

Employee Performance in Multinational Corporations: The Impact of Cross-Cultural Training in the Globalized Era

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Abstract. In today's era of rapid globalization, cultural conflicts among employees can pose a significant challenge to the development of multinational corporations (MNCs). This paper examines the impact of cross-cultural training on employee performance in MNCs. The literature review emphasizes the growing significance of International Human Resource Management (IHRM) and the crucial role of employee behavior and attitudes in shaping job performance. The study hypothesizes that cross-cultural training enhances the cross-cultural adaptability of expatriate employees, thereby positively impacting their performance. The methodology section outlines the methods used in the study for sample selection, variable measurement, data collection, and statistical analysis. The discussion section discusses the strategic costs of cultural integration within organizations. It emphasizes the importance of cross-cultural training in promoting effective communication, mutual understanding, and productivity in multicultural work environments. The paper highlights the need for MNCs to adapt to different cultural environments and achieve success in global business operations by fostering cross-cultural communication and collaboration.

Keywords: Cross-cultural training, Employee performance, Multinational corporations, Globalization.

1. Introduction

With the rapid pace of globalization, multinational corporations face culture clashes brought about by cultural differences among their employees, which hinder their global development process if they do not have a strategic approach to defuse them. The increased operating costs and management complexity caused by cultural conflicts can further affect organizational efficiency, competitiveness, and team cohesion. The best solution to this problem is to design targeted cross-cultural training to help employees navigate other cultures and promote understanding and adaptability. Most importantly, investing in such intangible training enables organizations to bridge the cultural gap, improve employee performance, and ensure they remain at the forefront of the international arena.

2. Literature Review

In the last fifty years, the globalization of business operations has highlighted the growing status of IHRM [1]. Employees' behaviors and attitudes directly shape how much they are invested in and value job performance, thus impacting performance [2]. Job performance can be assessed from multiple dimensions, such as work efficiency, the cost required to achieve efficiency, and the overall value, or effectiveness, derived from multiple perspectives [3]. Meanwhile, in the face of fierce market competition, improving employee performance is a bridge and motivation for MNCs wanting to remain competitive. It provides them with a good opportunity for sustainable development [4]. Developing employees' cultural self-awareness and positive attitudes toward different cultures is the direct aim of cross-cultural training, aimed at expatriates who are frequently exposed to multiculturalism or about to travel to the host country or a third country [5]. The importance that MNCs place on cross-cultural training also depends on investing in expatriates who are paid three times as much as others in their first year abroad [6], and its failure comes with significant direct and indirect losses, such as missed opportunities to expand into new markets, and diminished employee self-confidence and motivation [7]. Cross-cultural training reduces culture shock, makes expatriates' job expectations more realistic, shortens the time needed to adapt and achieve cultural proficiency,

and improves productivity and satisfaction during the assignment [8]. It would be more effective if the training continues after the expatriate employee arrives in the destination country, which is considered an ideal place to learn about the new culture. This continuation of training can help the employee to better adapt to the new cultural environment because they can learn and apply cross-cultural skills directly in the real world of the destination country [9]. Spouses of expatriate employees also face several challenges in the new cultural environment, and their lack of adaptation may affect the expatriate employee's work and life; by providing training for spouses, their cultural adaptability can be enhanced, which in turn will help the entire family to better adapt and integrate into the new cultural environment [10]. If expatriates are not proficient in the host country's language, this can have a knock-on negative effect on cross-cultural adjustment, job satisfaction, and willingness to complete [11]. Assessing the performance of expatriates can be done with the help of task and relationship-oriented approaches and further confirms that there is a significant relationship between cross-cultural adaptation and employee performance [12]. As a result, MNCs will be very concerned about the cross-cultural adaptation of their expatriates, especially the psychological and socio-cultural aspects. They will need to consider and adopt more specialized tools and procedures to ensure they select and train expatriate employees better adapted to the local environment [13]. Companies need to follow the global digitalization process by introducing online platforms to assist employees in collaborative learning and interactive simulations using high-tech cross-cultural training, thus fostering a sense of equality and inclusion among expatriate employees [14].

