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## **Assessment of Global Business Literacy of Slovak Students**

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### **Abstract**

*University students, especially those studying business and economics, face the challenges of a global business environment. This applies particularly to students in countries intensively involved in international business, where a significant portion of foreign-owned companies operate. This is the case of Slovakia, which is considered one of the most open European economies with added value created by foreign-controlled companies exceeding 40 %. Hence, future graduates who aspire to work in these companies or the field of international business are expected to be globally literate, and we consider it important to prepare them for this future global business career. The present paper, besides a brief introduction of the concept of global business literacy, is aiming to assess it on a sample of Slovak students, which should ultimately lead to an adjustment of their readiness to operate in the field of international business. For this purpose, the data from the 42-item survey completed by 150 Slovak university students studying business and economics are used. The data are processed using principal component analysis as well as correlation analysis. Our results show that students who completed a course focused on international business and those who traveled or lived outside their home country report significantly higher level of global business literacy in some components. At the same time, we also identified certain gender differences in this regard. Some pedagogical implications are further discussed in the paper.*

**Keywords:** global business literacy, international business, Slovakia.

**JEL Classification:** A29, F69, I23.

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## **1. Introduction**

Globalisation affects many aspects of our lives, including the patterns and dynamics of the labour market. Davidson et al. (2020) pointed out that globalisation influences the mix of jobs available in the economy as well as the speed at which people acquire skills. At the same time, as employment and work, in general, become more geographically complex (Dorow et al., 2017), future employees are expected to cope effectively with the challenges of a global working environment. Even more crucial, it is for future graduates in the field of economics and business, who are often expected to work in the international business environment. This is a case of students in Slovakia because this country reports a high portion of foreign-controlled companies as potential future graduates' employers.

According to the latest data contained in the Statistical Yearbook of the Slovak Republic (2022), the share of foreign-controlled enterprises reaches almost 12 %; however, there are significant differences in terms of size categories of enterprises. Within the category of large enterprises (i.e. with 250 or more employees), the share of foreign-controlled enterprises in the total number of enterprises in the Slovak Republic is at the level of 69 %. Hence, foreign-controlled enterprises are among the largest employers in Slovakia.

It is in our interest to deal with the issue of preparedness of Slovak students of business and economics for international business careers through the assessment of their global business literacy and identification of factors that can influence this type of literacy. Our research is based on a questionnaire survey completed by 150 Slovak university students. For the processing of the data, principal component analysis and correlation analysis are used.

## **2. Problem Statement**

The importance of assessment of global business literacy and its further development can be underpinned by findings related to the knowledge, competencies, and skills necessary for an international business career. A study by Schworm et al. (2017) showed that the extent of international business education through not only formal but also informal educational processes is a prerequisite for the subjective career success of managers in an international environment. Overall, the authors demonstrate that studying international business not only advances academic knowledge in this discipline, but also has important implications for all stakeholders within international business. Fakhreldin et al. (2021) also confirmed the importance of intercultural management courses and suggested that these courses should be a core for all students to foster their future global employability.

Besides the development of global knowledge through specific courses, the relevant literature also provides other examples of complementary co-curricular activities that can contribute especially to the development of global competencies and skills. Meng et al. (2017) investigated, e.g., the effects of the experience of contact with foreigners through home campuses activities and found it as a significant means for cultivating global competence. The authors recommend the

establishment of, e.g., English Corners and organising various campus activities to connect international students with local students, through which both parties can cultivate their global thinking and acquire communication skills necessary for an intercultural environment. Another example is the experience of working in virtual project teams as a means of internationalisation at home. Rauer et al. (2021) find such an international tele-cooperative project beneficial for the development of international competencies.

