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Relational Competence, Customer Trust and Relationship Effectiveness in an Offshore Service Provider: The Case of IBM Brazil*

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AUTHORS

Felipe Zambaldi¹

Department of Management, Centro Universitário da FEI, Brazil
fzambaldi@fei.edu.br

Andre Mascarenhas

Department of Management, Centro Universitário da FEI, Brazil
andremascar@gmail.com

Roberto Carlos Bernardes

Department of Management, Centro Universitário da FEI, Brazil
bernardes@fei.edu.br

Manoel Garcia Neto

Department of Management, Centro Universitário da FEI, Brazil
mgarcia@br.ibm.com

1. Corresponding author: Department of Management, Centro Universitário da FEI; Rua Tamandaré, 688; 01525-000, São Paulo, SP; Brazil.

Competencia relacional, eficacia de relación y confianza con el cliente en un proveedor de servicios en el extranjero: El caso de IBM Brasil

Competência relacional, confiança do cliente e eficácia de relacionamento num fornecedor de serviços no estrangeiro: O caso da IBM Brazil

In this paper, we focus on the relations involving cultural sensitivity, relational competence, customer trust and workers' relational effectiveness in a Multinational offshore service provider – IBM Brazil. We adapt buyer-seller relationship theory into the context of strategic people management and link the constructs of interest with employees as units of analysis. By analyzing data of 57 workers, we find positive relations involving the constructs under study and infer that workers who have high degrees of relational competence may add and sustain value to their firms. We address theoretical and managerial implications and discuss the study's limitations and opportunities.

En este artículo, nos centramos en las relaciones que implican sensibilidad cultural, competencia relacional, eficacia de relación con los trabajadores y confianza con el cliente en un proveedor de servicios multinacional en el extranjero: IBM Brasil. Se adapta la teoría de la relación comprador-vendedor al contexto de la gestión de personal estratégico y se vinculan las relaciones de interés con los empleados como unidades de análisis. Al analizar datos de 57 trabajadores, encontramos relaciones positivas implicadas en las relaciones bajo estudio y se deduce que los trabajadores con mayor grado de competencia relacional agregan valor de base a sus empresas. En el artículo se abordan implicaciones teóricas y de dirección, así como las limitaciones y oportunidades del estudio.

No presente artigo, concentramo-nos nas relações envolvendo sensibilidade cultural, competência relacional, confiança do cliente e eficácia relacional numa multinacional fornecedora de serviços no estrangeiro – a IBM Brazil. Adaptamos a teoria da relação comprador-vendedor ao contexto da gestão estratégica de pessoal e relacionamos os elementos de interesse com os empregados como unidades de análise. Analisando os dados de 57 trabalhadores, encontramos relações positivas envolvendo os elementos em estudo e inferimos que os trabalhadores com mais elevado grau de competência relacional podem adicionar e conservar valor para as suas firmas. Abordamos as implicações teóricas e de gestão, e discutimos as limitações e oportunidades do estudo.

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1. Introduction

This paper focuses on the relationship involving relational competence, customer trust and workers' relationship effectiveness in an offshore service provider of a Multinational Corporation (MNC). In a scenario of business globalization and rivalry, firms increasingly need to explore and compete in foreign markets. In such a context, workers' ability to develop and keep interpersonal relationships with global customers appears as a source to improve and maintain business performance.

A business relationship may be defined as the process in which firms develop ties throughout time, lowering costs and increasing value to achieve mutual benefit (Anderson and Narus, 1991). Insufficient focus and understanding of interpersonal roles in relationships with customers is addressed by literature as a reason for failure in business relationships (Phan, Styles and Patterson, 2005). To succeed, workers need to have a set of subjective competencies, like the ability to consider multiple points of view and demands or the ability to communicate effectively with customers and partners. These skills need to be examined and understood.

