of communication with foreigners. The obtained data are summarized in Table 1.

Most of the students have improved their performance, mostly understanding the essence of working in a multicultural environment.

Table 1: Levels of intercultural competence among students majoring in “International Economic Relations”

Level	Experimental group Initial stage
High	25.6
Average	30.8
Low	43.6

Simulated situations have demonstrated that students mostly know how to establish communication in a cross-cultural environment, to resolve conflicts and motivate them to perform their duties well. Only 6 people failed this task. The obtained data are shown in Table 2.

Table 2: Levels of intercultural competence among the students majoring in “International Economic Relations”

Level	Experimental group Control stage
High	35.6
Average	41.8
Low	22.6

Based on the preliminary analysis, the authors ask a conceptual question: “How does intercultural communication contribute to the development of soft skills?”. Several views on this important current problem have been established among researchers. In particular, under the term soft skills, the collective of authors B.X.F. Da Silva *et al.* (2020) understand social skills or universal skills (success skills), which is a generally agreed definition. M. Tripathy (2020), investigating the importance of social skills and their influence on career building, shares the opinion that if recruiters choose candidates of the same profile for work, the prerogative will be given to the one who has soft skills, because their work will be more effective and efficient.

This hypothesis is confirmed by the team of authors F. Calanca *et al.* (2019), who determine that one of these qualities is cultural intelligence – the ability to quickly and effectively adapt to various cultural realities. They believe that the model of cultural intelligence includes the three most important aspects: cognitive (accumulation of knowledge about norms and rules of behavior among representatives of certain cultures), motivational (motivation to learn and understand

other cultures), behavioral (the ability to quickly adopt typical behavior in accordance with cultural environment). On the other hand, the research of A.G. Richards (2019) demonstrates that in certain situations, emotional intelligence is not enough for integration into a multicultural environment, and managers who demonstrate high performance in a monocultural environment may find themselves in an uncomfortable position when working in a different cultural reality. At the same time, scientists overlook the fact that emotional intelligence forms cultural intelligence, which is important in international work. This feature of psychological development should be remembered when considering certain aspects of training managers at all levels.

C.-Y. Chiu and Y. Shi (2019), analysing the peculiarities of the implementation of cross-cultural competence, note that the correlation of conscientiousness and work in an international team is also an additional psychological characteristic that forms the intercultural competence of managers. C. Succi and M. Wieandt (2019), observing the basic conditions for the formation of social skills, pay special attention to the identification of opportunities for intercultural competence. They declare that the latter is also based on another crucial psychological trait that is relevant for managers working in international corporations – the ability to control. This thesis is quite abstract, however, to some extent objective. Indeed, not everyone who has communication skills can skilfully control the activities of subordinates. In modern academic studies, considerable attention has always been paid to the issue of the development of intercultural competence in modern conditions. D. Suri and D. Chandra (2021) conclude that the introduction of intercultural education (albeit formed on specific local cultural traditions) is a serious factor in the awareness of ethnic diversity among students. At the same time, M. Solehuddin and N. Budiman (2019) characterize the problem of the formation of intercultural competence as a condition for the development of basic values in students.

CONCLUSION

Modern cross-cultural management is based on the cultural-cluster principle regarding the consideration of the cultural factor in conducting

international business. Modern international companies make mistakes when establishing intercultural communications by neglecting knowledge from the cultural context. In addition, successful cross-cultural management is based on the collegial organization of business activities with representatives of various cultures. Accordingly, it should be based on the principles of mutual respect for intercultural differences and lead to the formation of a single corporate value system. For this reason, intercultural competence plays an undeniably important role for top managers of global companies. Another crucial element of training is cross-cultural management – the unity of different levels of culture in the business environment, which are based on management of relationships that are formed at the intersection of different national and administrative cultures. This part of training is necessary for modern top managers, because it cultivates the necessary social skills, prepares managers for the challenges of the situation on the basis of intercultural competences. Therefore, properly formed pedagogical conditions and the use of modern innovative teaching methods contribute to the improvement of intercultural competence, which is a significant prerequisite for the formation of soft skills for future top managers of international corporations. There is a direct dependence in the formation of soft skills and psychological characteristics of the individual. In particular, multicultural competence is more accessible to persons with developed emotional intelligence who are able to quickly adapt to work in a cross-cultural team. Despite this, the current realities of the labor market and education indicate that all managers are able to develop social skills through the use of intercultural competence. At the same time, a promising problem for further research is the determination of the most favourable conditions for realizing the cross-cultural potential of intercultural social communication.

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