The highest level of global business competence can generally be achieved through internationalisation abroad. In this regard, short-term and long-term study abroad programs are often mentioned. Geyer et al. (2017) proved that study abroad programs, especially short-term ones, have a significant impact on both leadership skills and career aspirations. Moreover, Le et al. (2018) concluded that the effects of short-term study abroad programs are similar to the long-term ones, which are more money and time-consuming. Another effective means of increasing students' confidence to enter the global labour market and look for opportunities outside their home country, is considered to be international internship experience. Kattiyapornpong and Almeida (2022) in this regard concluded that international internship experience facilitates students to build their international professional networks, become culturally competent, increase their level of self-perceived competence, and cultivate a globalised perspective of career adaptability. However, Pinto and Pereira (2019) showed that the experience, although from an optional foreign internship, is positively perceived by future employers and it is advisable to have it listed in the CV, but it does not support the prediction that "the more international, the better". This suggests that the employability of graduates depends not only on the academic qualifications and skills they can bring to the labour market, but also on the expectations of their unique contribution.

The above literature review shows that there are various means and factors that contribute to the development of global business literacy and subsequently influence the course of a business career, especially in an international context.

### **3. Aim of the Research**

At the center of our interest are students of economics and business who face the challenges of being ready to work actively in the global business environment. We have taken into consideration the fact that job offers on the current labour market in Slovakia are often submitted by multinational corporations, since 69 % of large enterprises in Slovakia are foreign-controlled (Statistical Yearbook of the Slovak Republic, 2022). According to Drahokoupil and Fabo (2019), these foreign-controlled companies generally advertise occupations with higher qualifications compared to domestic companies. Hence, the aim of our research is to assess the level of global business literacy of Slovak university students and identify its key determining factors, which should ultimately lead to an adjustment in the readiness of the students to operate in the field of international business.

## **4. Research Methods**

For the purpose of our research, a questionnaire survey was conducted using the MS Forms platform during the summer term of the academic year 2021/2022. Students filled out the questionnaire immediately after the particular course under the supervision of the teachers (authors). Therefore, the questionnaire was filled out by all students participating in the particular course, whom the teachers could address. The effective sample consisted of 150 bachelor and master students of the Faculty of Business Economy of the University of Economics in Bratislava, with seat in Košice, Slovakia. The research sample consisted of 115 undergraduate students and 35 master students. In terms of gender, there were 101 women and 49 men.

The questionnaire included 42 items/ statements divided into seven specific dimensions, six of which were adopted from the concept of global business literacy developed and validated by Arevalo et al. (2012), namely: self-efficacy - 8 items (SE), willingness to learn - 8 items (WtL), relationship development - 6 items (RD), technical competence - 9 items (TC), self-awareness - 7 items (SA). Moreover, based on the findings of our previous study (Bobenič Hintošová, Bruothová, 2022) we decided to expand the concept of global business literacy by the dimension of risk-taking tendency (RT) consisting of 4 items, one adopted from Dohmen et al. (2017) and three complementary items adopted from Donthu and Gilliland (1996).

In the case of these statements, students were asked to express the extent to which they agree with each of them on a 7-point Likert-type scale: 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neither agree nor disagree, 5 = somewhat agree, 6 = agree, 7 = strongly agree. Some statements were negatively worded, and the responses were consequently reverse-coded. In general, the higher the score, the higher the achieved global business literacy and risk-taking tendency. Moreover, the questionnaire included also some background information related to age, gender, language competence, travel experiences, and interactions with other cultures.

The 42 items of the questionnaire were subject to principal component analysis (inspired by the study by Arevalo et al., 2012) using SPSS. The suitability of data for this analysis was confirmed by the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity. Based on the results of the principal component analysis, the identified components were subjected to a correlation analysis (using the Pearson coefficient) with selected background information data.

## **5. Findings**

The initial principal component analysis showed the existence of six components with eigenvalues greater than 1 explaining 27.1, 10.6, 8.9, 7.2, 5.9, and 5 % of the variance, respectively. The six-component solution explained a total of 64.7 % of the variance. Table 1 reports the rotated six-component solution.

The items in the first component reflect the self-efficacy dimension of global literacy that is associated with a willingness to live and work abroad, as well as

perceived adaptability in this case. The second component consists mainly of items routed around the willingness to learn more about world history, global geography, other countries, and their cultures. Some of the items of the self-awareness dimension, namely the perception of otherness when doing business abroad, are loaded into component three. Items in component four express relationship development with foreigners at personal but also professional level. The fifth component is related to items describing perceived technical competence, i.e. knowledge about international trade, global institutions, and the difference between developed and developing economies. Three of the four risk-taking questions are loaded into component six.