Although the impact of cross-cultural training on employee performance has become an area of great scholarly interest in the last decade, more empirical research still needs to be done. Of course, as globalized business operations become more prominent, there is a strong link between employee performance in multicultural work environments and cross-cultural training.

3. Hypothesis development

Cross-cultural training improves expatriate employees' cross-cultural adaptation and makes it easier to accept working in a different cultural context [15]. They gain important cross-cultural competencies and awareness during training, enabling them to integrate more quickly into cross-cultural work environments [16]. Outstanding intercultural competence enables employees to efficiently adapt to new cultural practices, values, and work styles, reducing cultural conflicts and communication barriers and thus increasing productivity and performance [17].

H1: Cross-cultural training has a significant effect on employee performance.

When employees can better understand and integrate into a new culture, they are more likely to perform better at work and work more effectively with coworkers, customers, or partners [18]. Cross-culturally competent employees tend to be more flexible in responding to change and better at solving problems that arise in cross-cultural work environments, and they are likely to be more creative and able to draw on different cultures for inspiration and ways of thinking, which can lead to more innovative solutions that promote team and organizational growth [19].

This implies that the effect of intercultural training on employee performance is indirect and is achieved by promoting better adaptation to multiculturalism and, thus, improved performance.

H2: The relationship between intercultural training and employee performance is mediated by improving employees' intercultural adaptability.

The spouses of expatriates play a key role in their smooth and rapid adaptation to the host country's culture. Therefore, when designing cross-cultural training strategies, MNCs need to give due consideration to providing training for their families, helping them to readjust to the work environment in their home country after the expatriate assignment ends, and committing to their career development upon their return [20]. Learning a foreign language must be integrated with culture, meaning that it must be used with a deep understanding of its cultural connotations [21]. Therefore, receiving appropriate language training and providing interpreters for expatriates is particularly important [22].

The hypothesis proposes that cross-cultural training directly affects expatriate employees' cross-cultural adjustment and, thus, employee performance. Still, it is also affected by expatriate employees' family situation and host country language familiarity, both of which are indirect factors, thus bridging the gap between cross-cultural adjustment and their work performance in MNCs.

H3: The positive impact of intercultural training on employee performance within multinational corporations is moderated by the level of intercultural adaptation, and in addition, this relationship is moderated by expatriates' family status and host country language proficiency.

4. Methodology

4.1. Sample Selection

China's manufacturing sector plays a crucial role and strongly influences the global market, covering a wide range of industries from electronics to automotive manufacturing. The study of this sector provides insights into the development strategies and internationalization trends of the Chinese manufacturing sector in the context of globalization, as well as its competitive strategies and innovative initiatives in different industries. First, the research object is expatriates and expatriates of multinational companies because these employees are more likely to be exposed to different cultures, and their cross-cultural adaptation and training effects are more representative. Second, the sample is constructed through employees from multiple MNCs, different industries, and different position levels to ensure the breadth and representativeness of the study. Finally, at least several hundred expatriate employees were selected so that the sample size could provide sufficient data for statistical analysis and adequately reflect the differences between different cultures and backgrounds.

4.2. Variable Measurement

Cross-cultural training helps to promote individual career development and exchange professional knowledge, skills, and attitudes toward life during effective interactions with people from other cultures [23]. Six Classifications provide a comprehensive explanation of the effects of cross-cultural training and integrate different research findings to help future researchers provide more in-depth evaluation and feedback on the impact of cross-cultural training [24]. The results and performance demonstrated by an employee at work are the most direct form of performance. They are related to accomplishing work objectives, efficiency, creativity, and organizational contribution [25]. Six metrics are used to efficiently measure how employee performance may be affected, including the work environment, training and development programs, and compensation [26]. In other words, cross-cultural adaptation is the level of psychological comfort an individual feels in a foreign country [27]. Previous scholars have investigated the difficulties and challenges encountered by expatriate employees and adaptive factors and extracted 14 items to measure them [28]. Expatriate families face the challenges of cultural adaptation, language barriers and unfamiliar environments when moving abroad, and the needs and responses of their members intersect with each other. They are influenced by the individual's ability to cope with the challenges of living in a foreign country [29]. The FAAR model explores the interaction of stressors, adaptive capacity, and meaning-giving when families face stress, influencing the process of crisis generation. It can also be a valid measure of family status among expatriate employees [30]. Culture can influence different modes of thinking through language, so expatriates' language skills in the host country cannot be ignored by multinational companies [31]. Factor analysis was used to identify the scale dimensions, and stratified regression analyses were used to test the hypotheses while controlling for "length of stay in the host country" as a control variable to measure the extent to which expatriates' language proficiency was improved [32].

