

Cross-cultural Competence for Japanese Business and Management Students

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Abstract

The increasing level of globalization in Japanese business has brought about the need for employees to have cross-cultural training and possess cross-cultural competence. However, such training is not provided by Japanese corporations. This paper looks into cross-cultural competence and its components, and addresses the need for making such competence a focus of curricula in business and management universities.

Global Expansion of Japanese Businesses

In modern times, business has become globalized and firms around the world, including Japan, have adopted new strategies such as: acquiring foreign partners, seeking new markets for their products, new sources of raw materials, parts and components, as well as looking for new, more cost-effective locations for manufacturing and assembly operations.

Major Japanese banks are increasing their support of small and midsize companies planning to expand their activities in Asia and other regions as an increasing number of them look for new opportunities in other markets and shift their operations abroad to cope with the strong yen. In addition to providing loans to such companies, the banks offer other types of support, such as providing information on local areas and introducing human resources.

In May 2012, the Bank of Tokyo-Mitsubishi UFJ's international business department established a development section at their Singapore branch (Echizenya, 2012).

This bank, which has the most overseas offices among Japanese banks, focuses directly on supporting small and midsize companies in countries they are seeking to advance in. It offers various types of information to its customers, such as means of dealing with complicated customs-related procedures, mergers and acquisitions, all with an eye towards increasing the volume of its loans to such clients (ibid.).

Another Japanese financial institution, Mizuho Bank has started a foreign-currency-denominated financing system funded with US\$1 billion (about 79 billion yen) for second-tier companies as well as small and midsize firms. Sumitomo Mitsui Banking Corp. and Resona Bank plan to launch similar services soon (ibid.).

Sumitomo Mitsui bank has already provided support to 5,700 clients in fiscal 2011 through its global advisory department, which is in charge of helping companies advance overseas helping 1,100 more than it had in the previous fiscal year. About 80 per cent are second-tier companies and small and midsize firms, with more than half of them planning to advance to China. The number of companies

planning to advance in Indonesia has doubled, according to the bank (Echizenya, 2012). The amount of outstanding overseas loans provided by three megabank groups--Mizuho Financial Group, Sumitomo Mitsui Financial Group and Mitsubishi UFJ Financial Group--reached 39 trillion yen for the April-to-June quarter in 2012 in consolidated accounts, while domestic loans remained sluggish (ibid).

In addition to financial institutions, Japanese suppliers of human resources provide assistance to the companies seeing their future beyond Japan. Manpower supply firms in Japan used to provide services primarily aimed at the domestic market. However, the collapse of U.S. investment bank Lehman Brothers in autumn 2008 forced them to consider other business opportunities.

The nation's largest staffing agency Recruit is now setting its sights on the U.S. market. It acquired two U.S. human resources companies in 2011 (Matsuura, 2012). Recruit expects overseas sales to account for 20 percent of its overall sales in the year ending March 2013, nearly six times the current figure, and 50 percent in the future. Tempstaff Co., a core company of Temp Holdings Co., Japan's second largest manpower company, has opened a new branch in Hong Kong, in Guangzhou, China, and in South Korea in 2011. The expansion is designed to respond to needs from Japanese part suppliers and demands for personnel with expertise in finance when businesses establish their bases abroad (ibid.).

Staffing in China has also been the focus of Meitec Corp., a Tokyo job placement company specializing in engineers. It operates schools in Xian and Chengdu to train engineers with knowledge of Japanese and Japanese culture. In 2012, the company introduced a program that dispatches experienced engineers from Japan to give technical guidance (Matsuura, 2012).

Pasona Group Inc., the third largest temporary staffing service in Japan, has been increasingly targeting Asian markets as potential clients intensify their push into emerging economies. Since 2010, it has added two bases, one in Suzhou, China, and another in Gurgaon, India. Pasona now operates 34 offices in 10 regions overseas, including Taiwan, Vietnam and South Korea, as of late May, compared with 29 offices in eight regions a year earlier (ibid).

Having sufficient support, Japanese companies have been making steady progress in expanding their global presence. Japan's top Internet retailer Rakuten operates in the U.S., the U.K., France, Brazil, and Canada. According to CEO Hiroshi Mikitani, the company plans to expand into India, Australia, Southeast Asia, Eastern Europe, and Latin America and aims to reach 70 percent of sales transaction abroad by 2020 (The Japan Times, 2012). Rakuten is only one of many enterprises with ambitions to expand. According to data, released by The Japan Bank for International Cooperation, 997 companies operated overseas in 2011 (JBIC Report, 2011).

Cross-cultural competence and its role in business success

For Japanese companies operating outside Japan, the importance of cross-cultural competence comes to light. This requires that the Japanese at headquarters in Japan and the Japanese expatriates assigned to overseas locations need to be knowledgeable about different cultures and comfortable with cultural differences. For such companies, maintaining a positive cross-cultural environment becomes an every-day reality and an integral part of their business activities.

However, according to Kopp (2012), many Japanese companies offer absolutely no pre-departure training whatsoever to staff who will be assigned overseas, leaving them completely unprepared. There

are some Japanese companies that do offer pre-departure training. Nevertheless, this training is brief and does not aim at developing core skills comprising cross-cultural competence required of modern-day business people. Kopp (Ibid.) claims that the typical pre-departure courses offered by Japanese companies tend to focus on details of the company's compensation and benefit scheme for expatriates, as well as issues such as children's schooling, avoiding kidnapping and other dangers. These topics are important to learn about, but they do not directly help employees increase their effectiveness in the work environment. Little, if any, time is spent on cultural topics and employees generally do not receive a full, in-depth cross-cultural training, which would truly enable them to be optimally effective in their assignment (Kopp, 2012).

