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## MANAGEMENT OF CROSS-CULTURAL TEAMS AS A WAY OF INCREASING THE COMPETITIVENESS OF THE ORGANIZATION

The article has been grounded that in modern companies the talent management system is one of the most important assets that combines databases, documents, policies, procedures, previously unexplored knowledge and experience of individual employees. The author prove that this approach ensures sustainable socio-economic development and forms the competitiveness of the organization. The article emphasizes the need for a change in management technologies to address the challenges posed by increased intercultural interactions, emphasizing the importance of managing multicultural teams for organizational success. Despite the challenges, effective cross-cultural management is presented as offering advantages for both organizations and employees. The article suggests that companies embracing diversity and inclusion efforts can increase employee retention rates, enhance job satisfaction, and improve performance. Cross-cultural interaction is identified as a source of competitive advantages, fostering creativity, innovation, global market adaptation, improved talent access, customer understanding, flexibility, cultural competence, employee satisfaction, motivation, and expanded business networks.

**Keywords:** cross-cultural management; organization; team; talent; competitiveness; management of organization; development; innovations.

### **Formulation of scientific problem and its significance.**

Organizations function in a complex, externally and internally contradictory multi-ethnic and multicultural environment. The interaction of employees representing different ethnic groups is an essential factor in the management of the organization. In modern companies, especially international companies, the talent management system is one of the most important assets that combine databases, documents, policies, procedures, previously unexplored knowledge, and the experience of individual employees. This approach ensures sustainable socio-economic development and forms the competitiveness of the organization. In conditions of limited resources, the possibility of implementing a cross-cultural management system in the organization is its main competitive advantage.



Entrepreneurship goes beyond national boundaries, involving more and more people belonging to different types of national cultures. The influence of cross-cultural factors on the nature of interactions in organizations is constantly increasing. Traditions, values, and norms of one people influence the culture of another people. At the root of the causes of conflicts or the achievement of consensus are not only production factors but also circumstances caused by ethnic differences. The influence of cross-cultural factors especially affects the business activity of employees. Therefore, there is a need to identify cross-cultural issues from the standpoint of increasing the competitiveness of the organization.

**Analysis of recent research and publications.** Domestic and foreign scientists such as Geert Hofstede, Fons Trompenaars, Erin Meyer, Richard Lewis, Shalom Schwartz, Helen Spencer-Oatey, Nataliia Todorova, Nataliia Zenchenko, Olena Arefeva, and others. were engaged in the study of various problems of cross-cultural management. A significant part of these works is devoted to the influence of cultural differences on organizational dynamics and the influence of cultural factors on business and communication. However, despite the complexity of research in the field of cross-cultural management, to date, there is a rather limited number of publications that investigate the issue of managing cross-cultural teams.

**The article aims** to study the characteristics of cross-cultural teams, problems, and mechanisms of cross-cultural workforce management to ensure the growth of the organization's competitiveness.

**Presentation of the main material.** In the context of worldwide globalization, driven by economic reasons, a new phase of business activity is being born, which breaks down national barriers to optimize costs and maximize profits. Contrary to predictions, globalization does not lead to the erasure of cultural differences, but, on the contrary, enhances national and cultural diversity in the world. Taking cultural differences into account is key to success in today's highly competitive business environment.

The active development of integration processes, the development of new markets, strategic partnerships with international corporations, and the attraction of foreign investors and shareholders determine the conduct of business and the construction of company strategies. In this regard, today there are changes and transformations in the management system, and methods of managing international companies are being improved. Management structures and connections of companies are

less and less mononational; the world operates in cross-cultural conditions, at the intersection of cultures [1].

An integral feature of modern organizations is cross-cultural teams that unite representatives of different national cultures. A culturally diverse workforce can improve team performance and, consequently, the performance of the entire organization. However, it is the cultural diversity of the team that often causes cross-cultural conflicts that reduce the level of efficiency of companies. Managing culturally diverse teams is one of the key problems of modern research in the field of cross-cultural management, the elimination of which is intended to help reduce the risks associated with entering the global market and operating effectively in it.

Recruiting people from diverse cultural backgrounds offers a lot to business. It means you have access to a much wider pool of talent than ever before. Such recruits can offer alternative ways of thinking and doing that can revitalize the organization, open up new opportunities, and take business in directions you might never have contemplated. However, while the liberalization of international markets can remove legal and regulatory obstacles, cultural differences remain. Such differences can show up in work practices, expectations, etiquette, values, attitudes, and, of course, language.

According to PWC, although 75% of organizations claim that diversity is a priority or expressed value for them, 32% of these same businesses consider diversity a hindrance to their growth [2]. This discrepancy is likely due to the fact that even though many companies pursue and appreciate diversity, they don't have the necessary knowledge to lead diverse teams or cultivate respect for cultural differences in the workplace. Without properly managing employees from diverse backgrounds, conflicts will always arise, and progress will be impeded.

Today, the practice of hiring foreign specialists and managers to work in domestic companies is generally accepted and very widespread, and is also one of the ways to manage talent [3; 4]. For the transition to a new economy, it is necessary to have workers capable of producing an intellectual product and introducing innovative technologies into the real production sphere [5].