Although relationship marketing has been systematically researched in domestic contexts, studies of interpersonal business relationships in international contexts are scarce (Phan, Styles and Patterson, 2005). In this research, we focus on interpersonal relationships between an offshore service provider and its customers. Personal traits and skills that theoretically help workers to be relationally effective are proposed and empirically studied by means of two constructs: relational competence and cultural sensitivity. A theoretical framework addressing these constructs as antecedents of customer's trust and workers' relational effectiveness is developed and quantitatively tested by means of a case study with the Global Resource Department of the Brazilian subsidiary of IBM.

Our contributions are: a preliminary effort to develop and validate an instrument for measuring the constructs of interest; and the proposition and empirical analysis of a model to examine the impact of relational competence on customer's trust and worker's relational effectiveness in the context of international business to business relationships in Latin America. We also contribute by applying the traditional firm partnership-level approach of buyer-seller relationship theory in the context of strategic people management with the employee as the unit of analysis.

In the next section, we address competence theories in social psychology and the international marketing literature together with approaches of strategic people management and set hypothesis. Then, we describe the research context and the object under study and apply procedures of construct validation and structural equation modeling to the collected data. Based on our findings, we address theoretical and managerial implications and discuss the study's limitations and opportunities for future research.

KEY WORDS

Buyer-Seller Relationships in International Markets, Cross-Cultural Management, Relational Competence, Cross-Cultural Research and Measurement Issues

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PALABRAS CLAVE

Relaciones comprador-vendedor en mercados internacionales, gestión transcultural, competencia relacional, problemas de medición y estudios transculturales

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PALAVRAS-CHAVE

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2. Theoretical Framework

In management science, the idea of competence has been consolidated within a variety of subfields, being defined as relating to the individual at work, to organizations executing strategy or, still, to capabilities of nations or societies. Within sociology of work, the debate on competence has been associated to the rise of work contexts where everyday tasks are of growing complexity, demanding more varied, complex hard-to-certify skills from employees, as well as flexibility and responsibility to cope with the uncertainty more recently associated to business practices (LeBoterf, 2003; Casey, 1999; Zuboff, 1989; Freyssenet, 1984; Kern, Schumann, 1984; Zarifian, 2001; Zarifian, 2003). In strategy, the competence-view is a logical extension of the resource-based-view of the firm since it portrays the firm as a bundle of competences, these entailing complex interrelationships among the skills, abilities and knowledge of many individuals (Lado, Boyd, Wright, 1992; Prahalad, Hamel, 1997; Day, 1994; Sanchez, Heene, & Thomas (1996).

Within strategic people management, the streams of debate mentioned above merge since organizations are seen as bundles of potentially valuable resources and competences, while individuals should coherently develop and engage their individual competences within real work situations, being evaluated in their contribution to strategy formulation and execution (Lado, Wilson, 1994; Boxall, 1996; Wright *et al.*, 1994; Mueller, 1996; Kamoche, 1996; Fleury, Fleury, 2004; Becker, 2001). A dominant rationalistic approach to assessing competencies conceptualize them as attributes of a person, “that it may be a motive, trait, skill, aspect of one’s image or social role, or a body of knowledge he or she uses” (Boyatzis 1982, p. 21; McClelland, 1973; Spencer, Spencer, 1993). Hence, the idea of assessing competences has developed around the craft of methods to identify a variety of general know-how, entailing knowledge, skills and abilities, required for individuals executing their jobs (McClelland, 1998; Ruas, 2005).

Within industrial marketing and business alliance theory, the competence-view has been discussed towards the recognition of alliance competences as sources of competitive advantage, since they combine explicit and tacit knowledge into coordinated sets of shared, complementary and idiosyncratic resources. For example, Wittmann, Hunt and Arnett (2009) have associated both resource-based and competence-based views to a relational factors-view, proposing the combination of the three as a better explanation to alliance success. According to the relational factors view, successful relational exchanges between firms (or a series of exchanges between parties known to each other over a period of time), result from certain characteristics of the relationship (Mehta *et al.*, 2006), including trust (Sivadas & Dwyer, 2000), commitment (Anderson & Weitz, 1992), cooperation (Morgan & Hunt, 1994), and communication (Mohr, Fisher, & Nevin, 1996).