Thus, cross-cultural training with cross-cultural competence as its core should become a focus of business and management curricula at both graduate and undergraduate levels of Japanese education. While graduate business schools incorporate cross-cultural education in their courses on international business, undergraduate programs still have not adopted development of cross-cultural competence as one of their teaching goals.

Cross-Cultural Competence for Business Students

Cross-cultural competence in international business is defined as an individual's effectiveness in drawing upon a set of knowledge, skills and personal attributes in order to work successfully with people from different national cultural backgrounds at home or abroad (Johnson et al., 2006). It is widely understood that cross-cultural competence helps create an effective work environment for a multicultural workforce. This competence is important in situations where representatives of different cultures come into contact. Acquiring cultural competence is a process, which involves development of three components: awareness, knowledge and skills (Hofstede, 2001). In order for cultural competence to develop, its elements have to be incorporated into policymaking and daily practice. Thus, developing cultural competence is perceived as an ongoing process centered on learners' knowledge, skills and awareness. This process requires continuous learning and strong institutional support (Johnson et al., 2006).

The first component of cross-cultural competence — knowledge — has been described as follows (Hofstede, 2001):

1. *Culture-general knowledge* — refers to 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. Hofstede (ibid.) stated that this knowledge could be applied to any cultural environment because it is not culture-specific and does not involve any single culture, but instead it assists an individual in working effectively in a cross-cultural environment. It involves content that is typically taught in international business courses in business schools, such as the components of culture, how cultural values are learned, and frameworks for understanding and comparing and contrasting different cultures. In this category, Hofstede (ibid.) also included a general knowledge of the complex environment in which international business operates, i.e. the great variety of economic, political, legal, social, financial, and technological systems.

2. *Culture-specific knowledge* — refers to specific knowledge about another culture. According to Hofstede (ibid.), this includes information about geography, economics, politics, law, history, customs,

hygiene, etiquette and excludes the participants' own cultural introspection. Culture-specific training also involves learning the language of the target culture, however the ability to communicate effectively in a foreign language is more a skill than knowledge.

Both culture-specific and culture-general knowledge are of great importance for business people, who need to be able to function effectively in the global business environment. Without knowledge, individuals cannot develop cross-cultural skills.

Cross-cultural skills constitute the second component of cross-cultural competence. These skills enable business people to interact effectively within the norms acceptable to others when working in a multicultural environment. Dorn and Cavalieri-Koch (2005) outlined the following range of essential cross-cultural skills:

1. Tolerance of ambiguity: The ability to accept lack of clarity and to be able to deal with ambiguous situations constructively.
2. Behavioral flexibility: The ability to adapt one's own behavior to different requirements and situations.
3. Communicative awareness: The ability to identify and use communicative conventions of people from other cultural backgrounds and to modify one's own forms of expression accordingly.
4. Knowledge discovery: The ability to acquire new knowledge of a culture and cultural practices and to use that knowledge in real-time communication and interaction.
5. Respect for otherness: Curiosity and openness, as well as a readiness to suspend disbelief about other cultures and belief about your own.
6. Empathy: The ability to understand intuitively what other people think and how they feel in given situations (Dorn and Cavalieri-Koch, 2005).

Some of these skills might be more valuable than others in different situations at different times. However, a modern business person needs to possess all of them.

The third component of cross-cultural competence is awareness. Quappe and Cantatore (2007) described it as the ability of a person to analyze their values, beliefs and perceptions objectively in order to understand and interpret situations in which interactions occur. According to these authors, there are four stages in the development of cross-cultural awareness (*ibid.*). They are:

1. Parochial stage — at the first level, people are aware only of their way of doing things, and consider their way to be the only way. At this stage, they ignore the impact of cultural differences.
2. Ethnocentric stage — at the second level, people are aware of other ways of doing things, but still consider their way as the best one. At this stage, cultural differences are perceived as a source of problems and people tend to ignore them or to underestimate their significance.
3. Synergistic stage — at this level people are aware of their own way of doing things as well as others' ways of doing things, and they chose the best way according to the situation. At this stage, people realize that cultural differences can lead both to problems and benefits and are willing to use cultural diversity to create new solutions and alternatives.

4. Participatory Third Culture stage — this fourth and final stage brings people from different cultural backgrounds together for the creation of a culture of shared meanings. People interact repeatedly with others, create new meanings and new rules in order to meet the needs of a particular situation.

Increased cultural awareness means being able to see both the positive and negative aspects of cultural differences (ibid.).

Conclusion

In order to develop cross-cultural competence and to become effective in their future jobs, Japanese business students need to build the above-mentioned knowledge, skills and awareness. Acquiring cross-cultural knowledge, skills, and awareness is a necessity in the modern Japanese business environment where companies strive to expand abroad in order to succeed or to maintain their business success. While offering brief preparation courses to their employees before dispatching them abroad, Japanese firms do not strive to focus on cross-cultural training with cross-cultural competence as its core. Such training should be incorporated into business education at all levels and must become a prominent part of the curriculum of Japanese universities of business and management. Japanese business and management students need to understand and manage socio-cultural differences in a globalized business environment. Therefore, they have to be provided with opportunities to develop relevant knowledge, skills, and awareness.

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