4.3. Data Collection

First, the questionnaire asks employees whether they have received cross-cultural training, the content of the training, the form of the training, the time and frequency of the training, and so on. Information can also be collected from training records or company files. Second, use a validated

cross-cultural adaptation questionnaire (e.g., SACQ) to assess employees' adaptability, cultural sensitivity, and interpersonal skills in different cultural environments. Third, use quantitative data to measure employee performance, such as performance ratings, records of job accomplishments, promotion rates, or indicators in the company's internal evaluation system. Finally, expatriates' family status (family support, status of family members, etc.) and language proficiency scores (native and host country language proficiency, etc.) are collected through questionnaires or interviews.

4.4. Statistical Analysis

The study will utilize regression analyses to explore the relationship between cross-cultural training and cross-cultural adjustment and examine the extent to which home environment and language proficiency influence this relationship to gain insight into how cross-cultural training works under different conditions.

SEM analyzes relationships between variables, not just associations between individual variables but also interactions between multiple variables. Its ability to consider variables that may have measurement errors and integrate the causal relationships between these variables into a structural model allows for a more comprehensive assessment of these relationships. SEM can be applied to both observed variables, i.e., those that can be directly measured or observed, such as indicators or measurements in questionnaires, and latent variables, i.e., factors that are difficult to directly observe or measure, such as cognition, affect, etc.

Meanwhile, latent variables belong to those that cannot be directly measured, such as cognition, emotion, etc. Its advantage is that it can assess multiple variables in a balanced manner without neglecting error measurement. Further, it helps the researcher to understand the causal complexity between variables more comprehensively to make more accurate inferences and analyses.

5. Discussion

When there is a high degree of cultural integration within the organization and a high degree of employee buy-in to the dominant culture, the strategic costs to the organization will be relatively low. This is because, in this case, employees are more likely to collaborate, communication is smoother, and there is a higher level of understanding and trust among employees. This high level of integration and identification helps to increase efficiency and reduce misunderstanding and conflict, thus reducing the cost of operating the firm at the strategic level. On the contrary, if there is a low level of cultural integration within the organization or if employees need a higher level of identification with the dominant culture, then the strategic costs of the organization may be higher. This is because, in this case, there may be communication barriers, understanding biases, or lack of teamwork, which can lead to lower productivity, increased misunderstandings and conflicts, and ultimately increased operating costs for the firm at the strategic level.

Cross-cultural training is of great significance in business organizations, and its core purpose is to provide management and employees with the ability to identify and adapt to a multicultural environment to promote effective communication and mutual understanding between members of different backgrounds in a cross-cultural work environment. The training aims to reduce the risk of cultural conflict, assist expatriate management to adapt quickly to the local environment, and, at the same time, deepen local staff's understanding of the management philosophy of the international enterprise and maintain the stability of internal, interpersonal relationships. By optimizing the information-sharing mechanism and improving the efficiency of decision-making, cross-cultural training promotes the cultivation of teamwork awareness. It strengthens the internal cohesion of the enterprise, providing important support and guarantee for the development of enterprises in the era of globalization.

6. Conclusion

Cultural differences are important factors that affect business decisions, organizational culture and employee behavior in MNCs. Therefore, MNCs need to adapt to different cultural environments by understanding the cultures of different countries and building the capacity for cross-cultural communication and cooperation, which will increase employee productivity and lead to successful multinational business.

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