For this research, we reinforce a multiple-views explanation such as that advocated by Wittmann, Hunt and Arnett (2009) since we associate a competence-view on strategic people management to a relational factors-view on successful exchanges between firms, focusing on *relational competences* as a notion highlighting individual performance as intangible resources shaping business exchanges and alliance competences. As a concept relevant in personal, non business relationships literature, relational competences penetrated the marketing and international business literature as research demonstrated the relevance of individuals’ competences for building successful relationships with transactional or collaborative partners (Phan, Styles and Patterson, 2005; Doney and Cannon, 1997; Ambler *et al.*, 1999; Harich and LaBahn, 1998, Mohr and Spekman, 1994).

Relational competence is a concept whose origins trace to social psychology, being defined as individual's knowledge, skills and attitudes facilitating the acquisition, development, and maintenance of mutually satisfying social relationships (Carpenter *et al.*, 1983). Within business scenarios, we can understand social relationships as complex phenomena structuring organizational competencies, comprising interpersonal communication along everyday social transactions individuals make. According to Carpenter *et al.* (1983), relational competence consists of 5 dimensions that predispose individuals to initiate relationships and 5 dimensions that help enhance those relationships over time (see [Exhibit 1](#)). Inherent to relationships, communication competences can be considered fundamental dimensions of relational competences. Developments in communication research have defined interpersonal communication competence as "a person's ability to manage interpersonal relationships in communication settings" (Rubin, Martin, 1994, p. 33). Drawing on massive body of prior research, Rubin and Martin (1994) distinguished 10 consensual skills to communication competence, among which five relate to Carpenter's framework (See [Exhibit 1](#)).

Exhibit 1. Relational competence – conceptual dimensions

Relationship initiation competence (Carpenter <i>et al.</i> , 1983)		Interpersonal communication competence (Rubin & Martin, 1994)	
Assertiveness	The tendency of the individual to accept, express, actively seek after, and protect reasonable personal needs and desires, including resistance to unreasonable infringements by others.	Assertiveness	Assertive behavior includes standing up for one's rights without denying the rights of others.
Dominance	The desire and ability to be in charge, at least of one's own situation, and to engage in tasks reflecting leadership, ascendance, and independence.	Environmental control	Controlling the environment means demonstrating one's ability to achieve predetermined goals and satisfy needs, handle conflict settings and solve problems in a cooperative atmosphere.
Instrumental competence	Belief that one is generally capable, skilled, and accomplished. The emphasis is on successfully completing tasks or meeting goals.		
Shyness (negative variable)	Self-perception that one is inhibited and reluctant in social situations, or has poor skill in meeting and getting to know others.	Social relaxation	Lack of anxiety or apprehension in everyday social interactions: a feeling of comfort, low apprehension, and ability to handle another's negative reactions or criticism without undue stress.
Social anxiety (negative variable)	Increased feelings of anxiety, worry, and negative self-evaluation in situations involving other people.		
(b) Relationship maintenance competence (Carpenter <i>et al.</i> , 1983)			
Intimacy	Behavioral tendency toward helping and supporting others, especially those in need or distress.	Altercentrism	Altercentrism involves interest in others, attentiveness to what they say and how they say it, perceptiveness not only of what is said but also what is not said, responsiveness to their thoughts, and adaptation during conversations. Other-orientation rather than self-centeredness makes communicators more interpersonally competent.
Trusting ability	Tendency to believe that others are dependable, loyal and trustworthy and behavioral tendency to show such confidence in others.		
Interpersonal sensitivity	Tendency to promote and seek closeness in relationships by encouraging sharing, deep mutual understanding, mutual interest, and openness.		
Altruism	Attitudes and behaviors which show consideration, warmth, and caring and which reflect active attempts to be aware of and responsive to the needs of others (Carpenter, 1993).		
Perspective taking	Tendency to view issues from several perspectives, especially that of another with whom one is interacting.	Empathy	Tendency to feel <i>with</i> the other. It involves affect for or an emotional reaction to another's internal state and results in understanding the other's perspective.