**Table 1. Rotated component matrix<sup>a</sup>**

	Component					
	1	2	3	4	5	6
se5	0.825					
se6	0.799					
se1	0.793					
se2	0.768					
se4	0.615			0.321		
se7	0.425					0.369
wt11		0.784				
wt13		0.754				
wt15	0.457	0.708				
wt12		0.671				
tc7		0.669			0.315	
wt14	0.461	0.637				
sa7			0.732			
sa6			0.720			
sa4			0.671			
rd6			0.600			
tc1			-0.532		0.447	
rd5				0.825		
rd3	0.310			0.716		
rd4				0.675		
rd1				0.593		
tc6					0.843	
tc4					0.768	
tc2					0.683	
rq4						0.820
rq1			-0,334			0.806
rq2						0.792

*Note:* Extraction method: principal component analysis.

Rotation method: Varimax with Kaiser normalisation.

<sup>a</sup>Rotation converged in 7 iterations.

*Source:* Own processing.

Further, we conducted a correlation analysis using the Pearson coefficient, between the identified components and selected background information, namely, living abroad experience, passing a course related to international business (IB course), year of study, and gender. The results are reported in Table 2.

**Table 2. Correlation matrix**

	<b>living abroad</b>	<b>IB course</b>	<b>year of study</b>	<b>gender</b>
component 1	0.249**	0.188*	-0.019	-0.081
component 2	0.041	0.006	-0.163*	0.013
component 3	-0.150	0.123	-0.094	-0.106
component 4	0.148	0.081	-0.155	0.044
component 5	0.159	0.256**	0.286**	0.179*
component 6	0.102	0.051	-0.002	0.001

\*Correlation is significant at the 0.05 level (2-tailed).

\*\*Correlation is significant at the 0.01 level (2-tailed).

*Source:* Own processing.

The results show that the living abroad experience enhances the self-efficacy dimension of global business literacy. It means that students who travelled or lived outside their home country for a longer time have better abilities to adapt to life abroad. However, the living abroad experience is not significantly associated with any other component. Passing the course related to international business is positively related to both self-efficacy as well as technical competence, i.e., international business competence. This competence is also better developed for students in higher grades. Surprisingly, the year of study is significantly negatively associated with the willingness to learn dimension. Significant gender-related associations have only been found in the case of international business competence. That is, men reported a higher perception of knowledge about international business than women.

## 6. Conclusions

The aim of the present paper was to provide an assessment of the level of global business literacy of Slovak university students and to identify its key determining factors. We first provided considerations on the context of international business career development including tools that can be utilised in this regard, which are often found to be used for global business literacy development. Then, we presented the results of a questionnaire-based survey. The principal component analysis showed the existence of six components, which were subsequently subject to correlation analysis. The results show that the self-efficacy dimension is positively associated with living abroad experience, as well as passing the international business course. Therefore, this dimension of global business literacy can be developed through formal education on the basis of a classroom-based approach as well as through internationalisation abroad. The willingness to learn dimension is negatively related to the year of study, which may reflect a greater curiosity and desire for learning in the case of younger students. The formal knowledge

base related to international business is significantly better developed after passing the formal education related to international business, as well as in the case of students who study longer.

We have considered also other factors to be included in our analysis (such as foreign language skills and intensity of regular contacts with other cultures); however, our sample is relatively homogenous in terms of foreign language skills and intensity of contacts with other cultures, which are relatively weak. Therefore, we have not detected strong statistically significant relationships in this regard. At the same time, Slovak students have in general relatively few experiences from abroad. Hence, we consider it important to encourage students to involve more actively in internationalisation abroad activities and to spend part of the study abroad as a part of the curriculum. At the same time, we recommend including more internationally oriented components into curricula, such as foreign excursions, the creation of virtual multinational teams to solve tasks/ case studies, etc., which could at least partially compensate the study abroad experience for students, who cannot afford it. Our study can serve as a basis for a broader international comparison of the results in future research.

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