The following categories of employees can work in the company's divisions: home country or local staff, i.e. local citizens of the country where the enterprise operates; expatriates or parent country nationals, i.e. expats representing the company's nationality; third-country nationals, cosmopolitan expatriates, i.e. any other expatriates from

countries other than where the company's head office is based. If the team contains representatives of all three groups, then such a combination is called a personnel mix [6]. They imply how members of various cultures affect one another, behave in particular situations, and are a part of social interaction (Fig. 1). They can be associated with a communication process since communication is perceived as a complex system of behaviors [7].

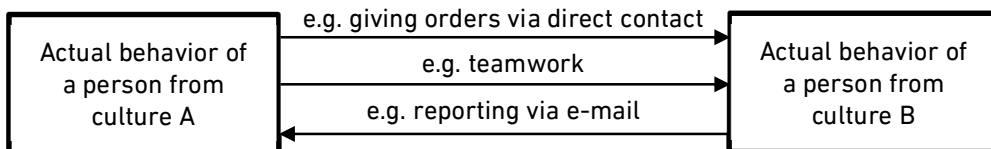


Fig. 1. Cross-cultural relationships in organization

Culture provides patterns of cognition and behaviors shared by a group that are reflected in social interaction processes and which form the frames for such an interaction. However, behaviors are also contingent on, so-called, genetic predispositions as well as situational necessities and the environmental context (e.g. organizational system). Moreover, individuals' behaviors are also mentally programmed by personality (Fig. 2) [7].

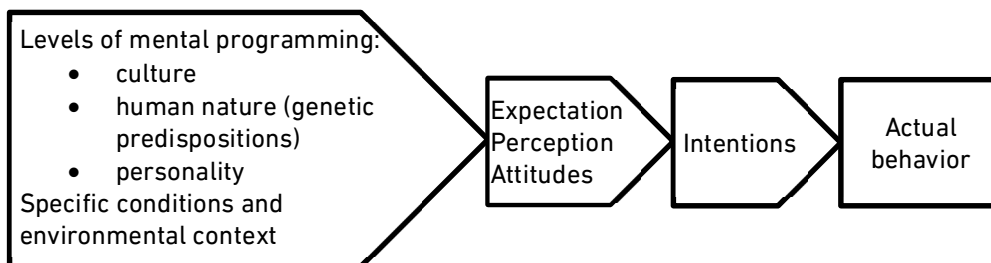


Fig. 2. Simplified model of human behavior [7]

The presence of expatriate employees on the staff of an organization plays a role in improving the image and increasing its reputation in the business community, since they are carriers of a significant store of knowledge, passing on experience accumulated abroad and in other regions, and, consequently, information about markets and countries, where competing companies are represented, which means the company has new opportunities. Expats usually constitute a «special caste» within international companies. This is a narrow number of specialists and managers who are mobile throughout the world and ready for relocation to any region depending on the needs of the company. Expats, who are professionals in their field and already

have experience working with a variety of mentalities, cultures, and local specificities, have exceptional knowledge and skills. Such specialists are part of cross-cultural interaction, represent great value for the company, and are a factor in increasing its competitiveness and development, both in individual regions and abroad.

The consequences of increased intercultural interactions will be processes of cultural hybridization caused by the creolization of domestic culture («absorption» of the values of other cultures) and transcultural convergence. All this requires a change in management technologies since modern mechanisms are becoming inadequate to the current circumstances. Neglecting cultural differences often leads to «insurmountable management problems, costly mistakes, and even business failures» [8].

Managing multicultural teams comes with its own set of challenges due to the diverse backgrounds, perspectives, and communication styles of team members. Here are some common challenges associated with managing multicultural teams:

1. Communication barriers: Differences in language proficiency, accents, and communication styles can lead to misunderstandings and hinder effective communication within the team.
2. Cultural differences: Varied cultural values, beliefs, and norms can impact how individuals approach work, problem-solving, decision-making, and collaboration.
3. Conflict resolution: Cultural variations in approaches to conflict resolution may pose challenges. Some cultures may prefer direct confrontation, while others may prefer indirect or subtle approaches.
4. Different work standards: Expectations regarding work hours, punctuality, and productivity can differ across cultures, leading to potential conflicts if not properly addressed.
5. Leadership styles: Different cultural backgrounds may influence expectations and preferences regarding leadership styles, which can impact the effectiveness of the team leader.
6. Inclusivity and diversity: Creating an inclusive environment where everyone feels valued and included can be challenging. Team members may feel marginalized or left out if their cultural perspectives are not acknowledged.
7. Time zone differences: Geographical dispersion can result in significant time zone differences, making real-time communication and collaboration difficult.



8. Lack of cultural awareness: If team members and leaders lack awareness and understanding of each other's cultures, it can lead to misinterpretations, stereotypes, and biased judgments.
9. Team cohesion: Building a cohesive team may be challenging when individuals come from diverse cultural backgrounds. Efforts are needed to foster a sense of unity and shared goals.
10. Training and development: Providing effective training and development opportunities for multicultural teams requires consideration of diverse learning styles and preferences.
11. Remote work challenges: With the rise of remote work, managing multicultural teams in virtual environments adds an additional layer of complexity, including technological challenges and potential feelings of isolation.