The concept of relational competence can also be defined in terms of cross-cultural interactions. Communication and, consequently, relationships, take place in social environments of cultural interaction (Griffith, 2002), being culture and culture sensitivity key concepts moderating partners' trust and relationship performance within business long-term relationships (Lohtia *et al.*, 2009; Cannon *et al.*, 2010). According to Griffith (2002: 256), communication presupposes a particular cultural framework allowing translation of contents being communicated. Cultural frameworks are the sets of values and meanings structuring the culturally-biased production and translation of communication contents. Interacting individuals holding significantly different cultural frameworks tend to face communication inconsistencies posing higher relationship barriers (Griffith, 2002). In this sense, communication consistency depends on cultural sensitivity and cross-cultural competences. At the individual level, cultural sensitivity has been defined as referring to "an awareness of cultural differences, the knowledge of why differences exist, and a willingness to accommodate these differences" (Harich, LaBahn, 1998: 89; Lohtia *et al.*, 2009; Holzmüller, Stöttinger, 2001).

Cultural sensitivity is a relevant attribute of successful cross-cultural interactions. Prior research has associated it to relationship performance such as in Francis (1991) and in Lohtia *et al.* (2009). In our theoretical model, we operationalise it drawing on the idea of cross-cultural competence, or an individual's effectiveness in drawing upon knowledge, skills, and personal attributes as successfully interacting with people from different cultural backgrounds (Johnson *et al.*, 2006: 530). According to Johnson *et al.*, 2006, it consists of the knowledge dimension (including general knowledge about cross-cultural interactions and specific knowledge about cultures), the skills dimension (including abilities such as foreign language competence, adapting to the behavioral norms of a different cultural environment and effective conflict resolution management) and the personal attributes dimension (including individual traits such as courage, curiosity, enthusiasm, integrity, judgment, perseverance, and tolerance for ambiguity). Holzmüller and Stöttinger (2001) depict cultural sensitivity as the motivational component of cultural competence (personal attributes dimension).

The association involving relational competence and relational effectiveness may be mediated by the achievement of trust (Sivadas & Dwyer, 2000; Morgan, Hunt, 1994; Lohtia *et al.*, 2009; Cannon *et al.*, 2010). According to Helfert, Ritter and Walter (2002), the market orientation literature defines trust as one party's positive belief, attitude or expectation that the other party will provide satisfactory outcomes in an honest, benevolent and competent manner; for these authors, trusting customers tend to promote two aspects of relational performance: increasing business with the supplier (sales effectiveness); and sharing information with them (market development effectiveness). Because of the buyer-seller relationship roots in social psychology and social exchange (Cannon and Perreault Jr, 1999) and due to the importance of personal interactions in relationship effectiveness (Phan *et al.*, 2005), we consider it proper to analyze the phenomenon of trust achievement by means of relational competence and its consequences on business relational performance at the social and business interactions between workers and their customers. Our theoretical review leads to the development of the following hypothesis at the individual level:

Hypothesis 1: Cultural sensitivity improves relational competence.

Hypothesis 2: Relational competence improves customer's trust.

Hypothesis 3: Customer's trust leads to greater relationship effectiveness between workers and customers.

3. Next-Generation Offshoring: Globalization of White Collar Work

Interest in offshoring business activities has grown in academic agendas. Robinson and Kalakota (2004) define offshoring as the partial or total migration of the value chain to a local with lower costs. These activities have attracted the attention of corporations engaged in reconfiguring strategy. Offshoring allows human resource and telecommunication integration cost management, and was made possible due to advances in IT and telecommunications, allowing a variety of locations to host operations benefiting from low workforce costs. Given the exponential growth in off-shoring markets (especially in the emerging markets such as Latin American countries), many firms have found economically interesting to redefine their business models and enter the global competition for IT services (Fleury, Fleury & Reis, 2010; Cuervo-Cazurra, 2010; Kosacoff & Ramos, 2010).

Authors such as Bardhan and Kalakota (2004), Trefler (2005), Couto *et al.* (2009) and Gião and Oliveira Junior (2009) notice two development cycles allowing characterization of offshoring services. Throughout a first cycle offshoring services included outsourcing of low value-added services and jobs with low-qualification (blue collars) to developing countries with low working costs. The second cycle of development, more recent, led to changes in business strategies and in these activities' supplying patterns, moving towards supplying higher value-added and high-technological density services. This new generation of offshoring highlights the fact that these services comprise activities led by managers and highly qualified human resources involved with "nobler" activities of product, research and project development (Lewin e Manning, 2007, Gião, Oliveria Júnior and Vasconcelos, 2008).

Within IBM, Brazil currently has the second biggest center of global service provision. To provide services to clients all over the world, IBM Brazil is part of what the company defines as "Global Delivery Model", an integrated service provision model that guarantees competitive costs, excellence and standardization of processes. The object of this research will be the department of Global Resource (GR), which manages integrated offshoring services globally to IBM Brazil. The department was created to develop activities directed towards improving quality and performance of global services delivery. With 2600 employees working 24 hours a day, the department of GR has the responsibility of delivering solutions to clients in their exact specifications. The department monitors IT systems, servers and critical IT bases, being close to clients since the first demand, assisting throughout the transition of technological environments and defining and delivering solutions. The GR base is located in Hortolândia, SP, where offshoring accounts of approximately 200 clients located in 40 countries are operated and monitored. Half of IBM employees in Brazil work in the Hortolândia center.

4. Research Design

We sent a questionnaire electronically to the 120 employees of the main offshore service lines of the IBM Global Relations Department in Brazil. We counted on the firm's institutional support since managers reinforced the relevance of the research to workers. We received 57 complete questionnaires.

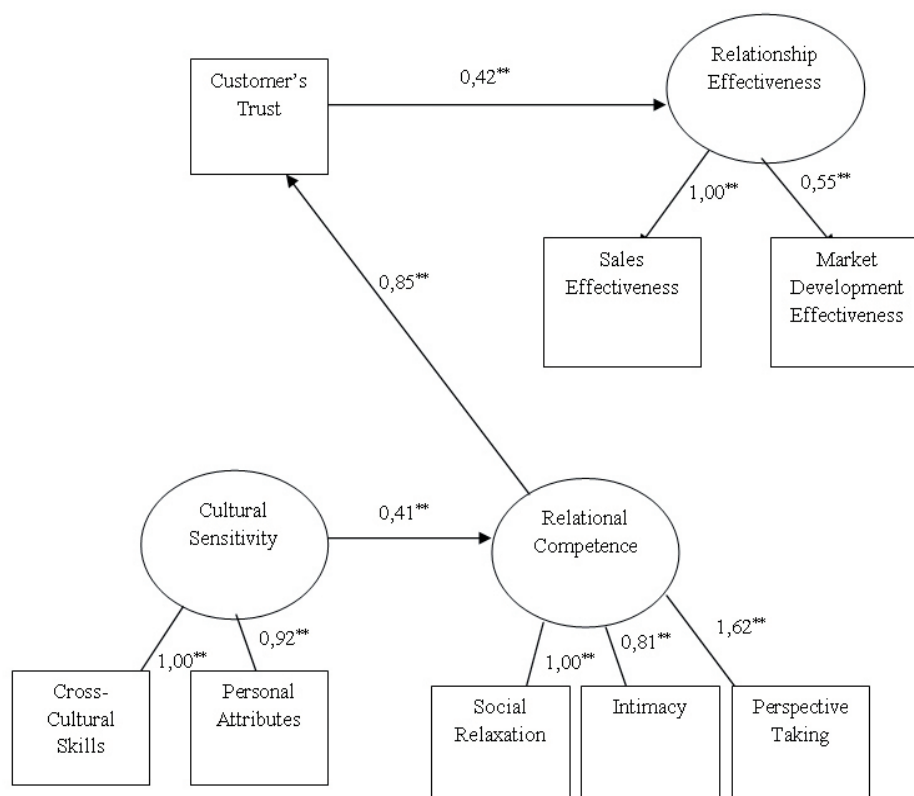
The questionnaire consisted of 54 items which tried to capture the dimensions of the constructs of interest in the research. We adopted four-point Likert scales in all items to avoid neutral answers.