Taking into account all the above, cross-cultural management provides advantages for organizations and employees alike. Cross-cultural management makes a company globally competitive when attracting new talent. About 76% of job seekers and employees believe that a diverse workforce is important when evaluating job offers. Thus, presenting the intentional ways in which your business fosters respect for this diversity in the workplace can set the organization apart from other competitors. Companies that utilize diversity and inclusion efforts can increase employee retention rates. Specifically, creating a more inclusive work environment results in organizations being 2.6 times more likely to engage and retain their workforce. Also, businesses' diversity and inclusion endeavors enhance employee job satisfaction. According to a study by The Workforce Happiness Index in 2021, employees from organizations that fail to prioritize inclusion and diversity scored only 63 in satisfaction, while those from organizations that do score 75 [2]. Effective cross-cultural management can motivate employees at work. According to a recent research study, diversity and inclusion practices positively correlate to efficient performance and high-quality work.

Cross-cultural interaction in the organization can lead to a number of competitive advantages. Taking into account the diversity of cultures in the team, the company can receive some benefits: 1) Creativity and innovation: diversity in cultural perspectives can stimulate the creative process and promote innovation. Different perspectives can lead to innovative ideas and approaches. 2) Global Market: Companies that have experience working with different cultures can more easily adapt their products and services to the global market and attract customers from different cultural groups. Improved access to talent: A work environment that values diversity can attract and retain talented professionals from

different countries and cultures. 3) Increased customer understanding: This enables a better understanding of the needs and expectations of customers from different cultures, leading to improved service and market ownership. 4) Improved flexibility and adaptability: Companies with a diverse workforce can be more flexible and adaptable to changes in the business environment and market. 5) Increasing cultural competence: Diverse teams can develop the ability to adapt to different cultures, which is an important asset in a globalized world. 6) Increase employee satisfaction and motivation: Creating an open and inclusive environment can increase the satisfaction and motivation of employees who feel valued and cared for. 7) Expanding your business network: Interacting with different cultures can help you expand your business network, establish partnerships, and develop international relationships.

**Conclusions.** Thus, effectively implementing cross-cultural management requires making a commitment to building an inclusive environment to encourage meaningful relationships among employees. In addition, the more diverse the team grows and the more varied their needs become, the approach to diversity and inclusion must shift with it. Despite these challenges, using the principles and practices of cross-cultural management provides an opportunity to gain a competitive edge in today's globalized economy while also enhancing employee retention, motivation, and satisfaction at work. From a business point of view, cross-cultural interaction is the key to creating additional competitive advantages for a company. In general, cross-cultural interaction can be a key element of successful business in the context of globalization and diversity.

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## УПРАВЛІННЯ МІЖКУЛЬТУРНИМИ КОЛЕКТИВАМИ ЯК ШЛЯХ ПІДВИЩЕННЯ КОНКУРЕНТОСПРОМОЖНОСТІ ОРГАНІЗАЦІЇ

У сучасному організаційному середовищі, яке характеризується складним, багатонаціональним та мультикультурним середовищем, ефективне управління потребує розуміння та посилення взаємодії між працівниками різного етнічного походження. У статті обґрунтовано, що в сучасних компаніях система управління талантами є одним із найважливіших активів, який поєднує бази даних, документи, політики, процедури, раніше не досліджені знання та досвід окремих співробітників. Автором доведено, що посилення впливу міжкультурних факторів на організаційні взаємодії підкреслює необхідність вирішення проблем залучення людей з різних національних культур для підвищення



**конкурентоспроможності організації. У статті наголошується на необхідності зміни технологій управління для вирішення проблем, пов'язаних із збільшенням міжкультурної взаємодії, підкреслюючи важливість управління мультикультурними командами для успіху організації. В статті обґрунтовано проблеми, що виникають під час управлінням крос-культурними колективами, зокрема: комунікативні бар'єри, культурні відмінності, вирішення конфліктів, різні стандарти роботи та стилі лідерства, інклюзивність, різниця в часових поясах, відсутність культурної обізнаності, згуртованість команди, навчання та розвиток, а також проблеми віддаленої роботи. Незважаючи на виклики, ефективне міжкультурне управління представлено як переваги як для організацій, так і для працівників. У статті стверджується, що компанії, які вживають заходів щодо різноманітності та інклюзії, можуть підвищити рівень утримання співробітників, підвищити задоволеність роботою та підвищити продуктивність. Міжкультурна взаємодія визначається як джерело конкурентних переваг, сприяння креативності, інновацій, адаптації до глобального ринку, покращення доступу до талантів, розуміння клієнтів, гнучкості, культурної компетентності, задоволеності працівників, мотивації та розширення ділових мереж.**

**Ключові слова:** крос-культурний менеджмент; організація; команда; талант; конкурентоспроможність; управління організацією; розвиток; інновації.

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