Since we had a few reverse items, we inverted their scales later in the analysis. We translated the items of previous empirical studies about different constructs under study to Portuguese and adapted them to the research context before sending the questionnaire to the respondents. We proceeded into reverse translation to English so that we could compare the content to original scales. We also developed the items with basis in theoretical review. The questions gathered self-perceptions of the respondents about their attributes of Cultural Sensitivity, Relational Competence, Customer's Trust and Relationship Effectiveness. Even though these are subjective measures, they usually correlate positively to objective indicators of performance (Dess, & Robinson, 1984) and therefore are often employed on research with firms (Narver, & Slater, 1990).

We adapted the items regarding Cultural Sensitivity and Relational Competence to situations related to providing offshore services to international customers. The Customer's Trust and Relationship Effectiveness items adapted buyer-seller relationship situations at the level of partnership between firms to interactions between workers and customers; because the object under analysis was the interaction of people, not firms, we oriented respondents to consider their perceptions about the customers they usually dealt with, and not a specific partnership.

We calculated the alpha coefficient to each construct to check for their reliability. We also ran one-dimensional factor analysis to validate construct measures, thus analyzing the variance extracted within constructs and shared variances and correlations between constructs. We extracted factors by means of principal components, thus explaining the greatest portion of original variance. After construct analysis and validation, we adjusted the theoretical model in Figure 1 with Structural Equation Modeling (SEM).

Figure 1. Model Specification



** Effects are significant at the level of 5%

5. Results

We were able to validate the following constructs: Social Relaxation, Intimacy and Perspective Taking as dimensions of Relational Competence; Cross-Culture Competence and Personal Attributes as dimensions of Cultural Sensitivity; Customer Trust; and Sales Effectiveness and Market Development Effectiveness as dimensions of Relationship Effectiveness. Most of these constructs reliabilities (alpha coefficients) are higher than 0.6, the lower limit suggested in exploratory research (Robinson, Shaver & Wrightsman, 1991; Hair *et al.*, 1998), with the exception of Sales Effectiveness (0.53), which we kept due to its theoretical importance and because reliability was not very far from 0.6. We abandoned the other dimensions of relational competence proposed by Carpenter *et al.* (1983) and by Rubin and Martin (1994) due to their low reliability (less than 0.5).

Regarding convergent validation, the total variances extracted by means of one-dimensional factor analysis in all the constructs we kept exceeded 50%. Table 1 shows the reliability indexes (alpha coefficients) and total variances extracted for these constructs.

Table 1. Constructs Reliability and Validity

Construct	Cronbach's α	Variance Extracted
Social Relaxation	0.66	59.99%
Intimacy	0.60	54.91%
Perspective Taking	0.60	56.01%
Cross Cultural Skills	0.68	61.09%
Personal Attributes	0.62	57.01%
Sales Effectiveness	0.53	53.80%
Customer Trust	0.61	57.29%
Market Development Effectiveness	0.74	66.68%

As a check for discriminant validity, we compared the extracted variances in all constructs to the squared correlations (shared variances) between them (Fornell, & Larcker, 1981); we observed that the extracted variance in all constructs were higher than their shared variances with other constructs. We calculated factor scores for each construct with use of the Bartlett's method, thus weighting each variable according to its communality in each construct (Kim, & Mueller, 1978). We conducted concurrent validation by measuring the correlations between the dimensions of a particular construct; the correlations among the dimensions of Relational Competence, Cultural Sensitivity and Relationship Effectiveness are all positive, even though the correlations between Social Relaxation and the other dimensions of Relational Competence (Intimacy and Perspective Taking) are not statistically significant, maybe due to the fact that Social Relaxation is a dimension of relationship initiation while Intimacy and Perspective Taking are dimensions of relationship maintenance (Carpenter *et al.*, 1983).

We ran SEM with use of AMOS 16.0 with the 57 observations in the sample. Three reasons made we employ a Bayesian analysis strategy to estimate coefficients. First, Bayesian esti-

mates work better for small samples (Rossi *et al.*, 2006; Congdon, 2006). Second, the Bayesian procedure in Amos allows for the specification of categorical variables, particularly ordinal, which is the proper treatment for Likert measures (Byrne, 2001). Third, Bayesian estimates are more efficient and less biased in the presence of outliers, which are of interest in studies that address explanation of variance in performance (Hahn, & Doh, 2006). Therefore, as opposed to maximum likelihood estimation, which requires larger samples, variables to be quantitative and normally distributed, and the exclusion of outliers, we considered Bayesian modeling a more suitable approach.

Because we did not have a large sample, we used the Bartlett's factor scores of all the nine validated constructs as measures for them, so that we could reduce the number of parameters to be estimated and avoid an unidentified solution. We set all priors as normally distributed with zero mean and wide variance, that is, the sampling space is so broad that priors are non-informative (Byrne, 2001); so the observed data predominate in the results of posterior of parameters (Congdon, 2006). We employed a Random Walk Metropolis as the Monte Carlo Markov Chain (MCMC) method and established a burn-in period of 500 iterations. We sampled 231,308 iterations, having stopped far after we had achieved convergence in the model (set to be equal to or less than 1.002). These parameters represent rigorous to avoid autocorrelation in parameter simulation and to control for discrepancies concerning the sample and the model adjusted.

We checked each parameter trajectory and concluded they were all normally distributed. Also, traces were visually stable and autocorrelations were practically equal to zero. We fixed the following coefficients as equal to one: the coefficient between Social Relaxation and Relational Competence; the coefficient between Cross-Cultural Skills and Cultural Sensitivity; and the coefficient between Market Development Effectiveness and Relationship Effectiveness. Table 2 shows the means of the other coefficients, their standard deviations and 95% confidence intervals. We conclude that Cultural Sensitivity is an antecedent of Relational Competence; Relational Competence influences positively Customer Trust; and Customer Trust is a driver of Relationship Effectiveness.

Table 2. SEM estimates and 95% confidence intervals for the fitted model

	Mean	Standard Deviation	95% Lower Bound	95% Upper Bound
Relational Competence → Intimacy	0.81	0.36	0.16	1.58
Relational Competence → Perspective Taking	1.62	0.43	0.89	2.56
Cultural Sensitivity → Personal Attributes	0.92	0.20	0.59	1.38
Cultural Sensitivity → Relational Competence	0.41	0.12	0.20	0.68
Relational Competence → Customer Trust	0.85	0.37	0.20	1.65
Relationship Effectiveness → Market Development Effectiveness	0.55	0.26	0.13	1.14
Customer Trust → Relationship Effectiveness	0.42	0.13	0.17	0.67

Like in studies with data from Asia (Phan *et al.*, 2005) and from business partnerships between Japanese and US firms (Lohtia *et al.*, 2009), we found positive relations involving cultural sensitivity, relational competence, trust and business relationship performance in an offshoring context involving IBM Latin America headquarters in São Paulo and customers abroad. There is a contribution in applying the traditional firm partnership-level approach of buyer-relationship theory in the context of strategic people management, by measuring and linking cultural sensitivity, relational competence, customer's trust and relationship effectiveness with the employee as the unit of analysis, rather than the firm.

Our results reinforce our theoretical framework that, for the case under study, relational competence is an important determinant of trust and therefore an indirect antecedent for relational effectiveness. Also, cultural sensitivity is a relevant antecedent of relational competence in the international business arena. Therefore, offshore service providers may achieve benefits from initiatives that promote cross-cultural skills and relational competence of employees. We may infer that workers which present higher degrees of relational competence may add and sustain value to their firms by means of their relationship with important buyers with profitable outcomes to both sides.

6. Managerial Implications

In an offshore service context, cultural sensitivity seems to be a relevant requisite to the development of relational competence and therefore trust and relationship effectiveness. This may imply that offshoring firms should recruit workers with cross-cultural related personal attributes such as interest and tolerance in face of different cultures, and with general skills to interpret and interact in different cultural environments. Also, people management strategies may incorporate plans to foster cultural sensitivity and relational competence in their current activities such as training or evaluation of worker's performance. In such a context, the improvement of the instruments we used to measure the different constructs in this paper may be of great value to business administration and human resources management. Actually, results applications are not limited to human resources management, but provide evidence for marketing professionals in favor of relational approaches to business rather than focus on transactional approaches, due to the positive indirect association of relational competence to sales effectiveness and market development. Strategic management professionals may also benefit from these results in future initiatives, oriented by linking the constructs measured here to financial and economic business performance.

In special, these managerial implications can be thought in terms of challenges for Brazilian companies. Recent research (such as Oliveria Junior *et al.*, 2007, Gião and Oliveira Junior, 2009 and Scumparim *et al.*, 2009) point out Brazil as a potential global player to offer and host offshoring services due to the relative robustness of infra-structure and availability of qualified human resources allowing for cost reduction. However, research identified several barriers to leveraging Brazil's market potential to offshoring, including the few abilities with English as a foreign language and limited cross-cultural relational experiences. It is then

crucial to address if firms are willing to or are even able to promote initiatives to improve the levels of cultural sensitivity and relational competence in their teams. Related strongly to debates in social psychology, these concepts may refer to innate phenomena, or also depending on complex individual learning processes that take place since early and in everyday life, not necessarily related to professional environments or the boundaries of the firms.

7. Future Research

Our study is a preliminary step to confirm the association involving relational competence and performance, with clear academic implications. Conclusions are theoretically and intuitively consistent and provide a background for future research. Due to its exploratory character, this study has limitations.

Controlling for variables which could jointly explain relationship effectiveness together with the constructs we measured can be strategy to improve results confidence in future research. Finally, since we could not validate some measures by means of reliability analysis and construct validation, future studies should address whether these dimensions are crucial and review items in the questionnaire to improve the research instrument by theoretical revision, by adapting other validated scales in previous studies, and even by conducting qualitative, in depth analysis about the process of developing and maintaining relational competence and cultural sensitivity.

Concerning strategic human resource management, possibilities of success in recruiting, training, developing and maintaining relational competence configure an interesting subject for reflection. In other words, a useful question is not only whether relational competence is important per se, but how the firm can assess it and improve it. Further research should address these issues. Besides, another fundamental question is whether the relations we observed here are common to other contexts of study. Actually, considering that offshore services seldom implies live interactions between parties, basically occurring by means of telecommunication or information technology, it may be the case that other international business environments which are more dependent on personal interactions, such as those involving expatriation and sometimes international trade, are subject to even more significant associations among cultural sensitivity, relational competence, trust and relationship effectiveness. Hence, future developments of this research can be applied to different contexts to increase its reliability and to support and review the presented theory.

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